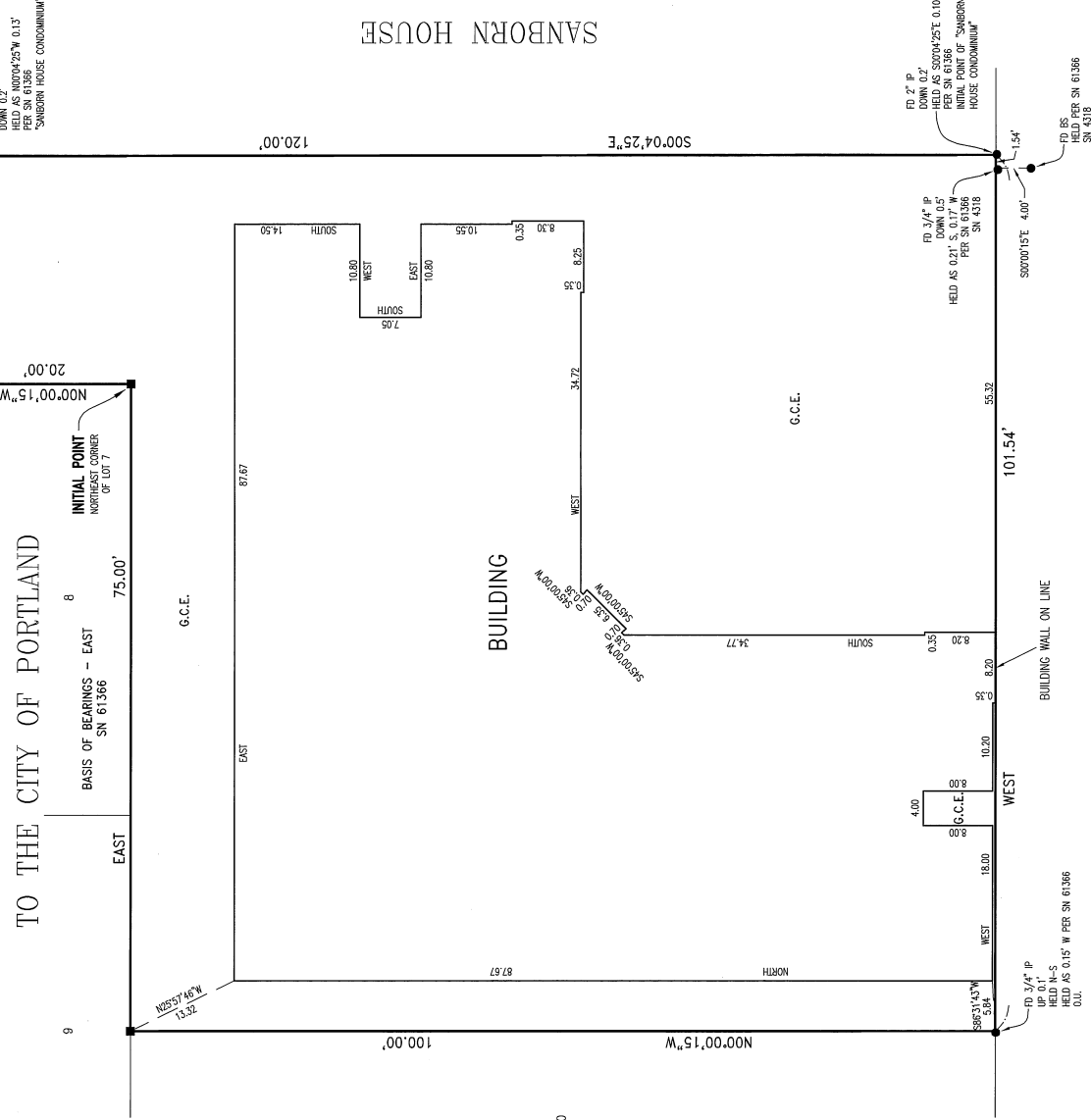


ARENSON COURT CONDOMINIUMS

LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16, GOLDSMITHS ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON

DATE: JULY 9, 2007
 JOB NO. 07-068 P:\07-068\07-068CD.DWG



LEGEND

- - FOUND MONUMENT AS NOTED.
- - FOUND AND HELD 5/8" IRON ROD WITH YELLOW PLASTIC CAP MARKED "W.B. WELLS & ASSOC., INC.", PER SN 61366
- FD - FOUND
- BS - BRASS SCREW
- IR - IRON ROD
- IP - IRON PIPE
- O.U. - ORIGIN UNKNOWN
- G.C.E. - GENERAL COMMON ELEMENT
- SN - SURVEY NUMBER, MULTNOMAH COUNTY SURVEY RECORDS
- 16 - BLOCK NUMBER

SCALE: 1" = 10'

INDEX

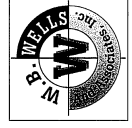
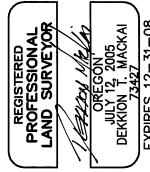
- SHEET 1 - BOUNDARY, BUILDING LOCATION
- SHEET 2 - EASEMENT, SECTION A-A
- SHEET 3 - GROUND LEVEL
- SHEET 4 - SECOND FLOOR
- SHEET 5 - THIRD FLOOR
- SHEET 6 - SURVEYOR'S CERTIFICATE OF COMPLETION, NARRATIVE, DECLARATION, ACKNOWLEDGEMENT, AND APPROVALS

NOTES

1. BUILDING CORNERS ARE PERPENDICULAR, UNLESS NOTED OTHERWISE.
2. DIMENSIONS AND BUILDING TIES SHOWN ARE TO THE EXTERIOR PERIMETER OF THE BUILDING WALL LINE.

I HEREBY CERTIFY THAT THIS PLAT OR SURVEY WAS PREPARED USING HEWLETT-PACKARD PRODUCT NO. 51645A ON OCE NO. 868342

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT



W.B. WELLS and associates, inc.
 ENGINEERS-SURVEYORS-PLANNERS
 4230 NE FREMONT STREET
 PORTLAND, OREGON 97213
 PHONE: (503) 284-8888 FAX: (503) 284-8830
 e-mail address: info@wbwells.com

ARENSON COURT CONDOMINIUMS

LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16, GOLDSMITHS, ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON

DATE: JULY 9, 2007

JOB NO. 07-068 P:\07-068\07-068CD.DWG

LEGEND

- SQ. FT. - SQUARE FEET
- CH - CEILING HEIGHT
- FE - FLOOR ELEVATION
- G.C.E. - GENERAL COMMON ELEMENT



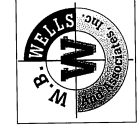
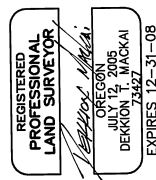
SCALE: 1" = 10'

NOTES

1. BUILDING CORNERS ARE PERPENDICULAR.
2. ELEVATIONS ARE BASED ON CITY OF PORTLAND BENCHMARK NO. 4562, A FOUND 2-1/2" BRASS DISC LOCATED AT THE NORTHEAST CORNER OF THE INTERSECTION OF N.W. 26TH AVENUE AND N.W. OVERTON STREET. ELEVATION = 131.057 FEET, CITY OF PORTLAND DATUM.
3. BASEMENT INTERIOR VERTICAL MEASUREMENTS ARE FROM FINISHED FLOOR TO FINISHED CEILING. BASEMENT INTERIOR HORIZONTAL MEASUREMENTS ARE FROM FINISHED WALL TO FINISHED WALL. EXCEPT WHERE SHOWN OTHERWISE, ALL INTERIOR PERIMETER OF ITS UNFINISHED SURFACES. PER SECTION 4.3 OF THE CONDOMINIUM DECLARATION.

I HEREBY CERTIFY THAT THIS PLAT OR SURVEY WAS PREPARED USING THE FOLLOWING PRODUCT NO. 51845A OR OCE NO. 888342

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT



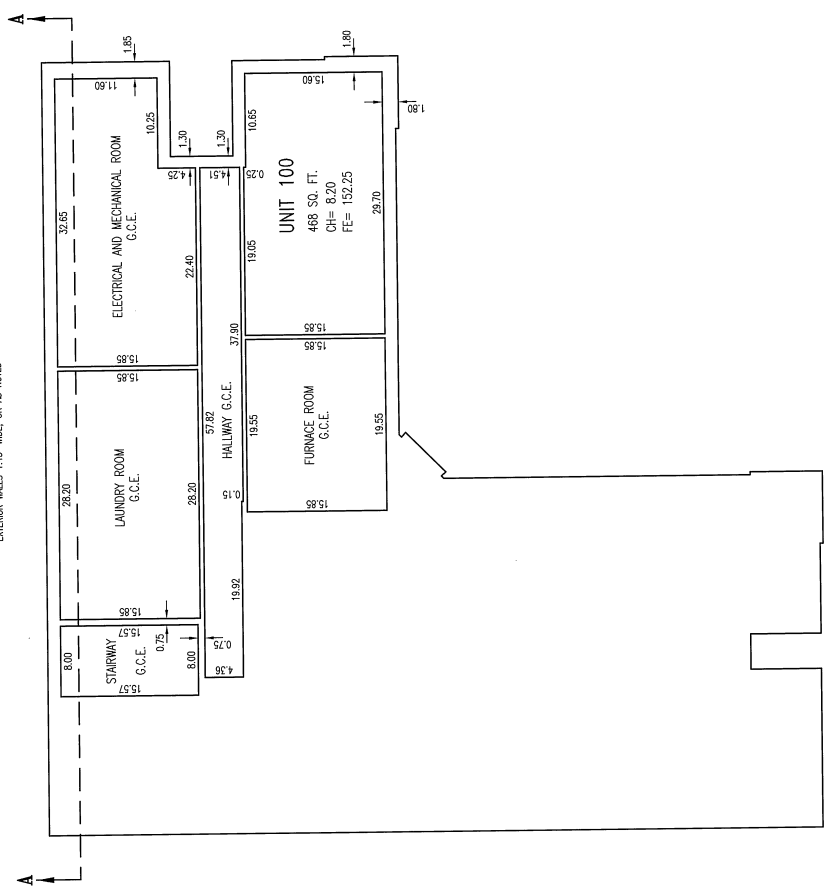
W.B. WELLS and associates, inc.
ENGINEERS-SURVEYORS-PLANNERS
4230 NE FREMONT STREET
PORTLAND, OREGON 97213
PHONE (503) 794-5988 FAX (503) 794-5330
e-mail address: info@wbwells.com

SHEET 2 OF 6

JOB NO. 07-068 P:\07-068\07-068CD.DWG PCS

BASEMENT

INTERIOR WALLS 0.47' WIDE, OR AS NOTED
EXTERIOR WALLS 1.45' WIDE, OR AS NOTED



	THIRD FLOOR	SECOND FLOOR	GROUND LEVEL	BASEMENT
UNIT 305	UNIT 304	UNIT 204	UNIT 103	UNIT 104
FE= 180.75	FE= 180.75	FE= 171.15	FE= 161.55	FE= 151.95
STAIRWAY G.C.E.	STAIRWAY G.C.E.	STAIRWAY G.C.E.	STAIRWAY G.C.E.	STAIRWAY G.C.E.
FE= 151.95	FE= 151.95	FE= 151.95	FE= 151.95	FE= 151.95
UNIT 205	UNIT 203	UNIT 102	ELECTRICAL AND MECHANICAL ROOM G.C.E.	
FE= 171.15	FE= 171.15	FE= 161.55	FE= 151.95	
STAIRWAY G.C.E.	STAIRWAY G.C.E.	STAIRWAY G.C.E.	LAUNDRY ROOM G.C.E.	
FE= 151.95	FE= 151.95	FE= 151.95	FE= 151.95	
UNIT 303	UNIT 303	UNIT 102	ELECTRICAL AND MECHANICAL ROOM G.C.E.	
FE= 180.75	FE= 180.75	FE= 161.55	FE= 151.95	
STAIRWAY G.C.E.	STAIRWAY G.C.E.	STAIRWAY G.C.E.	LAUNDRY ROOM G.C.E.	
FE= 151.95	FE= 151.95	FE= 151.95	FE= 151.95	

SECTION A-A

ARENSON COURT CONDOMINIUMS

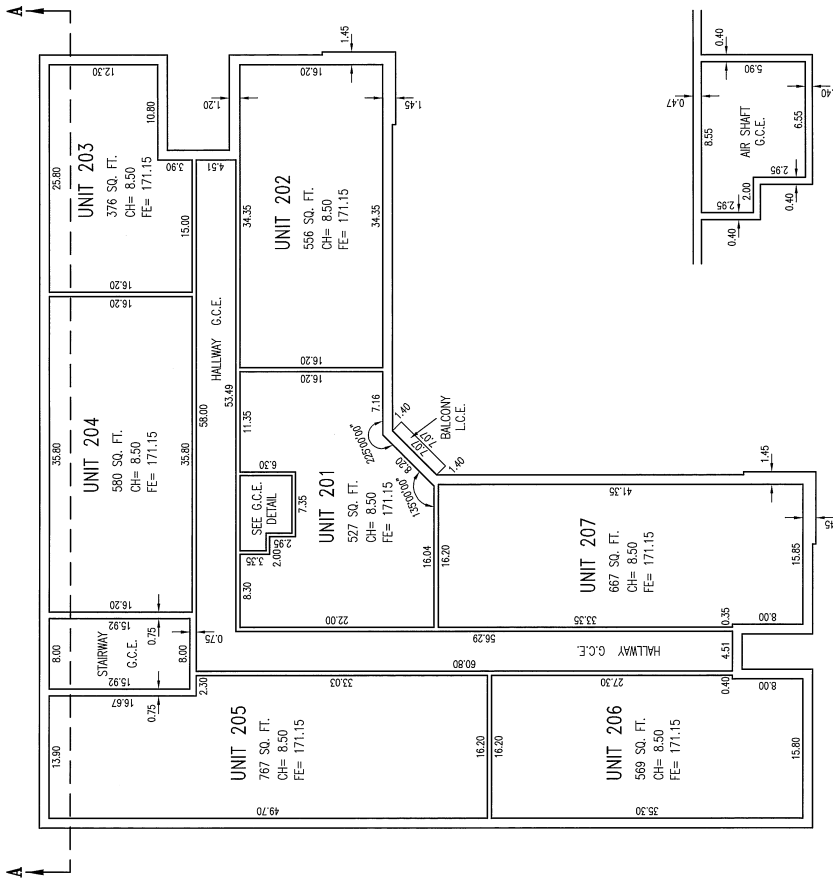
LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16, GOLDSMITHS ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON

DATE: JULY 9, 2007

JOB NO. 07-068 P:\07-068\07-068CDD.DWG

SECOND FLOOR

INTERIOR WALLS 0.47' WIDE, OR AS NOTED
EXTERIOR WALLS 1.10' WIDE, OR AS NOTED



G.C.E. DETAIL

DETAIL SCALE: 1" = 5'

LEGEND

- sq. ft. - SQUARE FEET
- CH - CEILING HEIGHT
- FE - FLOOR ELEVATION
- G.C.E. - GENERAL COMMON ELEMENT

SCALE: 1" = 10'

NOTES

1. BUILDING CORNERS ARE PERPENDICULAR, UNLESS NOTED OTHERWISE.
2. ELEVATIONS ARE BASED ON CITY OF PORTLAND BENCHMARK NO. 4562.
A. FOUND 2-1/2" BRASS DISC LOCATED AT THE NORTHEAST CORNER OF THE INTERSECTION OF NW 26TH AVENUE AND NW OVERTON STREET.
ELEVATION = 131.057 FEET, CITY OF PORTLAND DATUM.
3. SECOND FLOOR INTERIOR VERTICAL MEASUREMENTS ARE FROM FINISHED FLOOR TO FINISHED CEILING. SECOND FLOOR INTERIOR HORIZONTAL MEASUREMENTS ARE FROM FINISHED WALL TO FINISHED WALL. ACTUAL BOUNDARIES OF UNITS ARE THE INTERIOR PERIMETER OF ITS UNFINISHED SURFACES. PER SECTION 4.3 OF THE CONDOMINIUM DECLARATION.

I HEREBY CERTIFY THAT THIS PLAT OR SURVEY WAS PREPARED USING HEWLETT-PACKARD PRODUCT NO. 51845A ON OCE NO. 868342

REGISTERED PROFESSIONAL LAND SURVEYOR

OREGON LICENSE NO. 127342
MUNIR M. ALKAKAI
EXPIRES 12-31-08

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT



W.B. WELLS and associates, inc.
ENGINEERS-SURVEYORS-PLANNERS
4230 NE FREMONT STREET
PORTLAND, OREGON 97213
PHONE (503) 284-3888 FAX (503) 284-8300
e-mail address: info@wbwells.com

ARENSON COURT CONDOMINIUMS

LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16, COLDSMITHS ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON

DATE: JULY 9, 2007

JOB NO. 07-068 P:\07-068\07-068CD.DWG

LEGEND

- SO. FT. - SQUARE FEET
- CH - CEILING HEIGHT
- FE - FLOOR ELEVATION
- G.C.E. - GENERAL COMMON ELEMENT



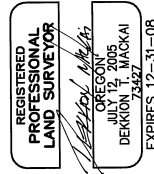
SCALE: 1" = 10'

NOTES

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2. ELEVATIONS ARE BASED ON CITY OF PORTLAND BENCHMARK NO. 4562. A FOUND 2-1/2" BRASS DISC LOCATED AT THE NORTHEAST CORNER OF THE INTERSECTION OF N.W. 26TH AVENUE AND N.W. OVERTON STREET. ELEVATION = 131.057 FEET, CITY OF PORTLAND DATUM.
3. THIRD FLOOR INTERIOR VERTICAL MEASUREMENTS ARE FROM FINISHED FLOOR TO FINISHED CEILING. THIRD FLOOR INTERIOR HORIZONTAL MEASUREMENTS ARE FROM FINISHED WALL TO FINISHED WALL. ACTUAL BOUNDARIES OF UNITS ARE THE INTERIOR PERIMETER OF ITS UNFINISHED SURFACES, PER SECTION 4.3 OF THE CONDOMINIUM DECLARATION.

