

After Recording Return To:
David W. Criswell
Ball Janik LLP
101 SW Main St., Suite 1100
Portland, OR 97204-3219

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
PEARL CONDOMINIUMS AT BLOCK 90**

Dated: September 4, 2007

**Declarant: Pearl Condominiums @ Block 90, 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
1.5 No Fiduciary Standard.....	3
1.6 Captions and Exhibits.....	3
1.7 Miscellaneous.....	3
2. Property Submitted.....	4
3. Name.....	4
4. Units.....	4
4.1 General Description of Building.....	4
4.2 General Description, Location, and Designation of Units.....	4
4.3 Boundaries of Units.....	4
4.4 Unit Areas.....	5
5. Owner's Interest in Common Elements; General Common Elements.....	6
6. Limited Common Elements.....	6
7. Allocation of Common Profits and Expenses; Enforcement of Assessments.....	7
7.1 General.....	7
7.2 Commencement of Assessments.....	7
7.3 No Exception and No Offset.....	8
7.4 Default in Payment of Common Expenses.....	8
7.5 Foreclosure of Liens for Unpaid Common Expenses.....	8
7.6 Prior Mortgage; Liability of Subsequent Purchaser. Any.....	9
8. Voting Rights.....	9
9. Use.....	9
10. Service of Process.....	9
11. Authority Regarding Easements and Other Property Rights.....	9
12. No Restrictions on Alienation.....	10
13. Rights of Access and Use.....	10
13.1 In General.....	10
13.2 Water Intrusion and Mold Inspection.....	10

13.3	Additional Rights Created by Association.....	11
13.4	Right of Entry.....	11
13.5	Right of Access and Use for Declarant.....	11
13.6	Access License over Ramp Adjacent to 13 th Avenue.....	12
13.7	Access to Vents.....	12
13.8	License to Use Roof for Satellite Dish.....	12
13.9	Party Wall.....	13
14.	Encroachments.....	13
15.	Notices to Mortgagees.....	14
16.	Operating Entity.....	14
17.	Managing Agent.....	15
18.	Taxation of Units.....	15
19.	Administrative Control.....	15
20.	Casualty.....	15
20.1	Responsibility of Association.....	15
20.2	Responsibility of Owner.....	16
21.	Condemnation.....	16
21.1	Total Condemnation.....	16
21.2	Partial Condemnation.....	16
22.	Fidelity Bond.....	17
23.	Amendment.....	17
23.1	Approval by Owners.....	17
23.2	Approval by Mortgagees.....	18
23.3	Approval by Governmental Authorities.....	19
23.4	Recordation.....	19
24.	Termination.....	19
25.	Severability.....	20
26.	Dispute Resolution.....	20
26.1	Required Procedure.....	20
26.2	Negotiated Resolution.....	20
26.3	Mediation.....	20
26.4	Small Claims.....	21
26.5	Arbitration.....	21
26.6	Confidentiality.....	21
26.7	No Attorneys' Fees.....	21

26.8	Claims Procedure.....	22
26.9	Covenants Running with the Land.....	22
27.	Warranties, Releases and Waivers of Claims.....	22
27.1	Warranty.....	22
27.2	Personal Property.....	22
27.3	No Other Warranties.....	23
27.4	Defects.....	23
27.5	Limitation on Other Claims.....	24
27.6	Covenants Running with the Land.....	25
28.	Relocation of Boundaries.....	25
28.1	Approval.....	25
28.2	Powers of Board.....	25
28.3	Amendment.....	25
29.	Partition; Creating Additional Units.....	26
29.1	Partition.....	26
29.2	Creating Additional Units from the Commercial Unit.....	26
30.	Special Declarant Rights.....	26
30.1	Completion of Improvements.....	26
30.2	Sales Facilities of Declarant.....	27
30.3	Termination of Declarant Rights.....	27
30.4	Declarant's Easements.....	27
30.5	Approval Rights.....	27
30.6	Right of Review.....	27
31.	Reservation of Unused FAR.....	28
32.	Miscellaneous.....	28
32.1	No Impairment.....	28
32.2	No Partition.....	28
32.3	No Waiver of Strict Performance.....	28
32.4	Liability for Utility Failure, Etc.....	28
32.5	Rule Against Perpetuities.....	28
32.6	Transfer of Declarant's Powers.....	28
32.7	Sound Transmission Disclosure.....	29