I HEREBY CERTIFY THAT THIS PLAT OR SURVEY WAS PREPARED USING HEWLETT-PACKARD PRODUCT NO. 51645A ON OCE NO. 888342

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT

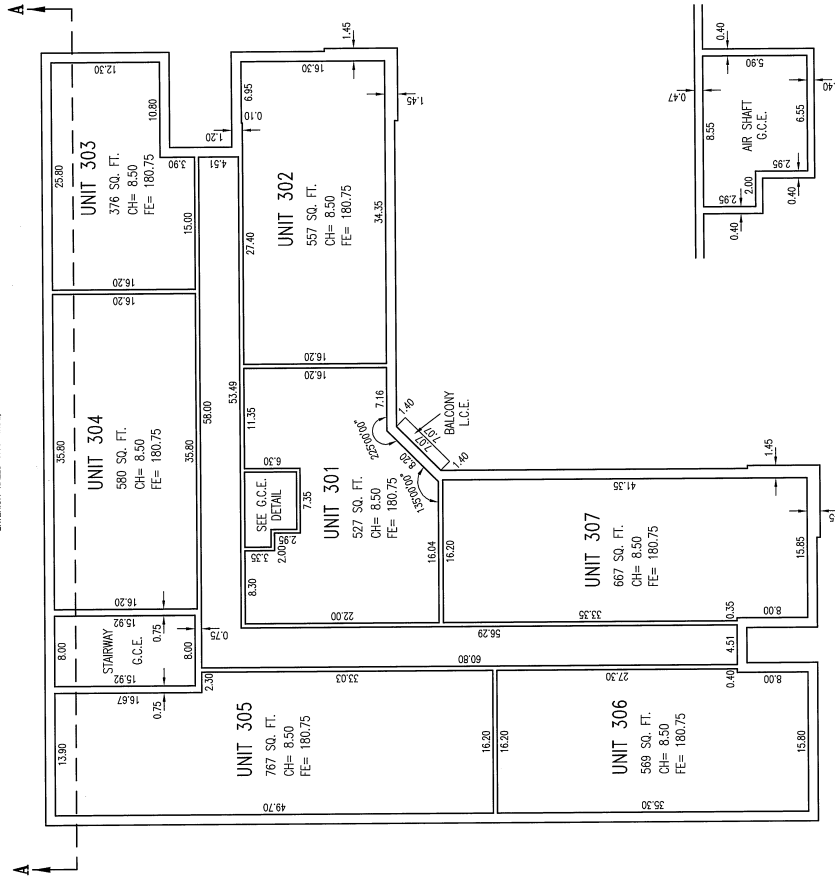


W.B. WELLS, Inc.
 PROFESSIONAL LAND SURVEYORS/PLANNERS
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 PORTLAND, OREGON 97213
 PHONE: (503) 246-3886 FAX: (503) 246-3530
 E-MAIL ADDRESS: TIND@WBWELLS.COM

SHEET 5 OF 6

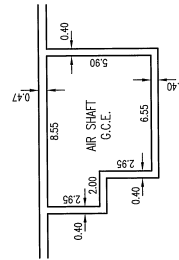
THIRD FLOOR

INTERIOR WALLS 0.47" WIDE, OR AS NOTED
 EXTERIOR WALLS 1.10" WIDE, OR AS NOTED



G.C.E. DETAIL

DETAIL SCALE: 1" = 5'



ARENSON COURT CONDOMINIUMS

LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16, GOLDSMITHS ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON

DATE: JULY 9, 2007
JOB NO. 07-068 P:\07-068\07-068CD.DWG

SURVEYOR'S CERTIFICATE

I, DEKKON T. MACKAI, CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH PROPER MONUMENTS THE LAND REPRESENTED ON THE ANNEXED MAP OF "ARENSON COURT CONDOMINIUMS", SAID LAND BEING DESCRIBED AS FOLLOWS:

THAT TRACT OF LAND AS CONVEYED TO ARENSON COURT, LLC DESCRIBED IN DOCUMENT NO. 2006-224671, MULTNOMAH COUNTY DEED RECORDS, BEING LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16 OF THE PLAT OF "GOLDSMITHS ADDITION TO THE CITY OF PORTLAND", MULTNOMAH COUNTY PLAT RECORDS, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT BEING A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "M.G. WELLS & ASSOC., INC." FOUND AT THE NORTHEAST CORNER OF SAID LOT 7, THENCE NORTH 07°01'15" WEST ALONG THE WEST LINE OF SAID LOT 5, A DISTANCE OF 30.00 FEET TO THE NORTHEAST CORNER OF SAID ARENSON COURT, LLC TRACT; THENCE EAST ALONG THE NORTHERLY NORTH LINE OF SAID ARENSON COURT, LLC TRACT A DISTANCE OF 26.40 FEET TO THE NORTHWEST CORNER OF "SANDBORN HOUSE CONDOMINIUM", MULTNOMAH COUNTY PLAT RECORDS; THENCE SOUTH 07°04'25" EAST ALONG THE WEST LINE OF SAID "SANDBORN HOUSE CONDOMINIUM", A DISTANCE OF 120.00 FEET TO THE SOUTHWEST CORNER THEREOF ALSO BEING THE NORTH RIGHT-OF-WAY LINE OF N.W. MARSHALL STREET (60.00 FEET WIDE); THENCE WEST ALONG THE SOUTH LINE OF SAID ARENSON COURT, LLC TRACT AND SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 101.54 FEET TO THE SOUTHWEST CORNER OF SAID ARENSON COURT, LLC TRACT; THENCE NORTH 07°00'15" WEST ALONG THE WEST LINE OF SAID ARENSON COURT, LLC TRACT A DISTANCE OF 100.00 FEET TO THE NORTH LINE OF SAID LOT 10; THENCE EAST ALONG THE NORTH LINE OF SAID LOTS 10 AND 7, A DISTANCE OF 75.00 FEET TO THE INITIAL POINT.

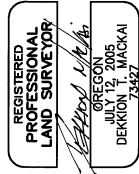
CONTAINING 10,676 SQUARE FEET.

CERTIFICATE OF COMPLETION

I, DEKKON T. MACKAI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PLAT OF "ARENSON COURT CONDOMINIUMS" FULLY AND ACCURATELY DEPICTS THE BOUNDARIES OF THE UNITS OF THE BUILDING OF "ARENSON COURT CONDOMINIUMS", AND THAT THE CONSTRUCTION OF THE UNITS AND BUILDING AS DEPICTED ON THE PLAT WERE COMPLETED AS OF JULY 19, 2007.

I HEREBY CERTIFY THAT THIS PLAT OR SURVEY WAS PREPARED USING HENWETT-PACKARD PRODUCT NO. 51645A ON OCE NO. 888342.

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT



NARRATIVE

THE PURPOSE OF THIS SURVEY IS TO PLAT LOT 7 AND PORTIONS OF LOTS 5, 6, AND 10, BLOCK 16, "GOLDSMITHS ADDITION TO THE CITY OF PORTLAND" IN TO A CONDOMINIUM.

MONUMENTS SHOWN AS FOUND WERE TIED FROM A RANDOM TRAVERSE ON MAY 31, 2007.

THE BOUNDARY WAS HELD AS ESTABLISHED IN OUR PREVIOUS SURVEY FILED AS SURVEY NUMBER 61356, MULTNOMAH COUNTY SURVEY RECORDS.

DECLARATION

KNOW ALL PEOPLE BY THESE PRESENTS THAT ARENSON COURT, LLC, AN OREGON LIMITED LIABILITY COMPANY, OWNER OF THE LAND DESCRIBED HERON, HEREBY DECLARES THE ANNEXED MAP OF "ARENSON COURT CONDOMINIUMS", AS DESCRIBED IN THE ACCOMPANYING SURVEYOR'S CERTIFICATE, TO BE A TRUE AND CORRECT MAP AND PLAT THEREOF, AND HEREBY COMMIT SAID LAND TO THE OPERATION OF OREGON CONDOMINIUM ACT AS Laid OUT IN CHAPTER 100 OF THE OREGON REVISED STATUTES. THE PROPERTY AND IMPROVEMENTS DESCRIBED AND DEPICTED ON THE PLAT ARE SUBJECT TO THE PROVISIONS OF OREGON REVISED STATUTES 100.005 TO 100.025.

ARENSON COURT, LLC,
AN OREGON LIMITED LIABILITY COMPANY
Peter M. Perrin
PETER M. PERRIN, MANAGING MEMBER

APPROVALS

APPROVED THIS 4th DAY OF December, 2007
COUNTY SURVEYOR, MULTNOMAH COUNTY, OREGON

BY: *Robert A. Hudson*

ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES AS PROVIDED BY O.R.S. 100.110 HAVE BEEN PAID AS OF December 5, 2007
DIRECTOR, DIVISION OF ASSESSMENT AND TAXATION

BY: *Nichole Harman*
DEPUTY

STATE OF OREGON) SS
COUNTY OF MULTNOMAH)

I DO HEREBY CERTIFY THAT THE ATTACHED CONDOMINIUM PLAT WAS RECEIVED FOR RECORD AND RECORDED

DEC 17th, 2007, AT 8:42 A.M.
IN BOOK 1290, ON PAGES 49-54
COUNTY RECORDING OFFICE

BY: *D. Wells*
DEPUTY

DOCUMENT NO. 2007-207487

ACKNOWLEDGMENT

STATE OF OREGON) SS
COUNTY OF MULTNOMAH)

THIS IS TO CERTIFY THAT ON THIS 26 DAY OF September 2007, BEFORE ME, A NOTARY PUBLIC IN AND FOR SAID STATE AND COUNTY, PERSONALLY APPEARED PETER M. PERRIN, MANAGING MEMBER OF ARENSON COURT, LLC, AN OREGON LIMITED LIABILITY COMPANY, WHO DID SAY THAT HE IS THE IDENTICAL PERSON NAMED IN THE FOREGOING DECLARATION, AND THAT SAID DECLARATION WAS EXECUTED ON BEHALF OF ARENSON COURT, LLC AND THAT HE EXECUTED SAID DECLARATION FREELY AND VOLUNTARILY.

Peter M. Perrin
NOTARY SIGNATURE
K. L. Stodolme
NOTARY PUBLIC - OREGON
COMMISSION NO. 40793
MY COMMISSION EXPIRES JAN 02, 2010



W.B. WELLS and associates, inc.
ENGINEERS-SURVEYORS-PLANNERS
4230 NE FREMONT STREET
PORTLAND, OREGON 97213
PHONE: (503) 284-5866 FAX: (503) 284-8330
e-mail address: info@wbwells.com

After Recording Return To:
Susan Zimmerman
Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, Oregon 97204-3219

Recorded in MULTNOMAH COUNTY, OREGON
C. Swick, Deputy Clerk

E41 77 ATLJH
Total : 401.00

2007-207488 12/05/2007 08:42:07am

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
ARENSON COURT CONDOMINIUMS**

Dated: September 19, 2007

**Declarant: Arenson Court, LLC,
an Oregon limited liability company**



TABLE OF CONTENTS

	<u>Page</u>
1. Definitions and Interpretation.	1
1.1 Definitions.....	1
1.2 Liberal Construction.....	3
1.3 Mortgagee Approval.....	3
1.4 Original Owner of Units.....	3
1.7 Miscellaneous.....	3
2. Property Submitted.....	3
3. Name.	3
4. Units.	3
4.1 General Description of Building.	3
4.2 General Description, Location, and Designation of Units.	4
4.3 Boundaries of Units.....	4
4.4 Unit Areas	4
5. Interest in Common Elements; General Common Elements.....	4
6. Limited Common Elements.	5
7. Allocation of Common Profits and Expenses; Enforcement of Assessments.	5
7.1 Method of Allocation	5
7.3 No Exception and No Offset.	6
7.4 Default in Payment of Common Expenses.....	6
7.5 Foreclosure of Liens for Unpaid Common Expenses.	6
7.6 First Mortgages; Liability of Subsequent Owner.	7
7.7 Acceleration of Assessments.....	7
7.8 Delinquent Assessment Deposit.....	7
8. Voting Rights.	8
9. Occupation and Use.	8
10. Service of Process.	8
11. Authority Regarding Easements and Other Property Rights.....	8
12. No Restrictions on Alienation.....	8
13. Rights of Access and Use; Special Declarant Rights and Easements.	8
13.1 In General.....	8

13.2	Additional Rights Created by Association.....	9
13.3	Association’s Right of Access and Use.....	9
13.4	Water Intrusion and Mold Inspection.....	9
13.5	Declarant’s Right of Access and Use.....	9
13.6	Declarant’s Right to Review and Inspect Documents.....	10
13.7	Declarant’s Right of Approval.....	10
14.	Encroachments.....	10
15.	Notices to Mortgagees.....	11
16.	Operating Entity.....	11
17.	Managing Agent.....	12
18.	Taxation of Units.....	12
19.	Administrative Control.....	12
20.	Casualty.....	12
20.1	Responsibility of Association.....	12
20.2	Responsibility of Owner.....	13
21.	Condemnation.....	13
21.1	Total Condemnation.....	13
21.2	Partial Condemnation.....	13
22.	Fidelity Bond.....	14
23.	Amendment.....	14
23.1	Approval by Owners.....	14
23.2	Approval by Mortgagees.....	15
23.3	Approval by Governmental Authorities.....	16
23.4	Recordation.....	16
24.	Termination.....	16
25.	Dispute Resolution.....	16
25.1	Required Procedure.....	16
25.2	Negotiated Resolution.....	17
25.3	Mediation.....	17
25.4	Small Claims.....	17
25.5	Arbitration.....	17
25.6	Claims Procedure.....	18
25.7	No Attorneys’ Fees.....	18
25.8	Claims by Association.....	18
25.9	Confidentiality.....	19

26.	Waiver; Time Limitation; Disclosures and Disclaimers.....	19
26.1	RELEASE AND WAIVER OF ALL PAST, PRESENT AND FUTURE CLAIMS REGARDING CONDITION OF PROPERTY.....	19
26.2	TIME LIMITATION ON ACTIONS.....	20
26.3	Personal Property.....	20
26.4	Acoustics, Light, Air and View.....	21
26.5	Mold. Each.....	21
26.6	Unit Square Footage.....	21
26.7	Model Units.....	21
26.8	Wood Flooring Disclosure.....	22
26.9	Vegetation.....	22
26.10	Liability for Utility Failure, Etc.....	22
26.11	Covenants Running with the Land.....	23
27.	General Provisions.....	23
27.1	No Impairment.....	23
27.2	No Partition.....	23
27.3	No Waiver of Strict Performance.....	23
27.4	Severability.....	23
27.5	Rule Against Perpetuities.....	23
27.6	Transfer of Declarant's Powers.....	23

Exhibits to Declaration

- Exhibit A - Property Description
- Exhibit B - Area of Units and Allocation of Ownership Interests in Common Elements and
Common Expenses and Profits
- Exhibit C - Bylaws of Arenson Court Condominiums Owners' Association

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
ARENSON COURT CONDOMINIUMS
MADE PURSUANT TO THE OREGON CONDOMINIUM ACT**

This Declaration, to be effective upon its recording in the official records of Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 19th day of September, 2007, by Arenson Court, LLC, an Oregon limited liability company ("Declarant").

Declarant proposes to create a condominium to be known as Arenson Court Condominiums, located in Multnomah County, Oregon, to be composed of 21 Units. The purpose of this Declaration is to submit the Property (as defined below) to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation.

1.1 Definitions. As used in this Declaration, the Bylaws, the Articles, the Rules and Regulations, and any exhibits hereto and thereto, unless the context shall otherwise require, the following definitions shall be applied:

1.1.1 Act shall mean the Oregon Condominium Act, currently ORS 100.005 to 100.990, as amended from time to time.

1.1.2 Articles shall mean the Articles of Incorporation of the Association filed or to be filed with the Oregon Secretary of State, as amended from time to time.

1.1.3 Association shall mean Arenson Court Condominiums Owners' Association, the nonprofit corporate entity responsible for the administration, management, and operation of the Condominium.

1.1.4 Association Property shall mean any real property or interest in real property acquired, held, or possessed by the Association.

1.1.5 Board shall mean the Board of Directors of the Association.

1.1.6 Building shall mean an individual building containing Units in the Condominium.

1.1.7 Bylaws shall mean the Bylaws of the Association, as amended from time to time.

1.1.8 Common Elements shall mean all those portions of the Condominium exclusive of the Units.

1.1.9 Condominium shall mean the Property that is hereby submitted to condominium ownership, including all improvements located or to be located thereon and all easements and rights appurtenant thereto.

1.1.10 Declaration shall mean this Declaration of Condominium Ownership for Arenson Court Condominiums and any amendments thereto.

1.1.11 General Common Elements shall mean those Common Elements designated as General Common Elements in Section 5 below.

1.1.12 Legal Requirements shall mean any and all laws, orders, rules, and regulations of any governmental entity.

1.1.13 Limited Common Elements shall mean those Common Elements designated as Limited Common Elements in Section 6 below.

1.1.14 Mortgage shall include a mortgage, a deed of trust and a contract for the sale of real estate.

1.1.15 Mortgage Insurer or Guarantor shall mean an insurer or governmental guarantor of a first Mortgage on a Unit.

1.1.16 Mortgagee shall mean a mortgagee under a mortgage, a beneficiary under a deed of trust and a vendor under a land sale contract.

1.1.17 Owner shall mean the owner or owners of a Unit, but shall not include a Mortgagee unless in possession of a Unit. A person or entity who does not own a Unit shall not be an Owner.

1.1.18 Plans shall mean the plat for the Condominium which is being recorded in the official records of Multnomah County, Oregon, concurrently with this Declaration and any revisions of such plat subsequently recorded.

1.1.19 Property shall mean the property submitted to the provisions of the Act, as described more particularly in Section 2 below.

1.1.20 Rules and Regulations shall mean those rules and regulations governing the use and enjoyment of the Condominium, as adopted from time to time by the Board pursuant to the Bylaws.

1.1.21 Turnover Meeting shall mean the meeting at which Declarant relinquishes control of the administration of the Association pursuant to Section 100.210 of the Act.

1.1.22 Unit Sales Agreement shall mean the purchase agreement pursuant to which an Owner purchases his or her Unit(s).

1.1.23 Units shall mean those parts of the Condominium designated in Section 4 below as Units and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4 below; Unit shall mean any one of the Units.

1.2 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Oregon law. The terms used herein are intended to have the same meaning as may be given in the Act to such terms unless the context clearly requires otherwise or definition in this manner would have an unlawful consequence.

1.3 Mortgagee Approval. For purposes of determining the percentage of Mortgagees approving a proposed decision or course of action in cases where a Mortgagee holds Mortgages on more than one Unit, such Mortgagee shall be deemed a separate Mortgagee as to each such Unit.

1.4 Original Owner of Units. Declarant is the original Owner of all Units and will continue to be deemed the Owner of each Unit until a conveyance or other document changing the ownership of such Unit is filed of record.

1.5 No Fiduciary Standard. In no event shall Declarant be deemed to be a fiduciary of the Owners or be held to a fiduciary standard with respect to activities hereunder. The foregoing language does not apply to Declarant in Declarant's exercise of powers of the Association, the Board or the Association officers pursuant to Section 19.3 of this Declaration.

1.6 Captions and Exhibits. The captions used herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

1.7 Miscellaneous. All terms and words used in this Declaration, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. "And/or" when applied to two or more matters or things shall be construed to apply to any one or more or all thereof, as the circumstances then warrant. "Herein," "hereof," "hereunder," and words of similar import shall be construed to refer to this Declaration as a whole, and not to any particular section, unless expressly stated otherwise.

2. Property Submitted. The Property hereby submitted to the provisions of the Act is the land owned in fee simple by Declarant and described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Name. The name by which the Property is to be identified is "Arenson Court Condominiums."

4. Units.

4.1 General Description of Building. The Condominium consists one (1) Building located on a generally level site. The Building has three (3) stories at or above grade and a basement. The Building was constructed in approximately 1930 and consists of wood and masonry construction with a built-up roof.

4.2 General Description, Location, and Designation of Units. The Condominium shall consist of twenty-one (21) Units as shown on the Plans. The Units are designated for residential use in accordance with Section 9 below. The Units are designated numerically as numbers 100 through 106, inclusive; 201 through 207, inclusive; and 301 through 307, inclusive. Unit 100 is located in the basement of the Building. Units 101 through 106 are located on the ground level of the Building. Units 201 through 207 are located on the second floor of the Building. Units 301 through 307 are located on the third floor of the Building.

4.3 Boundaries of Units. Each Unit shall be bounded by the interior surfaces of its perimeter and demising stud walls, floors and ceilings and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. In addition, each Unit shall include: (a) the outlet of any utility service lines, including but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts (if any), but shall not include any part of such lines or ducts themselves; (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Unit; and (c) the glazing and/or screening of all exterior windows and doors.

4.4 Unit Areas. The designation and area in square feet of each Unit is listed on Exhibit B and shown on the Plans.

NOTICE

THE SQUARE FOOTAGE AREAS STATED IN THIS DECLARATION AND THE PLANS ARE BASED ON THE BOUNDARIES OF THE UNITS AS DESCRIBED IN THIS DECLARATION AND MAY VARY FROM THE AREA OF UNITS CALCULATED FOR OTHER PURPOSES.

5. Interest in Common Elements; General Common Elements. The Owner of each Unit shall own an undivided percentage ownership interest in the Common Elements as set forth on Exhibit B. This ownership allocation in the Common Elements is determined by the ratio which the area of each Unit bears to the total area of all Units combined as shown on the Plans. The general location of the Common Elements is shown on the Plans. The General Common Elements consist of all parts of the Condominium other than the Units and the Limited Common Elements and include, without limitation, the following:

5.1 The land included in the Property, together with any rights or appurtenances related thereto.

5.2 All floor and ceiling slabs, foundations, exterior windows and window frames, exterior doors and door frames, crawl spaces, roofs, columns, beams, girders, supports, and bearing walls.

5.3 All pipes, ducts, air shafts, conduits, wires, and other utility installations, in each case to their respective outlets.

5.4 The electrical and mechanical room, the furnace room and the laundry room located in the basement of the Building, as shown on the Plans.

5.5 All common corridors, hallways and stairways located within the Building providing access to the Units, as shown on the Plans.

5.6 The entranceway and lobby located on the ground floor of the Building, as shown on the Plans.

5.7 All fencing, irrigation systems, exterior lighting, outdoor courtyard areas, landscaping and monumentation for the Condominium.

6. Limited Common Elements. The Limited Common Elements shall consist of the balconies adjoining certain Units, the use of which is reserved for the Unit that each balcony adjoins, as shown on the Plans. The dimensions, designations and location of the Limited Common Elements are shown on the Plans.

7. Allocation of Common Profits and Expenses; Enforcement of Assessments.

7.1 Method of Allocation. Except as otherwise provided in the Bylaws or in this Declaration, the common profits and common expenses of the Condominium shall be allocated to the Owner of each Unit according to the allocation of undivided interests in the Common Elements pertaining to such Owner's Unit as set forth on Exhibit B. Such allocation being determined by the ratio which the area of each Unit bears to the total area of all Units combined as shown on the Plans. If the Owner of a Unit uses an unreasonably disproportionate amount of a service included in the common expenses, as determined by the Board in its reasonable discretion, then such Owner shall be required to bear the expense of such service individually (as, for example, by separate metering facilities) and the common expenses incurred by the other Owners shall thereupon be adjusted accordingly.

7.2 Commencement of Assessments. Assessments for common expenses shall commence upon the closing of the first sale of a Unit provided that, until the Turnover Meeting, Declarant may elect to defer commencement of all or part of the assessments for common expenses (other than assessments for reserves pursuant to Section 5.2 of the Bylaws). Assessments for reserves pursuant to Section 5.2 of the Bylaws shall commence upon the closing of the first sale of a Unit, subject to the right of Declarant to defer the payment of assessments for reserves pursuant to Section 5.2 of the Bylaws. If Declarant elects to defer the commencement of assessments for common expenses pursuant to this Section 7.2, then Declarant shall give not less than ten (10) days' prior written notice to all Owners of the date on which the common expense assessments shall commence. Until the commencement of assessments for common expenses,

Declarant shall be responsible for payment of all common expenses of the Association (other than assessments for reserves pursuant to Section 5.2 of the Bylaws).

7.3 No Exception and No Offset. No Owner may claim exemption from liability for contribution toward the common expenses by such Owner's waiver of the use or enjoyment of any of the Common Elements or by such Owner's abandonment of his or her Unit. No Owner may claim an offset against assessment for common expenses for failure or alleged failure of the Board or the Association to perform its obligations.

7.4 Default in Payment of Common Expenses. In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments), or any other charge imposed or levied by the Association pursuant to the provisions of this Declaration, the Bylaws or the Act, such Owner shall be obligated to pay interest on such delinquent amount from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid amount, or any appeal therefrom. No interest or late charges shall be assessed on common expenses or other charges paid within ten (10) days after the due date therefor. Otherwise, delinquent payments of common expense assessments and other charges shall bear interest from the date thereof at a rate of eighteen percent (18%) per annum, but in no event higher than the maximum rate permitted by law. The Board may also establish and impose charges for late payment of assessments, if the charges imposed are based upon a resolution adopted by the Board that is delivered to each Owner, mailed to the mailing address of each Unit or such other mailing address designated in writing by the Owner of the Unit. If an assessment is not paid within sixty (60) days of its due date, the Board acting on behalf of the Association may, in addition to any other rights granted under this Declaration, the Bylaws or the Act, terminate the Owner's right to receive utility services paid from assessments or the right of access to and use of any common service or other facilities of the Condominium until all assessments have been brought current and paid in full, provided that the Board must give the Owner written notice and an opportunity to be heard before the Owner's right to receive and/or utilize such services is terminated. The Board shall have the right and duty to recover for the Association such unpaid assessments and other charges, together with interest thereon, late fees, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Association shall have upon such Owner's Unit with respect to all such obligations.

7.5 Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Association to foreclose a lien on a Unit because of unpaid assessments or charges, the Owner shall be required to pay a reasonable rental for the use of the Unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board, acting on behalf of the Association, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit. An action to recover a money judgment for unpaid assessments or other charges shall be maintainable without foreclosing any lien securing the same.

7.6 First Mortgages; Liability of Subsequent Owner.

7.6.1 Any lien of the Association against a Unit for assessments and charges shall be subordinate to tax and assessment liens and any first Mortgage of record, except as otherwise provided by Section 100.450(7) of the Act. Where the purchaser or Mortgagee of a Unit obtains title to the Unit as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, the purchaser or Mortgagee and his successors and assigns shall not be liable for any of the common expenses chargeable to the Unit which became due prior to the acquisition of title to the Unit by the purchaser or Mortgagee except to the extent provided in Section 100.475(2) of the Act; *provided*, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of Section 100.465(1) of the Act. Any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit from the lien of, any common expense assessments or charges thereafter becoming due.

7.6.2 In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit to the time of grant of conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser, the Board shall make and deliver a statement of the unpaid assessments against the prospective grantor of the Unit, and the grantee in such case shall not be liable for, nor shall the Unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts therein set forth.

7.7 Acceleration of Assessments. In the event any monthly assessment attributable to a particular Unit remains delinquent for more than sixty (60) days, the Board may, upon fifteen (15) days written notice to the Owner of such Unit and after giving the Owner and opportunity to be heard, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly assessments and other charges which the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to such Unit.

7.8 Delinquent Assessment Deposit.

7.8.1 An Owner may be required by the Board, from time to time, to make and maintain a deposit of not less than one (1) month's nor in excess of three (3) months' estimated monthly assessments and charges, which may be collected in the same manner as other assessments and charges. Such deposit shall be held in a separate fund, be credited to the Unit owned by such Owner, and be for the purpose of establishing a reserve for delinquent assessments.

7.8.2 Resort may be had thereto at any time when such Owner is ten (10) days or more delinquent in paying his or her monthly or other assessments and charges. Such deposits shall not be considered as advance payments of regular assessments. In the event the Board should draw upon such deposit as a result of an Owner's delinquency in payment of any assessments, such Owner shall continue to be responsible for the immediate and full payment of such delinquent assessment (and all penalties and costs related thereto) and thus the full restoration of such deposit, and the Board shall continue to have all of the rights and remedies for

enforcing such assessment payment and deposit restoration as provided by this Declaration and by law.

7.8.3 Upon the sale of a Unit, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Unit pursuant to this or any other provision of this Declaration. Instead, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, the Unit purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the purchaser appropriate compensation therefor.

8. Voting Rights. Subject to the provisions of Section 19 of this Declaration, one vote shall be allocated to each Unit.

9. Occupation and Use. The Units shall be used for residential purposes as described in the Bylaws and are intended for use and occupancy by the Owners as primary or secondary residences.

10. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report which will be filed with the Oregon Real Estate Agency in accordance with Section 100.250(1)(a) of the Act.

11. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Sections 100.405(5) and 100.405(6) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 11 shall first be approved by the Owners holding at least seventy-five percent (75%) of the voting power of the Association unless otherwise allowed to be approved by the Board under Section 100.405(6)(a)(B) of the Act. Owner approval under this Section 11 may be solicited by any means the Board determines reasonable and need not be at a meeting of the Association.

12. No Restrictions on Alienation. Except for certain restrictions on leasing set forth in Section 7.1 of the Bylaws, neither this Declaration nor the Bylaws impose any restrictions on the alienation of a Unit.

13. Rights of Access and Use; Special Declarant Rights and Easements.

13.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each other Unit and the Common Elements as may be required for ingress to and egress from such Owner's Unit; for the support of such Owner's Unit; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Unit, including, but not limited to, water, natural gas, plumbing, air conditioning, cable television and electrical power and wiring. Each Owner shall use the foregoing rights only as necessary and shall exercise due care in the exercise of such rights and

shall be responsible for and indemnify, defend and hold harmless the other Owners from any harm or damage resulting from the exercise of the Owner's rights under this Section 13.1. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

13.2 Additional Rights Created by Association. The Association, upon prior approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the Common Elements. No such right may be granted with respect to a Limited Common Element unless the Owners and first Mortgagees of the Units having the right to use such Limited Common Element consent to the creation of such a right. Nothing in this Section 13.2 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

13.3 Association's Right of Access and Use. In addition to the rights granted to the Association elsewhere in this Declaration, the Bylaws, or by the Act, the Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter and have access through and over any Unit or Common Element: (i) in the case of any emergency originating in or threatening the Unit, any Common Element or any other Unit; (ii) to perform repairs necessary to protect public safety; (iii) to perform installations, alterations, or repairs to any Common Element or Unit; (iv) to prevent damage to the Common Elements or another Unit; or (v) to inspect a Unit or Limited Common Element to verify that the Owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the Rules and Regulations, *provided that*, except in the case of an emergency or when repairs are necessary to protect public safety, requests for entry into a Unit are made in advance and that such entry is at a time reasonably convenient to the Owner.

13.4 Water Intrusion and Mold Inspection. In addition to the rights granted in Section 13.3 above, the Board acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, may enter into any Owner's Unit or Limited Common Element to conduct a periodic inspection of the Owner's Unit or Limited Common Element for water intrusion into the Unit or Limited Common Element and/or the appearance of mold or mildew within the Unit or Limited Common Element. Such inspection shall occur at such time as is reasonably convenient to the Owner (or the Owner's tenant) and the inspector. The right of entry and inspection provided in this Section 13.4 shall not in any way obligate the Association or the Board to make such an inspection, and the decision on whether to inspect the Units and the frequency of such inspections, if any, shall be solely within the discretion of the Board. Nothing contained within this Section 13.4 is intended to modify the maintenance and repair obligations of any party as provided in the Bylaws or this Declaration.

13.5 Declarant's Right of Access and Use. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements for the purpose of (i) planning, designing, renovating, developing, constructing, inspecting, maintaining, repairing, or selling all or any part of the Property, to the extent Declarant is required or authorized to conduct such activities (a) pursuant to this Declaration, the Bylaws, or the Plans, (b) under contracts of sale with purchasers of Units, or (c) under any

applicable law or regulation, and (ii) carrying out sales activities reasonably necessary for the sale of Units, including, without limitation, the right to use Units owned by Declarant as model Units, the right to post “for sale” and “for rent” signs, the right to use a Unit owned by Declarant or a portion of the Common Elements as a sales office, until all Units have been conveyed to persons other than Declarant; *provided, however*, that Declarant shall restore those portions of the Property which it accesses or uses pursuant to this Section 13.5 to substantially the same condition that existed prior to such access or use (except to the extent that Declarant has constructed improvements contemplated by this Section 13.5). Declarant is expressly authorized to complete renovation of all parts of the Condominium, including the Common Elements and Units, until Declarant has conveyed all Units to other persons. In addition to the foregoing, for a period of ten (10) years following the Turnover Meeting, Declarant shall have the right to enter and have access through and over any Unit or Common Element for the purpose of (i) inspecting the Unit, Common Element or any other portion of the Condominium for defects or to verify that appropriate maintenance is being performed or (ii) satisfying any repair obligation of Declarant under this Declaration, the Bylaws or the Act. The right of entry and inspection provided in this Section 13.5 shall not in any way obligate Declarant or Declarant’s agents, successors or assigns to make such inspection, and the decision on whether to inspect the Units or Common Elements and the frequency of such inspection, if any, shall be solely within the discretion of Declarant or its successors or assigns.

13.6 Declarant’s Right to Review and Inspect Documents. For a period of ten (10) years following the Turnover Meeting and upon reasonable advance notice to the Board, Declarant shall have the right to review all inspection and maintenance records of the Association, including, without limitation, changes to the Maintenance Plan (as defined in the Bylaws), if any. In addition, upon request of Declarant, the Board shall provide Declarant at Declarant’s cost copies of all inspection reports, maintenance records, proposed plans for alterations and copies of all warranty claims. As provided in Section 7.4 of the Bylaws, the Board shall provide Declarant with copies of all Owner alteration request submissions, advance notice of the Board’s inspections of such alterations, and an opportunity for Declarant, its contractors or agents to accompany the Board’s professional advisors on any such inspection

13.7 Declarant’s Right of Approval. For a period of ten (10) years following the Turnover Meeting, all proposed amendments to this Declaration, the Bylaws and the Plans must be approved in writing by Declarant.

14. Encroachments.

14.1 Each Unit and Common Element shall have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection as long as the physical boundaries of the Units are in substantial accord with the description of the boundaries as set forth in the Plans. There shall be a valid easement for the maintenance of the encroaching Units so long as the encroachment shall exist and the rights and obligations of Owners shall not be altered in any way by the encroachment.

14.2 The easement described in Section 14.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve any contractor, subcontractor, or materialman of liability for failure to adhere to the Plans.

14.3 The encroachments described in Section 14.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

15. Notices to Mortgagees. The Association shall provide timely written notice of the following matters to any Mortgagee holding a first Mortgage on a Unit, or any Mortgage Insurer or Guarantor:

15.1 Any condemnation or casualty loss that affects either a material portion of the Condominium or a Unit in which it holds an interest;

15.2 Any delinquency of sixty (60) days in the payment of common expenses assessed to a Unit in which it holds an interest;

15.3 A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

15.4 Any proposed action that requires the consent of a specified percentage of first Mortgagees under this Declaration or the Bylaws.

16. Operating Entity. Arenson Court Condominiums Owners' Association, an Oregon nonprofit corporation, has been organized to administer the operation and management of the Condominium and to undertake and perform all acts and duties incident thereto in accordance with the terms of the Articles and the Bylaws. A copy of the Bylaws, which have been adopted by Declarant as required by Section 100.410(1) of the Act, is attached hereto as Exhibit C. The Owner of each Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in a Unit and the membership of an Owner shall terminate automatically upon the Owner being divested of all of his or her ownership interest in the Unit, regardless of the means by which such ownership interest is divested. Each Owner shall be entitled to vote in the manner prescribed in the Articles and Bylaws. Until the Turnover Meeting, the members of the Board need not be Owners. No person or entity holding any Mortgage, lien, or other encumbrance on any Unit shall be entitled, by virtue of such Mortgage, lien, or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership, except as specifically described in this Declaration or the Bylaws. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration and the Bylaws, to levy and collect assessments, and to adopt, promulgate, and enforce the Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of an ownership interest in a Unit by an Owner shall constitute appointment of the Association as the Owner's attorney-in-fact in connection with proceedings, negotiations, settlements, and agreements arising from condemnation, destruction, liquidation, or termination of the Condominium, subject to the rights of the Owners described elsewhere in this Declaration, in the Bylaws or as otherwise provided by the Act.

17. Managing Agent. Prior to the Turnover Meeting, the Board shall have the authority, on behalf of the Association, to employ or contract with a managing agent or manager for the management of the Condominium *provided* that the employment agreement or management contract shall not have a term exceeding three (3) years and *provided, further* that the Association shall have the right to terminate the employment agreement or management contract without penalty or cause upon not less than thirty (30) days written notice given no later than sixty (60) days after the Turnover Meeting. Following the Turnover Meeting, the Board shall have the authority, on behalf of the Association, to employ or contract with a managing agent or manager for the management of the Condominium in accordance with the Bylaws at a compensation to be established by the Board. The Board may delegate to the managing agent or manager such duties and powers as the Board may authorize. In the absence of such appointment, the Board shall act as manager of the Condominium.

18. Taxation of Units. Each Unit, together with the undivided percentage interest in the Common Elements allocated to such Unit, shall be considered a parcel of real property subject to separate assessment and taxation by any taxing authority in a manner comparable to the taxation of other parcels of real property. The Common Elements shall not be considered a separate parcel for purposes of taxation.

19. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, Declarant shall retain administrative control of the Association until the earlier to occur of: (i) the date that is three (3) years after the date on which the first Unit is conveyed to an Owner other than Declarant, or (ii) the date on which seventy-five percent (75%) of all 21 Units planned for the Condominium have been conveyed to Owners other than Declarant, during which time:

19.1 Declarant may appoint and remove officers of the Association and members of the Board;

19.2 Declarant shall have five (5) votes for each Unit owned by it, notwithstanding the provisions of Section 8; and

19.3 Declarant shall have the right to exercise all powers of the Association, the Board, or the Association officers under this Declaration, the Bylaws, and the Act, except that Declarant may not bind the Association to any management agreement, service contract, employment contract, lease of recreational areas or facilities (other than a ground lease) to which Declarant is a party, which is made prior to the Turnover Meeting unless the Association or the Board is granted therein a right of termination which is exercisable without cause or penalty upon not less than thirty (30) days written notice given to the other party no later than sixty (60) days after the Turnover Meeting.