Exhibits to Declaration

Exhibit A	-	Property Description
Exhibit B	-	Area of Units and Allocation of Interest in Common Elements
Exhibit C1	-	Allocation of Common Profits and Common Expenses
Exhibit C2	-	Allocation of Elevator and Trash Service Common Expenses
Exhibit C3	-	Allocation of Common Expenses for Benefit of Residential Units
Exhibit D	-	Bylaws of Pearl Condominiums at Block 90 Owners' Association

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
PEARL CONDOMINIUMS AT BLOCK 90**

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT

This Declaration, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 4th day of September, 2007, by Pearl Condominiums @ Block 90, LLC, an Oregon limited liability company (“Declarant”).

Declarant proposes to create a condominium located in the City of Portland, Multnomah County, Oregon, to be known as Pearl Condominiums at Block 90, consisting of 39 Units, composed of 18 Primary Units, 20 Parking Units, and 1 Storage Unit located in one renovated concrete building with a penthouse residential addition. The Primary Units will consist of 11 Residential Units and 7 Commercial Units. The purpose of this Declaration is to submit the real property legally described in the attached Exhibit A 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 Articles of Incorporation of Pearl Condominiums at Block 90 Owners’ Association, its Bylaws, its Rules and Regulations, and any exhibits 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 Association shall mean the nonprofit corporate entity responsible for the administration, management and operation of the Condominium.

1.1.3 Association Property shall mean any real property or interest in real property acquired, held, or possessed by the Association pursuant to ORS 100.405.

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

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

1.1.6 Commercial Unit shall mean those certain Primary Units designated in Section 9 which are restricted to commercial use.

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

1.1.8 Condominium shall mean the Property that is hereby submitted to condominium ownership and all improvements thereon and all easements and rights appurtenant thereto.

1.1.9 Declaration shall mean this Declaration of Condominium Ownership for Pearl Condominiums at Block 90 and any amendments thereto.

1.1.10 First Mortgagee shall mean a holder of a first Mortgage on a Unit, but shall not include a contract vendor.

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

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 in Section 6.

1.1.14 Mortgage shall include a deed of trust, a mortgage 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 include 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 Primary Unit, Parking Unit or Storage Unit, but shall not include a Mortgagee unless in possession of a Unit.

1.1.18 Parking Unit shall mean that part of the Condominium designated as such in Section 4 and comprised of the space enclosed by its boundaries as described in Section 4.

1.1.19 Party Wall shall have the meaning given in Section 0.

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

1.1.21 Primary Unit shall mean the part of the Condominium designated as either a Residential Unit or Commercial Unit. The Residential Units and Commercial Unit are referred to collectively herein as the "Primary Units."

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

1.1.23 Ramp shall have the meaning given in Section 13.6.

1.1.24 Residential Units shall mean those Primary Units designated in Section 9 for residential use only and those Primary Units designated in Section 9 for residential or commercial use.

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

1.1.26 Storage Unit shall mean the part of the Condominium designated as such in the Plans and comprised of the space enclosed by its boundaries as described in Section 4.

1.1.27 Transfer shall have the meaning given in Section 12.

1.1.28 Turnover Meeting shall mean the meeting at which Declarant relinquishes control of the administration of the Association pursuant to ORS 100.210.

1.1.29 Units shall mean those parts of the Condominium designated in Section 4 as Primary, Parking, or Storage Units and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4; 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 First Mortgagees approving a proposed decision or course of action in cases where a Mortgagee holds first Mortgages on more than one Primary Unit, such Mortgagee shall be deemed a separate Mortgagee as to each such Primary 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 conveyances or other documents changing the ownership of specifically described Units are 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 the Declarant's exercise of powers of the Association, Board, or the Association officers under this Declaration.

1.6 Captions and Exhibits. The captions given 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 and excluding ownership of the unused floor area ratio as provided in Section 31.

3. Name. The name by which the Property is to be identified is the "Pearl Condominiums at Block 90."

4. Units.

4.1 General Description of Building. The Condominium shall consist of one building constructed of concrete and steel with four levels on a sloping site. Part of the first three floors of the building was originally constructed in the 1938 and modified in 1951 and has a concrete exterior and the newly constructed fourth story contains glass and ribbed steel siding. The building has a parking garage on the ground floor. The original roof of the building is reinforced concrete and the newly constructed roofing system consists of a structural metal deck with insulated protection board and waterproof membrane.