20. Casualty.

20.1 Responsibility of Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the Common Elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the Units. Each Owner shall be responsible for repairing, reconstructing, or

rebuilding his or her Unit to the extent not covered by the Association's insurance within twelve (12) months of the occurrence of such casualty. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements and, to the extent of the Association's insurance coverage, of the Units, so that the Property is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless the Owners of at least sixty percent (60%) of the Units and fifty-one percent (51%) of all first Mortgagees of the Units agree that the Property shall not be rebuilt or restored. The Association shall represent the Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the Property is to be rebuilt and restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all Owners as a common expense. If the required number of Owners and first Mortgagees agree that the Property shall not be rebuilt or restored, the Property shall be considered removed from the provisions of the Act in accordance with Section 100.605 thereof, and any proceeds resulting from such removal shall be distributed in accordance with Section 100.615 of the Act.

20.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his or her family or his or her household pet or of a guest, servant, invitee, or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to another Unit, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Board. Owners of Units are required to carry homeowner's insurance on a Unit, as specified in Section 9 of the Bylaws.

21. Condemnation.

21.1 Total Condemnation. In the event of condemnation of the whole of the Condominium, the compensation to be paid to Owners of Units shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners of at least seventy-five percent (75%) of the Units at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners in equitable proportions and payable to any Mortgagee to the extent required to obtain a discharge of Mortgage. Notwithstanding the award for the condemnation of the whole Condominium, the rights of each Owner of a Unit shall be separate to negotiate and finalize his or her personal compensation for improvements made to the Unit, cost of moving, and other similar items personal to each Owner.

21.2 Partial Condemnation. In the event of a partial condemnation of the Condominium which includes some Units, each Owner whose Unit is condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such Unit shall be paid to such Owner (or the Mortgagee of that Owner's Unit). The Association shall negotiate compensation relating to any Common Elements. The cost, if any, of restoring the balance of the Condominium so that it may be used shall be determined by the Association and

the Association shall negotiate with the condemning authority with regard to compensation for this expenditure and shall, unless the Condominium is terminated within thirty (30) days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any money received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

22. Fidelity Bond. The Board shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, shall furnish a fidelity bond as the Board deems adequate under this Section 22. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three (3) months' aggregate assessments on all Units, including both operating and reserve assessments. Any such bond shall include a provision requiring not less than ten (10) days written notice to the Association and any first Mortgagee of a Unit requesting a copy thereof and each servicer on behalf of the Federal National Mortgage Association ("Fannie Mae") before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association unless otherwise required to be paid by the professional manager or other person or entity handling the Association's funds.

23. Amendment.

23.1 Approval by Owners. Amendments to this Declaration shall be proposed by either a majority of the Board or by the Owners holding thirty percent (30%) or more of the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any written ballot or request for consent to the amendment. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by the Owners holding at least seventy-five percent (75%) of the voting power of the Association and the consent of Declarant, for so long as Declarant owns a Unit or for ten (10) years following the date of the Turnover Meeting, whichever is latest. Sections 13.1, 13.3, 13.4 and 15 may not be changed unless all Owners agree to such change as evidenced by their signature on an amendment to the Declaration implementing such change. Except as otherwise provided in the Act, no amendment may change the location or method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the Owners of the affected Units. Voting on any amendment to this Declaration shall be without regard to Declarant's enhanced voting power under Section 19.2, except for an amendment to approve a plat amendment, or to correct any provision of or exhibit to this Declaration, whether such correction is required due to a surveyor's error, factual error, miscalculation, omission or to otherwise comply with the Act. Additionally, Declarant may amend this Declaration without the approval of any other Owner at any time prior to the Turnover Meeting to comply with the requirements of any applicable statute, ordinance, regulation or guideline of Fannie Mae, the Federal Housing Administration, the United States Department of Veterans Affairs, Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the

United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium. Notwithstanding any of the foregoing, this Declaration shall not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designee, or otherwise so as to adversely affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

23.2 Approval by Mortgagees. Except when a greater percent is required by this Declaration, the Bylaws or the Act, the approval of at least fifty-one percent (51%) of the Mortgagees holding first Mortgages on Units (based upon one (1) vote for each first Mortgage held) shall be required for any amendment to this Declaration that is of a material adverse nature to Mortgagees. An amendment to this Declaration that changes a provision governing any of the following matters shall be deemed to be of a material adverse nature to Mortgagees:

- 23.2.1 Voting rights;
- 23.2.2 Imposition and collection of assessments or the priority of assessment liens;
- 23.2.3 Reserves for maintenance, repair and replacement of the Common Elements;
- 23.2.4 Responsibility for maintenance and repairs;
- 23.2.5 Reallocation of interests in the General or Limited Common Elements, or rights to their use;
- 23.2.6 The boundaries of any Unit;
- 23.2.7 Convertibility of Units into Common Elements or of Common Elements into Units;
- 23.2.8 Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
- 23.2.9 Hazard or fidelity insurance requirements;
- 23.2.10 Restrictions on the leasing of Units;
- 23.2.11 Restrictions on the right of an Owner to sell or transfer his or her Unit;
- 23.2.12 A decision by the Association to establish self-management when professional management had been required previously by this Declaration, the Bylaws or a Mortgagee of a first Mortgage;

23.2.13 Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than specified in this Declaration or the Bylaws;

23.2.14 Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or

23.2.15 Any other provision that expressly benefits a Mortgagee holding a first Mortgage on a Unit or a Mortgage Insurer or Guarantor.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the allocation of undivided interests in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the Mortgagees holding first Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 23.2 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested.

23.3 Approval by Governmental Authorities. The Association shall use reasonable efforts to obtain the approval of an amendment to this Declaration by a governmental authority engaged in the guaranty of, or the issuance of insurance with respect to, Mortgages, if required by such authority.

23.4 Recordation. Amendments to this Declaration shall be effective upon recordation of the Declaration as amended, or of the amendment thereto, certified by the chairman and secretary of the Association as being adopted in accordance with this Declaration and the provisions of the Act and approved by the county assessor and the Oregon Real Estate Commissioner, if required by law, in the official records of Multnomah County, Oregon.

24. Termination. Termination of the Condominium shall be effected in accordance with Section 100.600 of the Act or any other applicable provision of the Act, but in no event shall be consummated without the prior written consent of at least fifty-one percent (51%) of those Mortgagees holding first Mortgages on Units (based upon one vote for each first Mortgage held). Any approval of a Mortgagee required under this Section 24 may be presumed by the Association if such Mortgagee fails to submit a response to a written request within sixty (60) days after it receives notice of such request by certified or registered mail, return receipt requested. The common profits and expenses of the Property following termination of the Condominium shall be allocated in accordance with the Act.

25. Dispute Resolution.

25.1 Required Procedure. Except as provided in this Section 25 below, to the fullest extent allowed by law, all claims, controversies and disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, this Declaration, the Bylaws, the Articles, or the Rules and Regulations, or which relate to the

interpretation or breach of the Act, this Declaration or the Bylaws, the Articles, or the Rules and Regulations (collectively referred to as “Claims”) shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; (iii) actions by the Association pursuant to Section 5.7 of the Bylaws prior to summary abatement and removal of a structure or other condition that violates this Declaration, the Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.10 of the Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic’s lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

25.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but if this is not successful, all Claims shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 25.3, 25.4 or 25.5 below, as applicable.

25.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 25.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 25.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the Parties. All mediation shall be in accordance with the rules or procedure of any dispute resolution program available in Multnomah County, Oregon that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a Party will occur due to delay.

25.4 Small Claims. All Claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims.

25.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 25.2, 25.3 and 25.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by one arbitrator selected by the

Parties, or, if the Parties cannot agree on an arbitrator within thirty (30) days after a request for arbitration, the arbitrator shall be appointed by the presiding judge of the Circuit Court for Multnomah County, Oregon. The arbitration shall be conducted by and pursuant to the then effective arbitration rules of the American Arbitration Services, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Board, acting on behalf of the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

25.6 Claims Procedure. An Owner or the Association may not commence arbitration against Declarant or any contractor, subcontractor or supplier for construction defects unless the Owner or the Association, as applicable, has given written notice of the claim and permitted them to view, inspect and respond to the claimed defect, as required by law.

OREGON LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY COMMENCE ARBITRATION OR A COURT ACTION AGAINST ANY CONTRACTOR, SUBCONTRACTOR OR SUPPLIER FOR CONSTRUCTION DEFECTS. BEFORE YOU COMMENCE ARBITRATION OR A COURT ACTION YOU MUST DELIVER A WRITTEN NOTICE OF ANY CONDITIONS YOU ALLEGE ARE DEFECTIVE TO THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER YOU BELIEVE IS RESPONSIBLE FOR THE ALLEGED DEFECT AND PROVIDE THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW. FAILURE TO MEET THOSE DEADLINES OR FOLLOW THOSE PROCEDURES WILL AFFECT YOUR ABILITY TO COMMENCE ARBITRATION OR A COURT ACTION.

25.7 No Attorneys' Fees. Except as specifically provided for in this Declaration or the Bylaws, no Party in the arbitration, mediation or other proceeding shall be entitled to recover costs or attorneys' fees in connection therewith.

25.8 Claims by Association. To the fullest extent allowed by law and except for Claims in an amount less than or equal to \$7,500, no Claim shall be initiated by the Association without approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association. The foregoing vote requirement shall not be required to institute or respond to the following: (i) actions for delinquent assessments, fines or other charges under this Declaration, the Bylaws or the Rules and Regulations; (ii) actions initiated by the Association during Declarant's period of administrative control pursuant to Section 19 of the Declaration; (iii) actions challenging ad valorem taxation or condemnation proceedings; (iv)

actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; (v) the defense of claims filed against the Association or the assertion of counterclaims in proceedings instituted against the Association (except for non-mandatory counterclaims); (vi) actions to appoint a receiver pursuant to Section 5.10 of the Bylaws; and (vii) actions to summarily abate, enjoin and remove a structure or condition that violates this Declaration, the Bylaws or the Rules and Regulations.

25.9 Confidentiality. The Parties shall keep all discussions of disputes, all settlements and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties unless compelled to do so by an order of a court of competent jurisdiction. The Parties agree in the event a Party breaches its confidentiality obligation that the other Party or Parties to the dispute shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance and each Party hereby waives any claim or defense that the other Party has an adequate remedy at law for any such breach and the Parties agree that the aggrieved Party shall not be required to post any bond or other security in connection with any such equitable relief.

26. Waiver; Time Limitation; Disclosures and Disclaimers.

26.1 RELEASE AND WAIVER OF ALL PAST, PRESENT AND FUTURE CLAIMS REGARDING CONDITION OF PROPERTY. ACKNOWLEDGING THAT SALES FROM DECLARANT ARE ON AN "AS IS BASIS", TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, EACH OWNER, FOR ITSELF AND ALL SUBSEQUENT OWNERS OF A UNIT, HEREBY WAIVES AND RELINQUISHES ANY AND ALL CLAIMS WHEREVER ARISING AGAINST DECLARANT AND ITS AGENTS, SUCCESSORS, EMPLOYEES, AFFILIATES, CONTRACTORS, REPRESENTATIVES, OFFICERS, DIRECTORS, MEMBERS AND PARTNERS, AND AGAINST THE ASSOCIATION OR ANY BOARD MEMBER THEREOF (COLLECTIVELY, THE "DECLARANT PARTIES"), RELATING TO OR ARISING FROM THE CONDITION OF THE PROPERTY AT ANY TIME. THIS RELEASE AND WAIVER IS ABSOLUTE AND UNCONDITIONAL AND APPLIES WHETHER OR NOT THE OWNER HAS KNOWLEDGE OF ANY POTENTIAL CAUSE OF ACTION FOR SUCH CLAIMS. THIS RELEASE AND WAIVER APPLIES TO CLAIMS UNDER ANY LEGAL THEORY, INCLUDING BUT NOT LIMITED TO, NEGLIGENCE, NEGLIGENCE PER SE, NEGLIGENT OR INTENTIONAL MISREPRESENTATION, DEFECTIVE CONSTRUCTION, BREACH OF CONTRACT, BREACH OF WARRANTY, UNLAWFUL TRADE PRACTICE, BREACH OF FIDUCIARY DUTY, STRICT LIABILITY, NUISANCE, TRESPASS OR ANY OTHER THEORY, WHETHER ARISING FROM STATUTE, CONTRACT, TORT OR OTHERWISE. THIS RELEASE AND WAIVER INCLUDES, WITHOUT LIMITATION, CLAIMS RELATING TO CONSTRUCTION DEFECTS, WATER INTRUSION, MOLD, MILDEW, FUNGUS AND/OR ODORS IN THE UNIT OR COMMON ELEMENTS; PRODUCTS OR CONDITIONS IN THE UNIT OR COMMON ELEMENTS, INCLUDING FOR EXAMPLE CARBON MONOXIDE, RADON OR CARPET GLUE; NOISE OR SOUND TRANSMISSION; LOSS OF USE; EMOTIONAL DISTRESS; INCIDENTAL OR CONSEQUENTIAL DAMAGES; ATTORNEY FEES' AND COSTS; AND RELOCATION EXPENSES (TEMPORARY OR OTHERWISE). EACH OWNER ACKNOWLEDGES THAT DECLARANT WOULD HAVE REQUIRED A

SIGNIFICANTLY HIGHER PURCHASE PRICE FOR THE UNIT IF THE OWNER DECLINED TO PROVIDE THIS RELEASE AND WAIVER. THIS RELEASE AND WAIVER SHALL BE BINDING UPON THE OWNER ACQUIRING THE UNIT FROM DECLARANT, ALL SUCCESSOR OWNERS OR OCCUPANTS OF THE UNIT, THE ASSOCIATION, AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, PROPERTY MANAGERS, BROKERS, HEIRS, SUCCESSORS, ASSIGNS, GUESTS AND INVITEES. EACH OWNER AGREES THAT CLAIMS OF THE ASSOCIATION ARE DERIVATIVE OF CLAIMS OF UNIT OWNERS AND THAT THE ASSOCIATION WILL BE BOUND BY THIS RELEASE AND WAIVER. THIS RELEASE AND WAIVER SHALL ACT AS A COMPLETE BAR AND DEFENSE AGAINST ANY RELEASED OR WAIVED CLAIM. OWNER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THIS RELEASE AND WAIVER, THAT IT HAS HAD AN OPPORTUNITY TO SEEK AND CONSULT COUNSEL REGARDING THIS RELEASE AND WAIVER.

26.2 TIME LIMITATION ON ACTIONS. IT IS THE INTENT OF THE PARTIES THAT THE RELEASE AND WAIVER OF CLAIMS IN SECTION 26.1 BE COMPREHENSIVE AND FINAL. TO THE EXTENT IT IS DETERMINED THAT ANY CLAIM AGAINST ANY DECLARANT PARTY, UNDER ANY LEGAL THEORY, SURVIVES THE FOREGOING RELEASE AND WAIVER FOR ANY REASON, SUCH CLAIM MUST BE BROUGHT ON THE EARLIER OF (A) WITHIN SIXTY (60) DAYS AFTER THE DATE THE OWNER KNEW OR REASONABLY SHOULD HAVE KNOWN OF FACTS SUFFICIENT TO PUT THE OWNER ON NOTICE OF THE CLAIM, OR (B) PRIOR TO THE EXPIRATION OF THE APPLICABLE STATUTE OF LIMITATIONS, OR (C) WITH RESPECT TO THE UNIT AND RELATED LIMITED COMMON ELEMENTS, BY NO LATER THAN THE FIRST ANNIVERSARY OF THE CLOSING DATE OF THE INITIAL SALE OF THE UNIT BY DECLARANT, OR (D) WITH RESPECT TO THE GENERAL COMMON ELEMENTS, ON THE LATER TO OCCUR OF (I) THE FIRST ANNIVERSARY OF THE DATE OF THE FIRST CONVEYANCE OF A UNIT IN THE CONDOMINIUM TO A UNIT OWNER OTHER THAN DECLARANT OR (II) THE FIRST ANNIVERSARY OF THE DATE OF COMPLETION OF CONSTRUCTION OF THE GENERAL COMMON ELEMENT IN QUESTION. ANY AND ALL SUCH CLAIMS NOT BROUGHT WITHIN THIS TIME PERIOD WILL BE DEEMED TIME BARRED, REGARDLESS OF WHEN THE OWNER ACTUALLY DISCOVERED THE ALLEGED BASIS FOR THE CLAIM. FOR PURPOSES OF THIS SECTION 26, A CLAIM IS "BROUGHT" WHEN ARBITRATION IS FORMALLY INITIATED OR A COMPLAINT IS FILED IN THE APPROPRIATE COURT AND SERVED PROMPTLY ON DECLARANT.

26.3 Personal Property. Declarant has given no warranty with respect to any appliances, equipment, and other consumer products as defined in the Magnusson-Moss Warranty Act or the Uniform Commercial Code installed in the Unit or Common Elements. Each Owner has agreed that the warranties of appliances, equipment and other consumer products installed in the Unit or Common Elements are those of the manufacturer or supplier and are not warranted by Declarant. To the extent assignable, all such manufacturer or supplier warranties have been assigned to Owner, effective on the closing of such Owner's purchase of his or her Unit(s) from Declarant. Declarant has made no representations or guarantees regarding the existence or validity of any manufacturer or supplier warranties or the performance by any

manufacturer or supplier of its warranty obligations. With respect to any manufactured products, each Owner expressly has assumed the risk, as against Declarant, that such products may be defective. Each Owner warranted that he or she had an adequate opportunity to investigate the condition of the manufactured products and relied solely on such independent investigation in purchasing the Unit.

26.4 Acoustics, Light, Air and View. Declarant has made no representation or warranty regarding the existence of or changes in the level of noise, light, air or view benefiting or burdening any Unit specifically or the Condominium generally. Each Owner acknowledges that Declarant will have no liability if the current level of noise, light, air or view affecting a Unit changes due to future developments. Each Owner acknowledges that as is typical in residential condominiums, the Units are not soundproof and Declarant made no warranty or representation regarding the degree that exterior sounds will infiltrate any Unit. Unit occupants may hear some degree of noise from other Units, the nearby streets, from nearby residences and from nearby common areas. Each Owner further acknowledges that he or she has had ample opportunity to discern to his or her satisfaction the level of sound and sound transmission at the Unit at various times of day, that sound levels may differ over time depending on a variety of factors, and that he or she has accepted all current and potential future sound levels. The Association, and not Declarant, will have the responsibility of enforcing rules against disturbing other members of the Association, however noise occurring outside the Unit may be audible inside the Unit to some degree. Each Owner also acknowledges that any removal of the finished flooring or other alterations within a Unit or any other part of the Condominium may adversely affect the noise levels within the Units.

26.5 Mold. Each Owner acknowledges that mold is a commonly occurring natural substance that can grow in the Units and the Common Elements where water infiltration and humidity exist. Each Owner also acknowledges that there is controversy regarding whether and to what extent certain types of mold are toxic to humans. Each Owner understands and agrees that Declarant will not be liable for any property damage or bodily injury suffered by the Unit's occupants and resulting from the presence of mold. Each Owner is hereby advised to regularly cause his or her Unit(s) and the Common Elements to be inspected for mold or any other dangerous condition. Owners should take prompt action to remedy underlying water infiltration and humidity conditions that are causing any mold discovered and thereby avoid any possibility of damage or injury from long-term exposure to mold.

26.6 Unit Square Footage. Unit square footage may be different from the square footage shown on plans and specifications or advertising brochures, which are based on good faith estimates. Variations in size may be seen even between Units having the same floor plan. Each Owner waives any claims relating to minor variations in the square footage of the Unit from the square footage shown on plans and specifications or advertising brochures.

26.7 Model Units. Model units and their appurtenances and furnishings are displayed only for illustration purposes and shall not be deemed to be an agreement or commitment by Declarant to deliver the Unit being purchased by an Owner in accordance with any such model unit or with the same or similar appurtenances and furnishings shown in such model unit. The furnishings, decorations, gas fireplaces, appliance drip pans, custom colors or

textures, and other appurtenances and finish work in or to any model unit are not included in the sale of the Unit(s); provided, however, that such items may be included in the sale of a specified model unit if, and only to the extent, the Unit Sales Agreement for that model unit specifically describes appurtenances and furnishings as part of the sale. Unless expressly stated otherwise in the Unit Sales Agreement, each Owner acknowledges that he or she did not purchase a model unit, each of which was professionally decorated and furnished.

26.8 Wood Flooring Disclosure. Wood is not a man-made product and consequently it is subject to variations in grain and color. These variations are among the characteristics which make wood attractive for use as a floor covering. On the other hand, because wood is a natural product, it is subject to seasonal expansion and contraction as a result of the normal fluctuation of temperature and humidity. There is more moisture in indoor air during warm wet weather such as is common in early summer than during winter months when forced air heating results in very dry indoor conditions. Wood flooring will absorb moisture from the air during wet conditions, consequently expanding in width, and lose moisture, then contracting, when conditions are drier. This gradual and continual expansion and contraction can result in cracks appearing in wood flooring from time to time. This cracking may be more accentuated near heat registers and appliances where warm dry air blows across the wood. These cracks may also appear accentuated due to the white stain used in today's popular floor finishes. Declarant cannot control moisture conditions during the life of the product. Owners are advised to take into account the proper care required of wood floors. Wood is very sensitive to liquid, therefore spills left standing will result in floor damage. Detergents and waxes cannot be used without damaging the finish and scratches and depressions are often the result of normal foot traffic and are difficult and costly to repair. Various carpet backings may cause a chemical reaction causing color gradation to the wood floor. Owners are advised to use caution in placing rugs over hardwood.

26.9 Vegetation. Grass, trees and other vegetation, if any, even if remaining at close of purchase of a particular Unit, escrow and occupancy, may not survive and may need to be replaced at the sole expense of the Association. No warranty of quality or survival was given by Declarant with respect to grass, trees and other vegetation. Further, Owners are advised that native trees are often subject to governmental regulation and may not necessarily be removed at will.

26.10 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to this Declaration and the Bylaws, neither the Association nor the Board nor Declarant shall be liable for: (i) any failure of any utility or other service to be obtained and paid for by the Association; (ii) injury or damage to person or property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust, or sand which may leak or flow from the outside or from any parts of Unit structures, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or (iii) inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

26.11 Covenants Running with the Land. The provisions of this Section 26 are intended to touch and concern the Condominium and shall be deemed covenants running with the land. Each and every term of this Section 26 shall, to the fullest extent allowed by law, bind each initial Owner of a Unit, the Association and each subsequent Owner or transferee of a Unit.

27. General Provisions.

27.1 No Impairment. The creation of this Condominium shall not be impaired and title to the Units and Common Elements shall not be rendered unmarketable or otherwise affected by reason of any insignificant failure of this Declaration or the Plans or any amendment thereto to comply with the Act.

27.2 No Partition. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of interest in the Common Elements made without the Unit to which that interest is allocated is void.

27.3 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of this Declaration, the Bylaws or the Rules and Regulations, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future enforcement of such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an Owner, with knowledge of any such breach, shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

27.4 Severability. If any term or provision of this Declaration or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, whether under the Act or otherwise, the remainder of this Declaration and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

27.5 Rule Against Perpetuities. The rule against perpetuities may not be applied to defeat any provision of this Declaration, the Bylaws or the Rules and Regulations.

27.6 Transfer of Declarant's Powers. Declarant, at any time in its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, any or all of Declarant's rights, powers, privileges, and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, privileges, and authority are in addition to those arising from Declarant's ownership of one or more Units).

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 19th day of September, 2007.

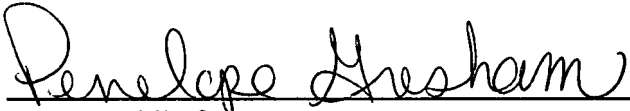
DECLARANT:

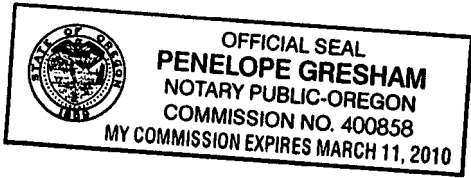
ARENSON COURT, LLC,
an Oregon limited liability company

By: 
Peter M. Perrin, Managing Member

STATE OF Oregon)
County of Multnomah) ss.

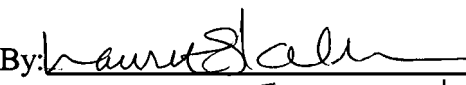
The foregoing instrument was acknowledged before me on this 19th day of September, 2007 by Peter M. Perrin, as the Managing Member of ARENSON COURT, LLC, an Oregon limited liability company, on behalf of said limited liability company.



Notary Public for Oregon
My Commission Expires: March 11, 2010



The foregoing Declaration is approved pursuant to ORS 100.110 this 28th day of November, 2007 and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

GENE BENTLEY
Oregon Real Estate Commissioner

By: 
Name: LAURIE SKILLMAN
Title: LAND DEVELOPMENT MANAGER

 5 December 2007
County Assessor


 5 December 2007
County Tax Collector

EXHIBIT A

Property Description

The Property is located in the City of Portland, Multnomah County, Oregon and is described as follows:

THAT TRACT OF LAND AS CONVEYED TO ARENSON COURT, LLC DESCRIBED IN DOCUMENT NO. 2006-224671, MULTNOMAH COUNTY DEED RECORDS, BEING LOT 7 AND PORTIONS OF LOTS 5, 6 AND 10, BLOCK 16 OF THE PLAT OF "GOLDSMITHS ADDITION TO THE CITY OF PORTLAND", MULTNOMAH COUNTY PLAT RECORDS, SITUATED IN THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, STATE OF OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A 5/8" IRON ROD WITH YELLOW PLASTIC CAP MARKED "W.B. WELLS & ASSOC., INC." FOUND AT THE NORTHEAST CORNER OF SAID LOT 7; THENCE NORTH 00°00'15" WEST ALONG THE WEST LINE OF SAID LOT 5, A DISTANCE OF 20.00 FEET TO THE NORTHERLY NORTHWEST CORNER OF SAID ARENSON COURT, LLC TRACT; THENCE EAST ALONG THE NORTHERLY NORTH LINE OF SAID ARENSON COURT, LLC TRACT, A DISTANCE OF 26.40 FEET TO THE NORTHWEST CORNER OF "SANBORN HOUSE CONDOMINIUM", MULTNOMAH COUNTY PLAT RECORDS; THENCE SOUTH 00°04'25" EAST ALONG THE WEST LINE OF SAID "SANBORN HOUSE CONDOMINIUM", A DISTANCE OF 120.00 FEET TO THE SOUTHEAST CORNER THEREOF, ALSO BEING THE NORTH RIGHT-OF-WAY LINE OF N.W. MARSHALL STREET (60.00 FEET WIDE); THENCE WEST ALONG THE SOUTH LINE OF SAID ARENSON COURT, LLC TRACT AND SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 101.54 FEET TO THE SOUTHWEST CORNER OF SAID ARENSON COURT, LLC TRACT; THENCE NORTH 00°00'15" WEST ALONG THE WEST LINE OF SAID ARENSON COURT, LLC TRACT, A DISTANCE OF 100.00 FEET TO THE NORTH LINE OF LOT 10; THENCE EAST ALONG THE NORTH LINE OF SAID LOTS 10 AND 7, A DISTANCE OF 75.00 FEET TO THE INITIAL POINT.

EXHIBIT B

Area of Units and Allocation of Ownership Interests in Common Elements and Common Expenses and Profits

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
100	468	3.8484%
101	714	5.8712%
102	357	2.9356%
103	567	4.6624%
104	745	6.1261%
105	548	4.5062%
106	677	5.5670%
201	527	4.3335%
202	556	4.5720%
203	376	3.0919%
204	580	4.7693%
205	767	6.3070%
206	569	4.6789%
207	667	5.4847%
301	527	4.3335%
302	557	4.5802%
303	376	3.0919%
304	580	4.7693%
305	767	6.3070%
306	569	4.6789%
307	667	5.4847%
Totals:	12,161	100.00%

EXHIBIT C

Bylaws of Arenson Court Condominiums Owners' Association

BYLAWS
OF
ARENSON COURT CONDOMINIUMS OWNERS' ASSOCIATION

TABLE OF CONTENTS

	Page
1. GENERAL PROVISIONS.....	1
1.1 Identity.....	1
1.2 Bylaws Subject to Other Documents.....	1
1.3 Defined Terms.....	1
1.4 Applicability.....	1
1.5 Office.....	1
2. MEETINGS OF OWNERS.....	1
2.1 Administrative Control.....	1
2.2 Transitional Committee.....	1
2.3 Turnover Meeting.....	2
2.4 Annual Meetings.....	2
2.5 Place of Meetings.....	2
2.6 Special Meetings.....	3
2.7 Notice of Meetings.....	3
2.8 Voting.....	3
2.9 Persons Under Disability.....	4
2.10 Proxies.....	4
2.11 Fiduciary, Corporate and Joint Owners.....	4
2.12 Quorum.....	5
2.13 Binding Vote.....	5
2.14 Order of Business.....	5
2.15 Rules of Order.....	6
3. BOARD OF DIRECTORS.....	6
3.1 Number, Term and Qualification.....	6
3.2 Powers and Duties.....	6
3.3 Limitation.....	9
3.4 Organizational Meeting.....	9
3.5 Regular and Special Meetings.....	9
3.6 Waiver of Notice.....	10
3.7 Quorum.....	10
3.8 Removal.....	11
3.9 Resignation.....	11
3.10 Vacancies.....	11
3.11 Compensation.....	11
3.12 Liability and Indemnification of Directors, Officers, Manager or Managing Agent.....	11
3.13 Insurance.....	11
3.14 Special Committees.....	12
4. OFFICERS.....	12
4.1 Designation.....	12

4.2	Election.....	12
4.3	Removal.....	12
4.4	Chairperson.....	12
4.5	Vice Chairperson.....	12
4.6	Secretary.....	13
4.7	Treasurer.....	13
4.8	Execution of Instruments.....	13
4.9	Compensation of Officers.....	13
5.	BUDGET, EXPENSES AND ASSESSMENTS.....	13
5.1	Budget.....	13
5.2	Reserve Fund for Replacing Common Elements. The.....	14
5.3	Assessments and Reserves.....	15
5.4	Determination of Common Expenses.....	16
5.5	Assessment of Common Expenses.....	17
5.6	Special Assessments.....	17
5.7	Violation by Owners; Remedies.....	18
5.8	Liability of Owners.....	19
5.9	No Waiver.....	19
5.10	Receiver.....	19
6.	RECORDS AND AUDITS.....	20
6.1	General Records.....	20
6.2	Records of Receipts and Expenditures.....	20
6.3	Assessment Roll.....	20
6.4	Payment of Vouchers.....	20
6.5	Reports and Audits.....	20
6.6	Notice of Sale or Mortgage.....	21
6.7	Statement of Assessments.....	21
7.	OCCUPATION AND USE.....	21
7.1	Rentals.....	21
7.2	Insurance Risk.....	22
7.3	Compliance.....	22
7.4	Alterations.....	23
7.5	Residential Units.....	23
7.6	Non-Interference.....	24
7.7	Nuisances.....	24
7.8	Offensive or Unlawful Activities.....	24
7.9	Contested Legal Requirements.....	25
7.10	Parking and Parking Areas.....	25
7.11	Vehicles in Disrepair.....	25
7.12	Vehicles in Repair.....	25
7.13	On-Site Vehicle Washing.....	25
7.14	Common Streets and Sidewalks.....	25
7.15	Signs.....	25
7.16	Pets.....	26

7.17	Protection of Wildlife	26
7.18	Rubbish and Trash.	26
7.19	Restriction on Vegetation.	26
7.20	Temporary Structures.....	26
7.21	Maintenance of Unit and Limited Common Elements.	26
7.22	Utilities and Antennae.....	26
7.23	Leaf Blowers.....	27
7.24	Wood Burning Stoves and Turkey Fryers.	27
7.25	Exterior Lighting.....	27
7.26	Replacement or Installation of Finished Surfaces.	27
7.27	Sporting or Exercise Equipment.	27
7.28	Activities of the Declarant.	27
7.29	Association Rules and Regulations.....	27
8.	MAINTENANCE AND REPAIR.....	28
8.1	Maintenance by Association.....	28
8.2	Maintenance by Owners.	28
8.3	Failure to Follow Maintenance Plan.....	28
9.	INSURANCE.....	29
9.1	Types.....	29
9.2	Mandatory Policy Provisions.....	30
9.3	Discretionary Provisions.....	31
9.4	Additional Requirements.	33
9.5	By the Owner.	33
9.6	Fannie Mae and GNMA Requirements.	34
10.	AMENDMENTS TO BYLAWS.....	34
10.1	How Proposed.....	34
10.2	Adoption.	34
10.3	Execution and Recording.....	35
10.4	Rights of the Declarant.	35
11.	LITIGATION.....	35
11.1	By Less than All Owners.....	35
11.2	Complaints Against.....	35
12.	DISPUTE RESOLUTION.....	36
12.1	Required Procedure.....	36
12.2	Negotiated Resolution.....	36
12.3	Mediation.	36
12.4	Small Claims.....	37
12.5	Arbitration.....	37
12.6	Approval of Legal Expenses.....	37
12.7	No Attorneys' Fees.	37
12.8	Suits Against Declarant. The	37
12.9	Initial Dispute Resolution Procedures.	37

13. MISCELLANEOUS38

13.1 Notices38

13.2 Waiver.....38

13.3 Invalidity; Number; Captions.38

13.4 Action Without a Meeting.38

13.5 Conflicts; Severability.39

13.6 Liability Survives Termination.....39

13.7 Indexing.39

13.8 The Declarant as Owner.....39

1. GENERAL PROVISIONS.

1.1 Identity. Arenson Court Condominiums Owners' Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Corporation Division of the Oregon Secretary of State in or around September, 2007 (the "Association"), has been organized for the purpose of administering the operation and management of Arenson Court Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Arenson Court, LLC, an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property located in the City of Portland, Multnomah County, Oregon, as more particularly described in the Declaration of Condominium Ownership for Arenson Court Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the official records of Multnomah County, Oregon.

1.2 Bylaws Subject to Other Documents. The provisions of these Bylaws are applicable to the Condominium and are expressly subject to the terms, provisions, and conditions contained in the Articles of Incorporation of the Association (the "Articles") and in the Declaration.

1.3 Defined Terms. All capitalized terms used in these Bylaws and not specifically defined herein shall have the meaning given such terms in the Declaration.

1.4 Applicability. All (i) owners of Units ("Owners"); (ii) tenants and occupants of any Unit; and (iii) their respective agents, servants, invitees, licensees, and employees that use the Condominium, or any part thereof, are subject to these Bylaws, and all rules and regulations thereunder as promulgated from time to time.

1.5 Office. The office of the Association shall be located in Portland, Oregon, or at any other place within the Portland, Oregon metropolitan area designated by the Board.

2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provision of these Bylaws, until the Turnover Meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 19 of the Declaration.

2.2 Transitional Committee. Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners within 60 days after the conveyance to persons other than the Declarant of 50% of all Units planned for the Condominium. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least 10 days but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional committee (the "Transitional Committee"), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory

only and shall consist of two or more members selected by Owners other than the Declarant and one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records which the Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within 90 days of the expiration of the period of Declarant's administrative control described in Section 19 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least 10 days but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not timely called by the Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting, (i) the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control thereof; (ii) the Owners shall elect members of the Board as set forth in these Bylaws; and (iii) the Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three-month period following the Turnover Meeting, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5) of the Act. If the Declarant has complied with the terms of Section 100.210 of the Act, then, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and the Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner of any unsold Unit.

2.4 Annual Meetings. In the 12th month following the month in which the Turnover Meeting is held, the first annual meeting of the Owners shall be held. At such meeting, the three incumbent directors of the Association (any director of the Association, a "Director") elected at the Turnover Meeting shall resign and three Directors (who may have previously served as Directors) shall be elected by the Owners in accordance with these Bylaws. Thereafter, annual meetings shall be held in the same month as the initial annual meeting or in the month following, at such hour and on such date as the chairperson of the Board (the "Chairperson") may designate or, if the Chairperson fails to designate such date by the last day of the first month in which the meeting may be held, the meeting shall be held on the second Wednesday of the second month in which the meeting may be held, unless such date shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day. At such meetings, the Owners shall elect Directors to fill vacancies or to succeed retiring Directors as provided in Article 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

2.5 Place of Meetings. Meetings of the Owners shall be held at the principal office of the Association or at such other suitable and convenient place within the Portland, Oregon metropolitan area, as may be designated by the Board.

2.6 Special Meetings. Special meetings of the Association may be called by the Chairperson, a majority of the Board or upon a petition signed and presented to the secretary of the Association (the "Secretary") by the Owners of not less than 35% of the Units stating the purpose of the meeting. The notice of any special meeting shall state the purpose, time, and place of such meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a Director or Officer. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice of Meetings. The Chairperson or Secretary shall give written notice of each meeting of the Association at least 10 days but not more than 50 days prior to the date set for such meeting, to each Owner of record (and to any first Mortgagee of record requesting such notice), at the address of such Owner or Mortgagee as listed on the books of the Association, or at such other address as such Owner or Mortgagee shall have designated by notice in writing to the Chairperson or Secretary at least 10 days prior to the giving of such notice by the Chairperson or Secretary. The notice of any meeting shall state the purpose, time, and place of such meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a Director or Officer. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. For a period of 10 years following the Turnover Meeting, notices of all meetings shall also be given to the Declarant in the same manner as given to the Owners and the Declarant, including its successors and assigns, or a representative of the Declarant shall be entitled to attend all such meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.8 Voting.