4.2 General Description, Location, and Designation of Units. The Condominium consists of a total of 39 Units, consisting of 18 Primary Units, 20 Parking Units, and 1 Storage Unit. The area in square feet of the Primary Units, Parking Units, and the Storage Unit is set forth on the attached Exhibit B and on the Plans. The Commercial Units are designated as C-101, C-102, C-103, C-104, C-105, C-201, and C-301. Units C-101 through C-105, inclusive, are located on the ground floor. Unit C-201 is located on the second floor and Unit C-301 is located on the third floor. The Residential Units are located on the fourth floor of the building and are designated numerically as 401 through 411, inclusive. The Storage Unit is designated as S1 and is located on the ground floor. Parking Units are designated numerically as P1 through P20, inclusive, and are located in the parking garage on the ground floor. The location of the Units is depicted on the Plans.

4.3 Boundaries of Units.

4.3.1 Primary Units

(a) Commercial Units. Each Commercial Unit shall be bounded by (i) a vertical plane at the center of the air space between adjoining Units, if any; (ii) inside surface of the concrete exterior wall and a vertical plane at the inside surface of the exterior windows; (iii) for other walls, if any, a vertical plane at the exterior face of the studs; (iv) the horizontal plane at the top surface of the floor slab; and (v) the interior surfaces of the structural ceilings.

(b) Residential Units. Each Residential Unit shall be bounded by (i) a vertical plane at the center of the air space between adjoining Units; (ii) inside surface of the exterior wall and a vertical plan at the exterior surface of the exterior windows; (iii) for other walls, a vertical plane at the exterior face of the studs; (iv) the top surface of the floor slab; and (v) the interior surfaces of the structural ceilings. In addition, Residential Units with a fireplace shall include the fireplace box within such Residential Unit's boundaries as described above, but shall exclude the vertical chase or flue serving such fireplace.

All Primary Units shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of its finished surfaces, except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. The Primary Units shall not include the stairwells or elevator described in Section 6. In addition, each such Unit shall include the following: (a) all spaces, nonbearing interior partitions, interior windows, interior doors, and all other fixtures and improvements located within the boundaries of the Unit; (b) all outlets of utility and communication service lines, and any utility units (like heat pumps), including but not limited to power, light, gas, hot and cold water, heating, refrigeration, air conditioning and waste disposal, security, cable television and telephone, within the boundaries of the Unit, but shall not include any part of such lines or ducts themselves; and (c) the glazing and/or screening of all exterior windows and doors. Primary Units shall not include interior vents and ducts described in Section 5.2 below.

4.3.2 Parking Units. Each Parking Unit shall consist of the surface of the paved floors, a horizontal plane eight (8) feet above the surface of the Parking Unit and a vertical plane at the boundary as indicated on the Plans. Regardless of the actual location of the painted striping for Parking Units, the boundaries of the Parking Units shall be as set forth herein and on the Plans. Parking Units do not include the floor, ceiling or perimeter walls.

4.3.3 Storage Unit. The Storage Unit shall be bounded by (i) the exterior surfaces of its doorway or face panel, including any fixtures thereon or attached thereto, such as knobs, handles, and hinges and (ii) the interior surfaces of the side and back walls (or side and back panels), floor (or bottom panel), and ceiling (or top panel) of the Storage Unit, and shall include the air space so encompassed.

4.4 Unit Areas. The 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 THE UNITS CALCULATED
FOR OTHER PURPOSES

5. Owner's Interest in Common Elements: General Common Elements. The allocation of undivided interests in the Common Elements is shown on the attached Exhibit B. The method used to establish this allocation consists of (i) an allocation of an 0.01 percent undivided interest to each of the Parking Units and the Storage Unit, and (ii) an allocation of the remaining undivided interests to the Primary Units determined by the ratio which the area of each Primary Unit bears to the total area of all Primary Units combined, as shown on the Plans. The general location of the Common Elements is shown on the Plans. The General Common Elements shall consist of all parts of the Condominium other than the Units and the Limited Common Elements and include, without limitation, the following:

5.1 All floor slabs; foundations; crawl spaces; roofs; columns; beams; girders; supports; common corridor and stairwell walls; exterior doors and door frames (except for door screening); windows and window frames (except for window glazing and screening); and bearing walls.

5.2 Pipes, vents (including the vent which begins in Unit C-104 and rises upward through the boundaries of Units C-201, C-301, and 402), mechanical ducts (including the duct which begins in Units C- 104 -and rise upward through Units C-201, C-301, and 402, the separate duct which begins in Unit C-101 and rises upward through Units C-201, C-301 and Unit 410, and the separate the duct which begins in Unit C-201 and rises upward through Units C-301 and 411), conduits, wires, cooling tower, mechanical rooms, electrical closets, and other utility installations, in each case to their respective outlets.

5.3 The stairwell exiting onto Flanders Street, the bicycle storage area and the loading areas in the parking garage.

5.4 The trash chute and trash rooms of each floor and the loading areas, as shown on the Plans.

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

5.6 All other elements of the Condominium necessary or convenient to its existence, maintenance, or safety, or normally in common use, except as may be expressly designated herein as a part of a Unit or a Limited Common Element.

6. Limited Common Elements. The Limited Common Elements shall consist of: (i) storage areas located in the parking garage on the ground floor, the use of which is reserved on an exclusive basis for the adjacent Parking Unit, as shown on the Plans; (ii) the Ramp, the use of which is reserved on an exclusive basis for Unit C-104, subject to an ingress and egress access license over the Ramp set forth in Section 13.6; (iii) all patios located adjacent to Residential Units, the use of which is reserved on an exclusive basis for the adjacent Residential Unit, as shown on the Plans; (iv) all planter boxes located adjacent to the patios described in Section 6.1(iii) immediately above, the use of which is reserved on an exclusive basis for the Residential Unit adjacent to the patio adjacent to such planter box, as shown on the Plants (v) the garbage area in the garage, the use of which is reserved on an exclusive and equal basis for each of the Commercial Units; (vi) the ground floor lobby, the stairwells at the southern end of the building,

and the elevator, the use of which is reserved on the exclusive and equal basis for each of the Residential Units and Units C-201 and C-301; (vii) the bathroom on the second floor which is reserved on an exclusive basis for Unit C-201; (viii) the common corridor and bathrooms on the third floor, the use of which is reserved on an exclusive basis for Unit C-301; and (ix) the common corridor on the fourth floor, as shown on the Plans, the use of which is reserved on an exclusive and equal basis for each of the Residential Units. The dimensions, designation, and location of the Limited Common Elements are shown on the Plans.

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

7.1 General. As a general matter and except as provided herein, the common profits and common expenses of the Property shall be distributed among the Owners according to the percentage of each Owner's respective undivided interest in the Common Elements pertaining to their Primary Units, without regard to any interest in the Common Elements pertaining to their Parking or Storage Units as shown on the attached Exhibit C1. The common expenses related to the elevator and trash service (excluding trash service for Units C-101 through C-105 which service shall not be billed as a common expense but which shall be borne by such Units as an expense of such Units) shall be charged to the Owners of the Owners of Units C-201, C-301, and Residential Units according to the percentage determined by the ratio which the area of each such Unit and Limited Common Element patio and planter adjacent to such Unit (if any) bears to the total area of Units C-201, C-301, and Residential Units and Limited Common Element patios and planters, as shown on the attached Exhibit C2. The common expenses which are for the exclusive benefit of the Residential Units such as electricity for the common corridors on the fourth floor and janitorial service for the fourth floor, and landscape maintenance for plants located on the limited common element planters adjacent to the patios, shall be charged to Owners of Residential Units according to the percentage determined by the ratio which the area of each Residential Unit and the Limited Common Element patio and planter adjoining such Unit bears to the total area of all Residential Units and Limited Common Element patios and planters, as shown on the attached Exhibit C3. In the event an Owner of a Primary Unit shall use 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 of utilities) and the common expenses incurred by the other Owners shall thereupon be adjusted accordingly. In the event directors are unable to reach agreement on an allocation within 30 days following written notice given to all directors of the cost or expense requiring allocation, the issue shall be submitted to arbitration in accordance with Section 26.5 and the allocation shall be determined conclusively by the arbitrator.