2.8.1 The total number of votes of all Owners shall be equal to the total number of Units in the Condominium and each Owner shall be entitled, subject to the provisions of Section 19 of the Declaration (which grants the Declarant five votes for each Unit owned by it) and to Section 3.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of Units owned by such Owner. The Declarant shall be entitled to vote as the Owner of any Units retained by the Declarant, and the Board shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; *provided, however*, that the Board shall not be entitled to vote such Units in any election of Directors.

2.8.2 If an Owner is in default under a first Mortgage on its Unit for 90 consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged

their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this Section shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

2.8.3 If an Owner is in default for payment of assessments or other charges under these Bylaws, the Declaration or the Rules and Regulations for 60 consecutive days or more, the Owner's voting rights shall be suspended until such delinquencies are paid in full, including any interest, penalties or late charges due for such delinquency.

2.9 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of the minor's estate, through a parent having custody of the minor.

2.10 Proxies and Absentee Ballots. A vote may be cast in person, by proxy, or, at the discretion of the Board, by absentee ballot. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed and dated by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid (i) for over one year, or (ii) which is undated, or (iii) which purports to be revocable without notice, or (iv) after the meeting for which it was solicited (unless otherwise expressly stated in the proxy) and every proxy shall automatically cease upon sale of a Unit by its Owner. An Owner may revoke such Owner's proxy only as provided in Section 100.427 of the Act. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for absentee ballots shall include instructions for return delivery of the completed absentee ballot and information about whether or not the absentee ballot may be canceled if it is returned in accordance with the instructions. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee gives written notice of such pledge or assignment to the Board. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.11 Fiduciary, Corporate and Joint Owners. An executor, administrator, conservator, guardian or trustee may vote, in person, by proxy or by absentee ballot, at any meeting of the Owners with respect to any Unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; *provided, however*, that he or she shall satisfy the Secretary that he or she is the executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or other entity shall provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof. Unless a valid court order establishes the authority of a co-Owner to vote, whenever any Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such Unit may be

exercised by any of the Owners then present, in the absence of written protest by a co-Owner delivered to the Chairperson or Secretary. In the event of disagreement among the co-Owners, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to the matter voted upon.

2.12 Quorum. At any meeting of the Association other than the Turnover Meeting, the presence, in person, by proxy or by absentee ballot (if authorized by the Board) of a number of Owners holding thirty-four percent (34%) or more of the voting power of the Association shall constitute a quorum. For purposes of the Turnover Meeting, the number of Owners in attendance shall be deemed a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting until another date and time. The quorum requirements for any such subsequent meeting shall be reduced to twenty percent (20%) of the voting power of the Association.

2.13 Binding Vote. The vote of more than fifty percent (50%) of the voting power of the Association (i) present in person, by proxy or by absentee ballot (if authorized by the Board) at a meeting at which a quorum is constituted or (ii) by written or electronic ballot pursuant to Section 13.4 below shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

2.14 Order of Business. The order of business at an annual meeting of the Association shall be:

- 2.14.1 Calling of the roll and certifying of proxies;
- 2.14.2 Proof of notice of meeting or waiver of notice;
- 2.14.3 Reading of minutes of the immediately preceding meeting;
- 2.14.4 Reports of officers;
- 2.14.5 Reports of committees, if any;
- 2.14.6 Election of Directors;
- 2.14.7 Unfinished business;
- 2.14.8 New business; and
- 2.14.9 Adjournment.

2.15 Rules of Order. Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board, which shall consist of one (1) to three (3) Directors prior to the Turnover Meeting and three (3) Directors thereafter. Until the Turnover Meeting is held, the Board shall consist of the Director(s) named in the Articles, subject to the appointment and removal powers of the Declarant described in Section 19 of the Declaration. At the Turnover Meeting, three (3) Directors shall be elected by the Owners to serve until the first annual meeting of the Association. At the first annual meeting of the Association, two (2) Directors shall be elected by the Owners to serve for a term of two (2) years and one (1) Director shall be elected by the Owners to serve for a term of one (1) year. Those two (2) Directors receiving the two (2) highest vote totals will serve for the initial two-year terms. Election by the Owners shall be by plurality. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, that Director's successor shall be elected or appointed as provided in this Section 3.1 to serve for a term of two (2) years. The Directors shall hold office for the term herein fixed 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, if elected or appointed as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board after the Director ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company which owns a Unit shall be considered co-Owners of any such Unit.

3.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts which by or under law, the Declaration or these Bylaws may not be performed by the Board or delegated to the Board by the Owners. The Board shall be governed by ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Operation, care, inspection, upkeep, repair, replacement and maintenance of the Common Elements and Association Property.

3.2.2 Determination of the amounts required for operation, inspection, maintenance, repair and replacement of the Common Elements and Association Property and the conduct of all other affairs of the Association, and the making of such expenditures.

3.2.3 Collection of the common expenses from the Owners.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for

the inspection, maintenance, upkeep and repair of the Common Elements and Association Property; engagement of or contracting for the services of others; and making purchases for the inspection, maintenance, repair, replacement, administration, management and operation of the Condominium and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); *provided, however*, that any management agreement, service contract or employee contract entered into before the Turnover Meeting on behalf of the Association shall not have a term in excess of 3 years and shall be terminable by the Association without penalty or cause by giving the other party at least 30 days notice of termination no later than 60 days after the Turnover Meeting and, *provided further*, that any agreement for management services entered into after the Turnover Meeting on behalf of the Association must be terminable by the Board must have a reasonable term not exceeding 3 years, and may only be renewed with the express written consent of the Board and the property manager.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium (“Rules and Regulations”) pursuant to Section 7.29 hereof.

3.2.6 Maintaining bank accounts on behalf of the Association and designating the signatories required therefor.

3.2.7 Purchasing, leasing or otherwise acquiring, in the name of the Association or its designee, corporate or otherwise, on behalf of the Owners, Units offered for sale or lease or surrendered by their Owners to the Association, including without limitation, the purchasing of Units at foreclosure sales (judicial or non-judicial) or execution sales, provided that the purchase and/or acquisition of a Unit is approved by the Owners holding at least 75% of the voting power of the Association.

3.2.8 Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Units of the Condominium acquired by the Association or its designee on behalf of all the Owners.

3.2.9 Organizing corporations to act as designees of the Association in acquiring title to or leasing Units by the Association on behalf of all Owners.

3.2.10 Obtaining and reviewing bonds and insurance, including directors’ liability insurance, for the Association and the Condominium pursuant to the provisions of these Bylaws and in the case of such insurance, reviewing it at least annually.

3.2.11 Obtaining and updating the annual reserve study required by the Act, which shall: (i) identify all items for which reserves are or will be established; (ii) include the estimated remaining useful life of each item as of the date of the reserve study or update thereof; and (iii) include for each item, as applicable, an estimated cost of maintenance, repair and replacement at the end of the item’s useful life.

3.2.12 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws and Sections 20 and 21 of the Declaration after damage or

destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof.

3.2.13 Making additions and improvements to, or alterations of, the Common Elements; *provided, however*, that no such project of a non-structural or non-capital nature may be undertaken by the Board if the total cost will exceed the amount of Ten Thousand Dollars (\$10,000), unless (i) the Owners holding at least 75% of the voting power of the Association have approved the project or (ii) the expenditure is authorized in the annual budget of the Association. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.2.1 or to work that is urgently needed for life safety or structural integrity reasons.

3.2.14 After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations based on a resolution of the Board that is delivered to the affected Unit Owner in accordance with the notice provisions of these Bylaws.

3.2.15 Borrowing money on behalf of the Association when required in connection with the inspection, operation, care, upkeep, and maintenance of the Common Elements and Association Property; *provided, however*, that (i) the consent of Owners holding at least 75% of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15% of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements and Association Property, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of the Owner of such Unit. If any sum borrowed by the Board on behalf of the Association pursuant to the authority contained in this Section 3.2.15 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against such Owner's Unit.

3.2.16 Adjusting and settling claims under insurance policies and executing and delivering releases on settlement of such claims on behalf of all Owners, all holders of Mortgages or other liens on the Units, and all Owners of any other interest in the Condominium.

3.2.17 Filing all appropriate income tax returns.

3.2.18 Filing of the Annual Report described in Section 100.260 of the Act with the Real Estate Agency pursuant to Section 100.250 of the Act.

3.2.19 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder. Nothing in

these Bylaws shall be construed as requiring the Board or Association to take any specific action to enforce violations.

3.2.20 In conjunction with preparing and updating the reserve study, establish, periodically update, and implement a maintenance plan for the maintenance, repair and replacement of all property for which the Association has maintenance, repair and replacement responsibility under the Declaration, these Bylaws or the Act (the "Maintenance Plan"). The Maintenance Plan shall: (i) describe the maintenance, repair and replacement to be conducted; (ii) include a schedule for the maintenance, repair and replacement; (iii) be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and (iv) address issues that include, but are not limited to, warranties and the useful life of the items for which the Association has maintenance, repair or replacement responsibility. The Maintenance Plan shall comply with Section 100.175 of the Act and shall provide for not less than annual inspections of the Property for evidence of water intrusion or other needed repairs by a knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. For a period of ten (10) years following the Turnover Meeting, the Declarant shall be notified prior to the inspections, shall have a right for the Declarant or its employees or contractors to be present during the inspections and have a right to receive a copy of the inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

3.3 Limitation. The powers of the Board enumerated in these Bylaws shall be limited in that the Board shall have no authority to (i) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 10% of the estimated total budget of the Association for such calendar year, or (ii) enter into agreements having a term in excess of three years, except agreements specifically authorized in these Bylaws, without, in each case, the prior approval of the Owners holding at least 75% of the voting power of the Association.

3.4 Organizational Meeting. Within thirty (30) days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the Board shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.5 Regular and Special Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board may be called by the Chairperson and must be called by the Secretary at the written request of at least two (2) Directors. Notice of any special meeting shall be given to each Director at least two (2) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board

shall be open to the Owners except that the following matters and such other matters as are permitted by the Act, if any, may be considered in executive session: (a) consulting with legal counsel regarding the rights and duties of the Association in connection with existing or potential litigation, or criminal matters *provided, however*, that the Board shall not initiate legal proceedings against the Declarant or any Director without first obtaining the approval of the Owners holding at least 75% of the voting power of the Association; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiating of contracts with third parties; and (d) discussing the collection of unpaid assessments. Except in the event of an emergency, the Board shall vote in an open meeting on whether to meet in executive session. If the Board votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of each meeting of the Board shall be posted at a place or places on the Property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting. For a period of ten (10) years following the Turnover Meeting, notices of all meetings shall also be given to the Declarant in the same manner as given to the Directors and the Declarant, including its successors and assigns, or a representative of the Declarant shall be entitled to attend all such meetings. Meetings of the Board may be conducted by any means of communication that allows the Directors to hear each other simultaneously or otherwise to communicate during the meeting. The meeting and notice requirements in Section 100.420 of the Act may not be circumvented by chance or social meetings or by any other means. Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Board shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.6 Waiver of Notice. Any Director may at any time waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice of the time and place thereof, except where a Director attends the meeting for the sole purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the Directors are present at any meeting of the Board, then no notice to Directors shall be required and any business may be transacted at such meeting.

3.7 Quorum. At all meetings of the Board, 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 act of the Board. A Director who is present at a meeting of the Board at which action is taken on any Association matter is presumed to have assented to the action unless the Director votes against the action or abstains from voting on the action because the Director claims a conflict of interest. If at any meeting of the Board there shall be less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time until a quorum is present. At any 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.

3.8 Removal. At any regular or special meeting of the Owners, any one or more of the Directors may be removed with or without cause, but only by approval of at least a majority of the Owners, notwithstanding the quorum provisions of Section 2.12, and a successor may then and there or thereafter be elected by the Owners to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.9 Resignation. Any Director may resign at any time by sending a written notice of such resignation to the office of the Association, addressed to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary.

3.10 Vacancies. Vacancies on the Board caused by any reason other than the removal of a member pursuant to Section 3.8 shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected or appointed shall be a member of the Board for the remainder of the term of the member whose position was vacated and until a successor shall be elected or appointed as provided in these Bylaws at the next annual meeting of the Owners.

3.11 Compensation. No Director shall receive any compensation from the Association for acting in such capacity, but shall be reimbursed for his reasonable out-of-pocket expenses.

3.12 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. To the fullest extent authorized by law and the Articles, the personal liability of each Director (including pre-turnover Directors) to the Association or its Owners for monetary damages for conduct as a Director shall be eliminated. Each Director (including pre-turnover Directors) and officer and the manager or managing agent, if any, shall be indemnified and held harmless by the Association, to the fullest extent permitted by law, from and against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon such person in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having been a Director (including pre-turnover Directors), officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof. The foregoing rights of indemnification shall be in addition to and not exclusive of any and all other rights conferred on such persons under any agreement, vote of the Owners or otherwise.

3.13 Insurance. The Board shall comply with the insurance requirements contained in Article 9 of these Bylaws. In addition, the Board, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, the Board or the Owners.

3.14 Special Committees. The Board by resolution may designate one or more special committees, each committee to consist of three or more Owners which, to the extent provided in such resolution, shall have and may exercise the powers set forth in such resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committee shall keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the Chairperson. The Board or the Chairperson may appoint Owners to fill vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

4. OFFICERS.

4.1 Designation. The principal officers of the Association shall be the Chairperson, the Secretary and a treasurer (the "Treasurer"), all of whom shall be elected by the Board. The Board may appoint a vice chairperson (the "Vice Chairperson"), an assistant treasurer (an "Assistant Treasurer"), an assistant secretary (an "Assistant Secretary") and such other officers as in its judgment may be desirable. None of the officers need be Owners until the Board is elected by the Owners at the Turnover Meeting. Thereafter, all officers shall be Owners (or officers, directors, shareholders, partners, employees or beneficiaries, or members of the respective families, of Units owned by corporations, partnerships, fiduciaries or Mortgagees).

4.2 Election. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office shall become vacant, the Board shall elect a successor to fill the unexpired term at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4.3 Removal. Upon the affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

4.4 Chairperson. The Chairperson shall be the chief executive officer of the Association and shall preside at all meetings of the Owners and of the Board. The Chairperson shall have all of the general powers and duties which are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as are appropriate to assist in the conduct of the affairs of the Association as determined by the Chairperson in his or her discretion.

4.5 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform the Chairperson's duties whenever the Chairperson shall be absent or unable to act. If neither the Chairperson nor the Vice Chairperson is able to act, the Board shall appoint some other member of the Board to act in the place of the Chairperson on an interim basis. The Vice Chairperson shall also perform such other duties as shall from time to time be prescribed by the Board or by the Chairperson.

4.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the minutes of all meetings of the Association. The Secretary shall attend to the giving and serving of all notices to the Owners and Directors required by these Bylaws and other notices required by law, shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice Chairperson, taking the place of the Vice Chairperson and performing the Vice Chairperson's duties whenever the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

4.7 Treasurer. The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, shall disburse funds of the Association upon properly authorized vouchers, and shall, in general, perform all other duties incident to the office of Treasurer of an association and such other duties as may be assigned to him by the Board.

4.8 - Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board. All checks, wire transfer instructions, authorizations and other similar instruments for amounts up to Four Thousand Nine Hundred Ninety-Nine Dollars (\$4,999) may be executed by the professional property management company for the Condominium if authorized by general or special resolution of the Board, and, in the absence of any such general or special resolution, then such instrument or authorization shall be executed by the Chairperson or another person duly authorized by the Board. All checks, wire transfer instructions, authorizations and other similar instruments for amounts of Five Thousand Dollars (\$5,000) or more shall require the execution of (i) the Chairperson and Treasurer, or (ii) the Chairperson or Treasurer and one other officer of the Association.

4.9 Compensation of Officers. No officer who is a member of the Board, other than the Secretary and Treasurer, shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners. The Board may fix any reasonable compensation to be paid to the Secretary, Treasurer and any officers who are not also Directors.

5. BUDGET, EXPENSES AND ASSESSMENTS.

5.1 Budget.

5.1.1 The Board shall from time to time, at least annually, prepare and adopt a budget for the Association, estimate the common expenses expected to be incurred, less any previous over assessment, and assess the common expenses in accordance with Section 7.1 of the Declaration. The budget shall provide for an adequate reserve fund for funding major maintenance, repair and replacement of those Common Elements which will normally require

major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any, in accordance with Section 5.2 of these Bylaws. The Board shall advise each Owner in writing of the amount of common expenses payable by such Owner, and furnish copies of each budget and amended budget on which such common expenses are based to all Owners, the Declarant (for at least ten (10) years after the date of the Turnover Meeting), and, if requested, to their Mortgagees, at least thirty (30) days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. If the Board fails to adopt an annual budget, the last adopted budget shall continue in effect. Nothing herein contained shall be construed as restricting the right of the Board to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by the Declarant or during the period of the Declarant's administrative control of the Association pursuant to Section 19 of the Declaration shall be based on the Declarant's good faith projection of the requirements of the Association for the period in question. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association for such period. Such projection need not include (a) items that reasonably could be funded from operating assessments or (b) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more Unit Owners under the provisions of the Declaration or these Bylaws. **The reserve study on which such projection is based assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to the Declaration, these Bylaws, the Maintenance Plan and the Act. If the Board fails to perform the required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** After the Turnover Meeting, the Board shall be responsible, in its sole discretion, for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by the Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 3.2.20 above.

5.1.2 Within thirty (30) days after adoption of any proposed budget for the Condominium following the Turnover Meeting, the Board shall provide a summary of the budget to all Owners.