7.2 Commencement of Assessments. Assessments of common expenses shall commence upon closing of the first sale of a Unit, provided that Declarant may elect to defer the commencement of assessment of common expenses (other than assessments for reserves pursuant to Section 5.2 of the Bylaws) for a period of 60 days following such initial closing. Assessments for reserves pursuant to Section 5.2 of the Bylaws shall commence upon 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. Declarant shall give not less than 10 days' written notice to all Owners of the commencement of assessments of all common expenses. Until the commencement of assessments for all common expenses, Declarant shall be

responsible for payment of all common expenses of the Association (other than assessment for reserves pursuant to Section 5.2 of the Bylaws). Upon the sale of each Unit to a person other than a successor declarant, the purchaser shall make a contribution to the working capital of the Association equal to two month's of regular Association assessments for the Unit as further described in the Bylaws. Except to the extent provided in the Bylaws, the common expenses of the Property shall be assessed on a monthly basis.

7.3 No Exception and No Offset. No Owner may claim exemption from liability for contribution toward the common expenses by waiver by the Owner of the use or enjoyment of any of the Common Elements or by abandonment by the Owner of the Owner's Unit, except as expressly set forth in Section 7.1. No Owner may claim an offset against an assessment for common expenses for failure of the Board of Directors 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 Oregon Condominium Act, such Owner shall be obligated to pay interest on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. No interest or late charges will be assessed on common expenses paid within 30 days after the due date therefor. Otherwise, delinquent payments of common expense assessments shall bear interest from the date thereof at a rate of 18 percent per annum, but in no event higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments, if the charge imposed is based upon a resolution adopted by the Board of Directors that is delivered to each Unit, mailed to the mailing address of each Unit, or mailed to the mailing addresses designated by the Owners in writing. If the assessment is not paid within 30 days of its due date, the Board of Directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable and may terminate the right to receive utility services paid for out of assessments or the right of access to and use of recreational and service facilities of the Condominium until assessments have been brought current, provided that the Board gives the Owner written notice and an opportunity to be heard before the Owner's right to receive such benefits are terminated. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, late charges, 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 Board of Directors shall have upon such Owner's Units (including that Owner's Parking or Storage Unit, if any) 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 or Units because of unpaid assessments or charges, the Owner shall be required to pay a reasonable rental for the use of the Unit or Units 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 of Directors, acting on behalf of the Association, shall have the power to purchase such Unit or Units at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the

Unit or Units. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same.

7.6 Prior Mortgages; Liability of Subsequent Purchaser. Any lien of the Association against a Unit or Units for assessments and charges shall be subordinate to tax and assessment liens and any prior Mortgage of record, unless there has been compliance with all requirements of ORS 100.450(7). Where the purchaser or Mortgagee of a Unit or Units obtains title to the Unit or Units as a result of foreclosure of a prior Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee, his or her successors and assigns shall not be liable for any of the common expenses chargeable to such Unit or Units which became due prior to the acquisition of title to such Unit or Units by such purchaser or Mortgagee except to the extent provided in ORS 100.475(2); provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of ORS 100.465(1); and provided further, that 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 or Units from the lien of, any common expenses thereafter becoming due. In a voluntary conveyance of a Unit or Units (subject to the restrictions of this Declaration), the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit or Units 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 of Directors shall make and deliver a statement of the unpaid assessments against the prospective grantor of the Unit or Units, and the grantee in such case shall not be liable for, nor shall the Unit or Units when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts therein set forth.

8. Voting Rights. Subject to the provisions of Section 19 of this Declaration and Section 3 of the Bylaws, one vote shall be allocated to each Primary Unit. No voting rights shall be allocated to Parking Units or the Storage Unit.

9. Use. The Commercial Units may be used for commercial purposes only in accordance with the Bylaws. The Residential Units may be used for residential purposes as described in Section 7.2 of the Bylaws. Except for Units P11 and P13 which shall have the right to be used for storing items associated with a Primary Unit, the use of the Parking Units shall be limited to the parking of vehicles owned or operated by the Owner, tenant or resident of a Primary Unit, or the employees of such Owner or tenant (but in no event shall the general public be allowed to use such Parking Units). The Storage Unit shall be limited to storing items associated with a Primary Unit.