5.2 Reserve Fund for Replacing Common Elements. The Declarant shall, on behalf of the Owners, conduct a reserve study as required by the Act, prepare the initial Maintenance Plan described in Section 3.2.20 above and as required by the Act and establish in the name of the Association a reserve fund for funding major maintenance, repair and replacement of those Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements which will normally require replacement in more than one (1) year and less than thirty (30) years such that the reserve fund is reasonably expected to provide sufficient funds for major maintenance, repair and replacement of such Common

Elements and for the painting of exterior painted surfaces of the Common Elements, if any. The Declarant, in establishing the reserve fund, shall obtain and rely on a reserve study from a professional property manager or reserve study provider in making a projection of the requirements of the Association with respect to the major maintenance, repair and replacement of such Common Elements and for the painting of exterior painted surfaces of the Common Elements, if any. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association. Such projection need not include (a) items that can reasonably be funded from operating assessments or (b) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more, but less than all Owners under the provisions of the Declaration or these Bylaws. The Declarant may elect to defer payment of the assessments for the reserve fund with respect to each Unit until the time of conveyance of the Unit, provided that Declarant may not defer payment of such reserve assessments beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association. The Board shall annually conduct a reserve study or review and update an existing reserve study of the Common Elements to determine reserve account requirements. The reserve study shall include all information required by the Act. The Board shall administer the reserve funds and shall adjust at regular intervals, but not less than annually, the amount of the periodic payments into it to reflect changes in current maintenance, repair and replacement costs over time as reflected by the reserve study or update thereof. In addition to the Board of Director's authority to adjust the amount of the reserve assessments pursuant to ORS 100.175(3)(c), after the Turnover Meeting, the Association may (i) elect to reduce or increase future assessments for the reserve funds upon an affirmative vote of the Owners holding at least 75% of the voting power of the Association; and (ii) elect on an annual basis not to fund the reserve account upon the unanimous vote of the Owners. Any funds established for any of the purposes mentioned in this Section 5.2 shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board. The amount of the reserve fund shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for major maintenance, repair and replacement of the Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any, and is to be kept separate from the operating expense assessments. After the Turnover Meeting, however, the Board may borrow amounts from the reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other unexpected increases in expenses which will later be paid from special or regular assessments, if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds and, prior to adopting such a resolution, has provided advance written notice of the resolution to all Owners and, for a period of ten (10) years following the Turnover Meeting, to the Declarant and its successors and assigns. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a repayment plan providing for repayment of the borrowed funds within a reasonable period. Repayment of such amounts borrowed from the reserve fund shall include any interest that would otherwise have been earned on such amounts.

5.3 Assessments and Reserves. THE PROJECTION OF THE BUDGET OF THE ASSOCIATION OF UNIT OWNERS FOR THE OPERATION AND

MAINTENANCE AND OTHER COMMON EXPENSES OF THE CONDOMINIUM IS ONLY AN ESTIMATE. INITIAL ASSESSMENTS MAY BE HIGHER THAN SHOWN IN THE PROJECTED BUDGET, AND ASSESSMENTS ARE LIKELY TO INCREASE OVER TIME. RESERVE PROJECTIONS MAY INCREASE AND MAY VARY SUBSTANTIALLY FROM THE ACTUAL REQUIREMENTS OF THE ASSOCIATION IMPOSED ON UNIT OWNERS.

5.4 Determination of Common Expenses. Common expenses shall include:

5.4.1 Expenses of administration.

5.4.2 Cost of insurance or bonds obtained in accordance with these Bylaws.

5.4.3 A general operating reserve, sufficient to pay the amount of the deductible on any insurance policy held by the Association under Section 9.1.1.

5.4.4 Reserve for major maintenance, repair and replacement of the Common Elements and for painting any exterior painted surfaces of the Common Elements as needed.

5.4.5 The costs of the annual reserve study required by the Act, or the renewal and update thereof.

5.4.6 The costs of establishing, updating and implementing the Maintenance Plan.

5.4.7 Any deficit in common expenses for any prior period, and any accrued interest or late charges thereon.

5.4.8 Utilities for the Common Elements and other utilities not separately metered or charged.

5.4.9 Services of any person or firm to act on behalf of the Owners in connection with any other matter where the respective interests of the Owners are deemed by the Board to be similar and nonadverse to each other.

5.4.10 Professional management services, gardening, landscaping, snow removal, waste removal, painting, cleaning, and inspection, maintenance, decorating, repair and replacement of the Common Elements and Association Property and such machinery and equipment for the Common Elements and Association Property as the Board shall determine are necessary and proper, which the Board shall have the exclusive right and duty to acquire for the Common Elements and Association Property.

5.4.11 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium as

a first-class Condominium or for the enforcement of these restrictions, and which the Board determines should be assessed to the Owners under Section 5.5.

5.4.12 The discharge of any mechanic's lien or other encumbrance levied against the entire Condominium or against the Common Elements or Association Property, rather than merely against the interests therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of such lien or liens shall be specifically assessed to the responsible Owners.

5.4.13 Inspection, maintenance and repair of any Unit if the Board determines that such inspection, maintenance or repair is necessary to protect the Common Elements, another Unit or any other portion of the Property, and the Owner of the Unit has failed or refused to perform such inspection, maintenance or repair in accordance with these Bylaws, the Declaration or the Maintenance Plan within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board to such Owner, provided that the Board may levy a special assessment against such Owner for the cost of such maintenance or repair.

5.4.14 Any other items properly chargeable as an expense of the Association.

5.5 Assessment of Common Expenses. All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws. Assessments may not be waived due to limited use or nonuse of Common Elements and no Owner may claim an offset against assessments for failure of the Board to perform its obligations. The Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 7.1.3 of the Declaration. At the time of closing of the initial sale of each Unit and each subsequent sale thereafter, the purchaser shall make the contribution described in Section 5.6.3 to the working capital fund. The Board, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due which remains unpaid by him for more than 10 days from the due date for its payment (except as provided above for the Declarant).

5.6 Special Assessments.

5.6.1 Capital Improvements. In the case of any duly authorized capital improvement to the Common Elements, the Board may by resolution establish separate assessments for the same, which may be treated as contributions by the Owners for capital improvements, and the proceeds of which shall be used only for the special capital improvements described in the resolution.

5.6.2 Other Reserve Trust Funds. The Board may also build up and maintain a reasonable reserve for contingencies and replacements not covered by

Section 5.2 of these Bylaws. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the Owners according to each Owner's percentage ownership in the Common Elements. The Board shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses which is due more than 30 days after the delivery or mailing of such notice of further assessment. Any reserve fund established by the Declarant shall be based upon the Declarant's good faith projection of the applicable reserve requirements of the Association, but such projection may vary substantially from the actual requirements of the Association.

5.6.3 Working Capital Fund. The Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in Section 5.5. At the time of closing of the initial sale and each subsequent sale of a Unit, the purchaser shall make an initial contribution to the working capital fund equal to two months of Association assessments for the Unit, but, in any event, not less than the amount that may have been contributed to the working capital fund on behalf of such Unit by the Declarant under this Section 5.6.3. At or prior to the Turnover Meeting, the Declarant shall make a contribution to the working capital fund equal to two months of Association assessments for all Units then existing but not yet conveyed to persons other than the Declarant; *provided, however*, that the contribution by the initial purchaser of a Unit described in the preceding sentence shall be paid to the Declarant at the closing of such purchase in reimbursement of contributions made to the working capital fund by the Declarant. At or prior to the Turnover Meeting, the Declarant shall transfer the amount of the reserve fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.2 of these Bylaws. During the period of administrative control described in Section 19 of the Declaration, the Declarant shall not use any funds contained in the working capital fund to defray the Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

5.7 Violation by Owners; Remedies. The violation of any Rule or Regulation or other determination duly adopted by the Board, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Board, acting on behalf of the Association, and its agents the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Board (including the pre-turnover Board), or its agents, shall not thereby be deemed guilty in any manner of trespass; *provided, however*, that the Board must institute legal proceedings on behalf of the Association against the Owner before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its

expenses in accordance with Section 11.1. All expenses incurred by the Board on behalf of the Association in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 7.3 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of such Owner's respective share of the common expenses. The Association shall have a lien for all of the same upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Unit or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, on behalf of the Association by the Board. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner's Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.8 Liability of Owners. An Owner shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family, or his or their guests, employees, servants, invitees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing in these Bylaws, however, shall be construed to modify any waiver by insurance companies of rights of subrogation. The expense of any such maintenance, repair or replacement shall be charged to the responsible Owner as a specific item, which shall be a lien against the corresponding Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.9 No Waiver. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by any of the provisions of the Declaration, these Bylaws or any Rules or Regulations shall not constitute a waiver of the right of the Association or an Owner to enforce such right, provision, covenant or condition in the future.

5.10 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments regarding a Unit that, in violation of these Bylaws, is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent

assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

6. RECORDS AND AUDITS.

6.1 General Records. The Board and the managing agent or manager, if any, shall keep records of the actions of the Board and the managing agent or manager, minutes of the meetings of the Board and minutes of the meetings of the Association and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property. The Board shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units to the extent the Board has been notified of such Mortgagees. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Articles, the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5; and (iii) the current operating budget of the Association; and (iv) all documents, information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for inspection within the State of Oregon by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours, except as otherwise permitted under Section 100.480 of the Act. For a period of ten (10) years following the date of the Turnover Meeting, the Secretary shall mail to the Declarant within thirty (30) days after the creation, adoption or recordation of such documents, as applicable, copies of the foregoing documents, including without limitation, written consents of the actions of the Board and minutes of the meetings of the Association and the Board.

6.2 Records of Receipts and Expenditures. The Board or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

6.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books or on a computerized accounting program in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of each assessment against the Owner, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

6.4 Payment of Vouchers. Vouchers and instruments shall be authorized and signed in accordance with Section 4.8 above.

6.5 Reports and Audits. An annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board to all Owners, and to all first Mortgagees of Units who have

requested the same, within 90 days after the end of each fiscal year. If required by Section 100.480 of the Act the Board shall have the financial statement reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the requirements of Section 100.480(4) of the Act within 180 days after the end of the fiscal year. Pursuant to Section 100.480(6) of the Act, the Association may elect on an annual basis not to comply with Section 100.480(4) of the Act by an affirmative vote of the Owners holding at least 60% of the voting power of the Association, not including the votes of the Declarant with respect to Units owned by the Declarant. Upon written request, any holder, insurer or guarantor of a first Mortgage shall be entitled to a copy of the financial statement for the immediately preceding fiscal year at the expense of the Association and shall be made available within one hundred twenty (120) days after the end of such fiscal year.

6.6 Notice of Sale or Mortgage. Immediately upon the closing of any sale or Mortgage of any Unit, the Owner shall promptly inform the Secretary or manager of the name and address of the purchaser or Mortgagee.

6.7 Statement of Assessments. Within ten (10) business days after receipt of a written request from an Owner or Owner's agent for the benefit of a prospective purchaser of such Owner's Unit(s), the Association shall provide a written statement detailing the amount of assessments due from such Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, late payment charges, the percentage rate at which interest accrues on assessments not paid when due, and the percentage rate used to calculate the late payment charges or the amount of a fixed charge for late payment. The Association is not required to comply with the foregoing request if the Association has commenced litigation by filing a complaint against the Owner, and the litigation is pending when the statement would otherwise be due.

7. OCCUPATION AND USE.

7.1 Rentals. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1. As used herein, "Leasing," "Renting," "Leased" or "Rented" means the granting of a lease, sublease, right to use or to occupy a Unit for a specified term or indefinite term in exchange for the payment of rent (that is, money, property or other goods or services of value) but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. With the exception of a lender in possession of a Unit following a default under a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his Unit for hotel or transient purposes, or for any period of fewer than thirty (30) days.

7.1.1 No Partial Leases. No Owner of a Unit may Lease less than the entire Unit.

7.1.2 Written Leases. All Leasing or Rental agreements shall be in writing and shall expressly state that they shall be subject to the Declaration and these Bylaws (with a default by the tenant in complying with the Declaration and/or these Bylaws constituting a default under the Lease or Rental agreement).

7.1.3 Payment by Tenant or Lessee to Association. If a Unit is Rented or Leased by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board. Such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner and the Unit under the Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner, nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

7.1.4 Approval of Lease. Each Owner desiring to rent his Unit shall submit for approval by the Board the lease agreement with the prospective renter or lessee. The Board shall approve such lease agreement as long as (a) any charge due the Association in connection with its review of the lease agreement has been paid by the Owner and (b) the Board determines that the lease agreement satisfies the requirements of the Declaration and these Bylaws relating thereto.

7.1.5 Limitation on Number of Rented Units. At no time shall more than fifty percent (50%) of the Units be rented or occupied by non-Owner occupants. In order to insure that the foregoing limitation is not exceeded, Owners who intend to rent or grant occupancy rights to their Units shall provide thirty (30) days written notice to the Board of their intentions. Each such Owner may proceed to rent or grant occupancy to non-Owner occupants for his or her Unit unless such Owner is provided written notice of the Board's refusal to allow such rental or non-Owner occupancy because such rental or non-Owner occupancy would exceed the limitation of the foregoing sentence. In the event of such Board refusal, the requesting Owner shall not rent or grant occupancy to any person until the Board notifies him or her that such rental or occupancy would not violate the limitation on non-Owner occupied Units. The Board shall maintain a list of Owners who requested and were denied the ability to rent or grant non-Owner occupancy of their Units, on a first-come, first-serve basis and shall promptly notify each Owner on such list as it becomes permissible to rent or grant non-Owner occupancy of such Owners' Unit.

7.1.6 No Other Restrictions. Other than as stated in this Section 7.1, there is no restriction on the right of any Owner to Lease or otherwise Rent his or her Unit.

7.2 Insurance Risk. No Unit or Common Elements shall be occupied or used by anyone in such a manner as to result in an increase in the cost of casualty or liability insurance on the Condominium or the risk of cancellation, or threat of cancellation, of any policy of insurance on the Condominium or any Unit or Common Elements.

7.3 Compliance. Each Owner shall comply and shall require all residents, lessees, servants, invitees, employees and visitors to his Unit to comply with the Act, the Declaration, these Bylaws and the Rules and Regulations adopted pursuant thereto. An Owner

shall continue to be responsible for compliance with all of the foregoing, notwithstanding that the Unit is Leased or Rented in violation of these Bylaws.

7.4 Alterations. No Owner shall make or allow any structural alterations in or to his Unit, or alter the exterior design or color of any part of the Owner's Unit normally visible from the exterior thereof (including any alteration of the window coverings for the Owner's Unit) or make an installation or any change to an installation upon the Common Elements, or maintain, decorate, alter or repair any part of the Common Elements, without the prior consent in writing of the Board. The Board shall consider the granting of such consent only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board shall deem appropriate. The Board shall provide a copy of such submission materials to the Declarant or its successors and assigns upon receipt. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board, for such professional review. During the course of construction and after completion of same, the Board may cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board, upon demand. The Board shall provide reasonable advance notice to Declarant or its successors and assigns of its inspection to Declarant and Declarant or its contractors or agents may, but shall not be obligated to, inspect the work concurrently with the Board's professional advisors. Prior to commencement of construction, the Owner shall provide the Board with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. An Owner may not remove any partition walls separating contiguous Units. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board, each in the amount of at least 125% of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

7.5 Residential Use. Each Unit shall be used for: (i) residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling; (ii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iii) for purposes of operating the Association and managing the Condominium. An Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Condominium; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Condominium; and (iv) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board.

7.6 Non-Interference. Each Unit shall be used only for such purpose and to such extent as will not overload or interfere with any Common Elements or the enjoyment of adjacent Common Elements by the other Owners.

7.7 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed which is improper or offensive in the opinion of the Board or which unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Without limitation of the foregoing, no woodpiles shall be permitted outside of any Unit and no Owners shall allow the storage or use of hazardous substances in their Units other than normal cleaning materials stored within Units and used in accordance with applicable law. Additionally, Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents, employees or vendors.

7.8 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on upon the Condominium, Unit, Common Elements, or any part thereof, nor shall anything be done or placed in, on or under any part of the Condominium or any Unit which unreasonably interferes with or jeopardizes the enjoyment of the Condominium, or which is a source of unreasonable annoyance to residents. No unlawful use shall be made of the Condominium or any part thereof, and all laws, zoning ordinances, regulations or any other Legal Requirement (as defined in the Declaration) of all governmental authorities having jurisdiction thereof shall be strictly complied with. Construction of buildings and improvements that are part of or are scheduled to become a part of the Condominium shall not violate this Section. Compliance with any Legal Requirements shall be accomplished by and at the sole expense of the Owner or Association, as the case may be, whichever shall have the obligation to maintain and repair the portion of the Condominium affected by any such Legal Requirement. Each Owner shall give prompt notice to the Board of any written notice received of the violation of any Legal Requirement affecting the Owner's Unit or the Condominium. Notwithstanding the foregoing provisions, an Owner may, at his expense, defer compliance with and contest, by appropriate proceedings prosecuted diligently and in good faith, the validity or applicability of any Legal Requirement affecting any portion of the Condominium which such Owner is obligated to maintain and repair, and the Board shall cooperate with such Owner in such proceedings, *provided that*:

7.8.1 Such Owner shall pay and shall defend, save harmless, and indemnify the Board, the Association, and each other Owner against all liability, loss or damage which any of them respectively shall suffer by reason of such contest and any noncompliance with such Legal Requirement, including attorneys' fees and other expenses incurred;

7.8.2 Such Owner shall keep the Board advised as to the status of such proceedings; and

7.8.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the

Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 5.7.

7.9 Contested Legal Requirements. An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.8, *provided that* noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest. The Board may also contest any Legal Requirement without being subject to the conditions described in Section 7.8 as to contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.9 as to deferral of compliance by an Owner, and the costs and expenses of any contest by the Board shall be a common expense.

7.10 Parking and Parking Areas. All use of designated parking areas included in the Common Elements (if any) shall be subject to the provisions of this Section 7, as well as the Rules and Regulations thereon adopted by the Board pursuant to Section 7.29. Any such parking areas shall be restricted to use for the parking of operative primary and secondary motor vehicles. Parking of boats, truck campers, recreational vehicles, or similar vehicles or equipment or personal property shall not be permitted. The Board shall require removal of any inoperative or improperly licensed vehicle, or any unsightly vehicle, or any other equipment or item improperly stored in any such parking areas. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof.

7.11 Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked upon any part of the Condominium for a period in excess of 48 hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably determines that its presence offends the residents of the Condominium. Should any Owner fail to remove such vehicle within two days following the date on which notice is mailed to such Owner by the Board, the Board may have the vehicles removed from the Condominium and charge the expense of such removal to the Owner.

7.12 Vehicles in Repair. No vehicle maintenance or repair involving motor oils, fuels, or other lubricants or solvents shall be permitted anywhere within the Condominium.

7.13 On-Site Vehicle Washing. On-site vehicle washing shall be permitted only in designated paved areas that discharge all waste to a water quality treatment facility.

7.14 Common Sidewalks. Common sidewalks and other Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

7.15 Signs. No signs shall be erected or maintained on any part of the Condominium by anyone other than Declarant or its affiliates or their respective agents, employees, or contractors except signs that have been approved in writing by the Board.

7.16 Pets. Domestic household pets, such as cats and dogs, may be kept by Owners, *provided that* the keeping of pets shall be subject to such reasonable rules and regulations as the Board may adopt from time to time. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion determines to be disturbing other Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Unit to a street or sidewalk. At all times the Common Elements shall be free from pet debris, including food and fecal matter. Except for the foregoing pets, no livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purposes or in any unreasonable numbers. Any outside facility for pets must be kept clean on a daily basis and no waste products or food may be left in either the facility or on the Property. Any damage caused by pets shall be the responsibility of the respective Owners thereof.

7.17 Protection of Wildlife. Feeding or harassing of wildlife anywhere on the Condominium shall be prohibited. Bird feeders may be used, subject to the rules and restrictions of the Association, but only sterile bird seed may be used.

7.18 Rubbish and Trash. No Unit nor any part of the Common Elements (including any balconies and patios included in the Limited Common Elements) shall be used as a dump for trash or rubbish of any kind. All garbage and other debris and waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. In the event an Owner or occupant fails to remove any trash, rubbish, garbage, or other debris or waste materials from such Owner's or occupant's Unit (or from the street or other Common Elements if deposited thereon by such Owner or occupant) within five days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Unit as provided in Section 5.4.13. Customary construction activities that relate to development and construction of the Condominium or buildings and improvements which are scheduled to be part of the Condominium shall not violate this Section.

7.19 Restriction on Vegetation. Only vegetation approved by the Association may be planted on any portion of the Condominium.

7.20 Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in the Condominium at any time as a residence either temporarily or permanently.

7.21 Maintenance of Unit and Limited Common Elements. Each Owner shall maintain such Owner's Unit and the Limited Common Elements (if any) in a neat, clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard and in conformance with the standards set forth in any warranty provided to such Owner by the Declarant.

7.22 Utilities and Antennae. No sewer, drainage, or utility lines, wires, satellite dishes, or other devices for the communication or transmission of electric current, power, or signals (including telephone, television, microwave, or radio signals) shall be

constructed, placed, or maintained anywhere in or upon the Condominium other than within Buildings or other structures unless contained in conduits or placed or maintained underground or concealed in or under Buildings or other structures, without the prior written approval of the Board. No device for the transmission or reception of telephone, television, microwave, or radio signals will be allowed within the Condominium unless the antenna is located and screened so as not to be visible from neighboring buildings and streets. Nothing contained in this Section 7.22 shall be construed to prohibit the erection or use of temporary power or telephone facilities during construction or repair of Improvements nor shall it apply to construction activities of Declarant. The restrictions contained in this Section 7.22 shall be effective only to the extent permissible under applicable laws and regulations.

7.23 Leaf Blowers. No leaf blowers that generate either noise or air pollution shall be used on any part of the Condominium other than by a landscape maintenance company hired by the Board.

7.24 Wood Burning Stoves and Turkey Fryers. Wood burning stoves and turkey fryers or similar appliances shall not be used on any portion of the Condominium.

7.25 Exterior Lighting. No exterior lighting of any kind may be installed on any portion of the Condominium or a Unit without the prior review and approval of the Association..

7.26 Replacement or Installation of Finished Surfaces. Subject to Section 7.4, each Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing in such Owner's Unit's ceilings, floors and walls; *provided that*, except for hard surface flooring installed by Declarant or installed as part of the original construction of the Unit, no Owner shall install hard surface flooring within a Unit except with the prior written consent of the Board.

7.27 Sporting or Exercise Equipment. No sporting or exercise equipment shall be used in any upstairs Unit or on the adjacent balcony thereof, including, without limitation, bikes (stationary or otherwise), treadmills, trampolines, free weights, weight machines, elliptical fitness machines, stair machines, and the like.

7.28 Activities of the Declarant. Nothing in this Section 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of the Declarant pursuant to the Declaration with respect to the development, construction, and sale of the Condominium.

7.29 Association Rules and Regulations. In addition to the foregoing requirements, the Board from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Units and the Common Elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium. Any such Rules and Regulations may be amended, modified or revoked by the Owners of Units in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification

or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

8. MAINTENANCE AND REPAIR.

8.1 Maintenance by Association. The necessary work to maintain, repair, or replace the Common Elements and Association Property (if any) shall be the responsibility of the Association and shall be carried out by the Board as provided in the Declaration, these Bylaws, the Maintenance Plan described in Section 3.2.20 above and the Act. The Board shall be solely responsible for determining the appropriate Maintenance Plan for the Common Elements and all other items for which the Association is responsible for maintaining pursuant to the Declaration, these Bylaws or the Act. Without limitation of the foregoing, the Association shall be responsible for the painting, staining, repair and replacement of the exterior surfaces of all Units (including the repair and replacement of roofs, gutters, vinyl siding, exterior doors and windows); cleaning of the exterior surfaces of all window and door glass; the repair and resurfacing of all walkways; and the cutting, pruning, trimming, and watering of all landscaping. The Association is responsible for maintaining all warranties in effect for all portions of the Common Elements to the fullest extent. If a first Mortgagee of a Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to Section 100.550 of the Act, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.2 Maintenance by Owners. All maintenance of and repairs to any Unit shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair. If an Owner fails to properly perform his or her maintenance and repair responsibility, the Association may enter the Owner's Unit and perform such maintenance and/or repair and assess all costs incurred by the Association against the Unit and the Owner as a special assessment pursuant to Section 5.4.13 of these Bylaws.

8.3 Failure to Follow Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 3.2.20 above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure.

9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her property not insured under Section 9.1.1 below and against his or her liability not covered under Section 9.1.2 below, unless the Association agrees otherwise. For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

9.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverages such as flooding, which the Board deems desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and Common Elements and Association Property, including any fixtures, building service equipment, and common personal property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding five percent (5%) of the face amount of the policy.

9.1.2 A policy or policies insuring the Declarant, the Association, the Board, the Owners and the managing agent, against liability to the public or to the Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation, maintenance, inspection or use of the Condominium, including all Common Elements, public ways, and any other areas under the supervision of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Condominium as to which such Owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) on a combined single limit basis. In addition to the indexing provided under Section 12.7, the foregoing policy limits of liability shall be increased, in the sole discretion of the Board, as indicated by the course of plaintiff's verdicts in personal injury claims in the Circuit Court of Multnomah County, State of Oregon, from time to time. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects any action against another named insured.

9.1.3 Workers' compensation insurance to the extent necessary to comply with any applicable laws.

9.1.4 Directors' and officers' liability insurance with coverage in an amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible which shall be determined by the Board.

9.1.5 Fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or

administered by the Association. In the event the Association has retained a manager, such manager shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be at the expense of the Association. The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium,) without at least ten (10) days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("Fannie Mae").

9.2 Mandatory Policy Provisions. Insurance obtained by the Association shall be governed by the following provisions:

9.2.1 All policies shall be written within the State of Oregon or by a company licensed to do business in the State of Oregon and acceptable to Fannie Mae which falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports – International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency rating or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability in Standard and Poor's *International Confidential Rating Service*. Should reinsurance be involved, the Board shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least "AAA."

9.2.2 All losses under policies hereafter in force placed by the Association regarding the Condominium shall be settled exclusively by the Board or its authorized representative. The Board may give such releases as are required, and any claimant, including the Owner of a damaged Unit, shall be bound by such adjustment; provided, however, that the Board may, in writing, authorize an Owner to adjust any loss to his or her Unit.

9.2.3 Each Owner shall be required to notify the Board of all improvements made by the Owner to his or her Unit, the value of which is in excess of One Thousand Dollars (\$1,000.00). Nothing in this Section shall permit an Owner to make improvements other than in accordance with the Declaration and the other provisions of these Bylaws.

9.2.4 Any Owner who obtains individual insurance policies covering any portion of the Condominium other than his or her personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

9.2.5 Notwithstanding the provisions of these Bylaws, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive hold, or otherwise properly dispose of any proceeds of insurance in trust for Owners and their first mortgage holders, as their interests may appear.

9.2.6 All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners that is not in the control of such Owners collectively, and that the policy is primary in the event the Owner has other insurance covering the same loss.

9.2.7 For purposes of this Section 9, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against Fannie Mae, the designee of Fannie Mae, or the Association Owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members, or (iii) such policies include any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

9.2.8 All policies required by this Section 9 shall provide that they may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each holder of a first Mortgage which is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each Owner and first Mortgagee upon request.

9.3 Discretionary Provisions. The Board shall make every effort to secure insurance policies that will provide for the following:

9.3.1 A waiver of subrogation by the insurer as to any claims against the Association, the Board, the manager, the Owners and their respective servants, agents, household members, and guests, except for arson and fraud;

9.3.2 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended, nor coverage denied thereunder, on account of the conduct of any one or more individual Owners;

9.3.3 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended on account of the conduct of any officer or

employee of the Board or the manager without prior demand in writing that the Board or manager cure the defect;

9.3.4 A provision that any “no other insurance” clause in any master policy exclude individual Owners’ policies from consideration, and a waiver of the usual proration clause with respect to such policies;

9.3.5 A provision that the insurer issue subpolicies specifying the portion of any master policy earmarked for each Owner’s interest and that until the insurer furnishes written notice and a grace period to the Mortgagee insured under the loss payable clause thereof, the Mortgagee’s coverage is neither jeopardized by the conduct of the mortgagor-Owner, the Association, or other Owners, nor canceled for nonpayment of premiums;

9.3.6 A rider on any master policy patterned after “Use and Occupancy” insurance which will provide relief from monthly assessments while a Unit is uninhabitable by the payment of the Condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, insurance, and Mortgage payments. The proceeds from any casualty policy, whether held by the Association or an Owner, payable with respect to any loss or damage to the Common Elements, shall be held in trust for the benefit of all insureds as their interests may appear;

9.3.7 A waiver of the insurer’s right to determine whether the damage should be repaired. If reasonably available, the policy or policies should contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause, to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild;

9.3.8 Waivers of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured;

9.3.9 A provision that the same shall be primary insurance in respect of any other insurance carried by any Owner;

9.3.10 An “inflation guard” endorsement;

9.3.11 An endorsement providing coverage with respect to changes that may be required under applicable codes or ordinances to undamaged portions of the Condominium in the event of a casualty affecting a portion of the Condominium; and

9.3.12 A provision that any insurance trust agreement will be recognized.

9.4 Additional Requirements.

9.4.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least 75% of the Units so requires, or at such other times as the Board may deem advisable, the Board shall obtain an appraisal from an independent qualified appraiser, of the "full replacement cost" of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Section 9.1.1, and the cost of such appraisal shall be a common expense; *provided, however*, that the full replacement cost of the Common Elements for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the Declarant.

9.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Section 9.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

9.4.3 A certificate or memorandum of all insurance policies and endorsements thereto shall be issued as soon as possible to each Owner and a duplicate original or certified copy of the policy or policies to each Mortgagee. Renewal certificates or certificates of new insurance policies shall be furnished to each Owner and Mortgagee not later than ten (10) days before the expiration of any current insurance policy. The master policy (or a copy thereof) for any insurance coverage shall be kept by the Association in its office, available for inspection by an Owner or Mortgagee on reasonable notice to the Association.

9.4.4 No insured, other than the Association, shall be entitled to amend any policy or policies of insurance obtained and maintained by the Association, or to direct that loss shall be payable in any manner other than as provided in these Bylaws.

9.5 By the Owner. It is acknowledged that the foregoing provisions specify the only insurance required to be obtained and maintained by the Association and that the following insurance shall be obtained and maintained by each Owner, as specified.

9.5.1 Insurance on any additions or improvements made by the Owner to his or her Unit shall be purchased and maintained for the full insurable value thereof, to the extent not covered by the Association's insurance policy, unless the Owner presents in writing to the Board evidence that the additions or improvements made by the Owner are insurable under the insurance issued pursuant to Section 9.1.1 and the Board, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Section 9.1.1. Insurance also shall be purchased by each Owner for furnishings, fixtures, equipment,

decorating and personal property and chattels of the Owner contained within his or her Unit, and his or her personal property and chattels stored elsewhere on the Property, including his or her automobile or automobiles, and for loss of use and occupancy of his or her Unit in the event of damage. Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.5.2 Public liability insurance in the amount reasonably set by the Board not more often than every three years covering any liability of an Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment or personal property under the custody, care or control of an Owner.

9.6 Fannie Mae and GNMA Requirements. Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by Fannie Mae and Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by Fannie Mae or Government National Mortgage Association. Fannie Mae or Fannie Mae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

10. AMENDMENTS TO BYLAWS.

10.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board or by the Owners holding at least 33% of the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board or by a majority of the Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the Units, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by Owners holding at least 75% of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51% of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held):

(i) Section 8, which addresses maintenance and repair; (ii) Section 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 10.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as the Declarant remains the owner of one or more Units or retains the power to annex additional property to the Condominium, the Bylaws and Rules and Regulations may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

10.3 Execution and Recording. An amendment shall not be effective until certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded in the official records of Multnomah County, Oregon, as required by law.

10.4 Rights of the Declarant. Nothing in this Article 10 shall limit the right of the Declarant to approve amendments to the Rules and Regulations pursuant to Section 19 of the Declaration.

11. LITIGATION.

11.1 By Less than All Owners. If any action is brought by one or more but less than all Owners on behalf of the Association and recovery is obtained, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; *provided, however*, that if such action is brought against all of the Owners or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff's expenses, including counsel's fees, shall not be charged to or borne by the other Owners, as a common expense or otherwise.

11.2 Complaints Against. Complaints brought against the Association, the Board or the officers, employees, or agents thereof, in their respective capacities as such, or against the Property as a whole, shall be directed to the Board, which shall promptly give written notice thereof to the Owners and any Mortgagees who have requested notice thereof and shall be defended by the Board, and the Owners and Mortgagees shall have no right to participate other than through the Board in such defense. One or more Owners shall have the right to enjoin, abate, or remedy by appropriate legal proceedings any failure by the Association or the Board to comply with the provisions of the Declaration, these Bylaws, or any Rule or Regulation. Complaints against one or more, but less than all of the Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to the Mortgagees having an interest in such Units, and shall be defended by such Owners.

12. DISPUTE RESOLUTION.

12.1 Required Procedure. Except as otherwise provided below, to the fullest extent allowed by law, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, the Declaration, these Bylaws, the Articles, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, the Declaration or these Bylaws, the Articles, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to Section 5.7 of these Bylaws prior to summary abatement and removal of a structure or other condition that violates the Declaration, these Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.10 of these Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

12.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but if this is not successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 12.3, 12.4 and 12.5 below, as applicable,

12.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 12.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 12.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties. All mediation shall be in Multnomah County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended.

12.4 Small Claims. All claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

12.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 12.2, 12.3 and 12.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by one arbitrator selected by the Parties, or, if the Parties cannot agree on an arbitrator within thirty (30) days after a request for arbitration, the arbitrator shall be appointed by the presiding judge of the Circuit Court for Multnomah County, Oregon. The arbitration shall be conducted by and pursuant to the then effective arbitration rules of Construction Arbitration Services, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Board on behalf of the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

12.6 Approval of Legal Expenses. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend in excess of \$7,500 for attorneys' fees and costs for any reason unless such expenditure is first approved by the Owners holder at least 75% of the voting power of the Association. The foregoing limitation shall not apply to: (i) actions for delinquent assessments or other charges under the Declaration or these Bylaws; (ii) actions initiated by the Association during the Declarant's period of administrative control pursuant to Section 19 of the Declaration; (iii) actions challenging ad valorem taxation or condemnation proceedings; (iv) actions initiated against any contractor or vendor hired by the Association or supplier of goods or services to the Association; (v) the defense of claims filed against the Association or the Board or the assertion of counterclaims in proceedings instituted against the Association or the Board (excluding non-mandatory counterclaims); (vi) actions to appoint a receiver pursuant to Section 5.10 of these Bylaws; and (vii) actions to summarily abate, enjoin and remove a structure or condition that violates the Declaration or these Bylaws.

12.7 No Attorneys' Fees. Except as specifically provided for in the Declaration, these Bylaws, no party in the arbitration, mediation or other proceeding shall be entitled to recover costs and attorneys' fees in connection therewith.

12.8 Suits Against Declarant. The Declarant shall have the right to be present at any meeting of the Association during which the Board or the Owners vote on whether to initiate legal action against the Declarant. The Board shall provide the Declarant with at least ten (10) days' prior written notice of the time and place of such meeting.

12.9 Initial Dispute Resolution Procedures. Notwithstanding anything contained herein to the contrary, in the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall

first comply with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.9 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

13. MISCELLANEOUS.

13.1 Notices. All notices to the Association or to the Board shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board may hereafter designate from time to time by written notice thereof to each Owner. All notices to any individual Director or Owner shall be sent to such address as may be designated by him or her from time to time, in writing, or if no address has been designated, then to the Director's or Owner's Unit. All notices shall be sent by: (i) messenger service (or hand delivery); (ii) overnight courier service; (iii) certified or registered U.S. Mail, return receipt requested with charges or postage prepaid; or (iv) electronic mail, facsimile or other form of electronic communication acceptable to the Board and in accordance with the Act. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to give notice of: (i) the failure to pay an assessment; (ii) foreclosure of an Association lien; (iii) an action the Association may take against an Owner; or (iv) an offer to use the dispute resolution program under Section 100.405 of the Act. Additionally, an Owner or Director may decline to receive notice by electronic mail, facsimile or other form of electronic communication by giving written notice thereof to the Board. Notices shall be deemed given upon the earlier of actual delivery or refusal of a party to accept delivery thereof.

13.2 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

13.3 Numbers; Gender; Captions. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

13.4 Action Without a Meeting. Any action which the Act, the Declaration or these Bylaws require or permit the Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Board shall be filed in the records of minutes of the Association. Votes of the Owners may be held by written or electronic ballot in accordance with the requirements and procedures set forth in the Act. Action by written or electronic ballot may not substitute for: (i) the Turnover Meeting; (ii) the annual meeting of the Association; (iii) a meeting of the Association if the agenda includes a proposal to remove a Director from the Board; and (iv) a special meeting of the Association called at the request of the Owners under Section 100.407(2) of the Act.

13.5 Conflicts; Severability. Each term and provision of these Bylaws shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of these Bylaws or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, whether under the Act or otherwise, the remainder of these Bylaws and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and the Declaration shall control over these Bylaws, any amendments hereto or any Rules and Regulations adopted hereunder.

13.6 Liability Survives Termination. The sale or other disposition of a Unit shall not relieve or release any former Owner thereof from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with such ownership and the covenants and obligations incident thereto. This Section 13.6 shall not apply to the Declarant as Owner of any or all Units.

13.7 Indexing. Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2008 as the base year.

13.8 The Declarant as Owner. Except as expressly provided in these Bylaws and the Declaration, the Declarant shall, with respect to any Units owned by the Declarant, enjoy any and all rights, and assume any and all obligations, enjoyed or assumed by an Owner.

(Remainder of Page Intentionally Left Blank;
Signature Page Follows.)

Dated this 19th day of September, 2007, being hereby adopted by the undersigned Declarant on behalf of the Association.

DECLARANT:

ARENSON COURT, LLC,
an Oregon limited liability company

By:  _____

Peter M. Perrin, Managing Member