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

11. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to ORS 100.405(5) and (6), 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. Except for consent to the vacation of roadways which may be approved by a

majority of the Board, the granting of any interest pursuant to this Section 11 shall first be approved by Owners holding at least 75 percent of the voting power of the Association unless otherwise allowed to be approved by the Board under ORS 100.405(6)(a)(B). 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. This Declaration and the Bylaws impose no restrictions on the alienation of any Primary Unit. No person or entity may own or shall be entitled to acquire a Parking or Storage Unit unless such person or entity owns or shall simultaneously acquire a Primary Unit, except Declarant. Any conveyance, transfer, lease, or other disposition ("Transfer") of a Parking or Storage Unit to a person or entity who does not own or who will not acquire a Primary Unit is prohibited. In the case of a Transfer or attempted Transfer of a Parking or Storage Unit in violation of this Section 12, in addition to the Association's other rights under this Section 12, the person or entity making or attempting such Transfer shall indemnify and hold harmless the Association and its members from all cost, liability, and damage that the Association or its members may incur (including, without limitation, attorneys' fees and expenses) as a result of such Transfer or attempted Transfer. In the event a person or entity engages or attempts to engage in a Transfer of a Parking or Storage Unit in violation of this Section 12, the Association acting through the Board may, in its sole discretion, fine the offending person or entity in such amounts as it may determine to be appropriate, in addition to any other rights or remedies available to the Association under this Declaration, the Bylaws or applicable law or in equity including, without limitation, the remedies of specific performance and injunction.

13. Rights of Access and Use.

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 and egress to and from such Owner's Unit or Units; for the support of such Owner's Unit or Units; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Units, including, but not limited to, water, natural gas, air conditioning, cable television, electrical power and wiring, light, or plumbing serving a Primary Unit. The Owner shall exercise all due care in the exercise of such right and shall be responsible for and shall 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 Water Intrusion and Mold Inspection. The Board, acting on behalf of the Association, may authorize entry into any Owner's Unit or Units to conduct a periodic inspection of the Owner's Primary Unit and Storage Unit for water intrusion into the Unit and/or the appearance of mold or mildew within such Unit. Such inspection shall be made by an agent of the Association appointed by the Board of Directors and shall occur at such time as is reasonably convenient to the Owner (or Owner's tenant) and the inspector. Nothing contained within this Section 13.2 is intended to modify the maintenance and repair obligations of any party as provided in the Bylaws and this Declaration.

13.3 Additional Rights Created by Association. The Association, upon prior approval of Owners holding at least 75 percent of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the General Common Elements. No such right may be granted with respect to a Limited Common Element unless the Owners and Mortgagees of the Primary Units having the right to use such Limited Common Elements consent to the creation of such a right. Nothing in this Section 13.3 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.

13.4 Right of Entry. 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 any Owner's Unit(s) and Limited Common Element(s) in the case of any emergency or property damage originating in or threatening such Unit(s), Limited Common Element(s) or other Units, Common Elements or Association Property or requiring repairs in such Unit(s), Limited Common Element(s) to protect public safety, whether or not the Owner is present at the time. Each Owner shall also permit such persons to enter the Owner's Unit(s) or Limited Common Element(s) for the purpose of performing installations, alterations, maintenance, cleaning, or repairs to any Common Element, preventing damage to the Common Elements, Association Property or another Unit, performing the Association's inspection and maintenance obligations, or inspecting the Unit(s) or Limited Common Element(s) (including, but not limited to the Limited Common Element planter boxes) 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 requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. For a period of 10 years following recording of this Declaration, Declarant shall have a right to inspect the Common Elements of the Condominium and the Association's records regarding inspections and maintenance of the Condominium.

13.5 Right of Access and Use for Declarant. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements and Parking Units for the purpose of (i) planning, designing, developing, inspecting, constructing, maintaining, repairing, or selling structures on 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, (c) in order to satisfy any warranty obligation of Declarant, or (d) under applicable law or regulations, and (ii) carrying out sales activities reasonably necessary for the sale of Units, including, without limitation, the right to use the Primary Units owned by Declarant as model Units and/or as a sales office until all Units have been conveyed to persons other than Declarant; provided, however, that Declarant shall restore the 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 Declarant has constructed or repaired improvements contemplated by this Section 13.5). The right of entry and inspection provided in this Section 13.5 shall not in any way obligate the Declarant or Declarant's agents, successors and assigns to make such an inspection, and the decision on whether to inspect Units and the frequency of such inspections, if any, shall be solely within the discretion of the Declarant or its successors and assigns.

13.6 Access License over Ramp Adjacent to 13th Avenue. The Property has a Revocable Permit recorded January 11, 2007 as Document No. 2007-006858, in the land records of Multnomah County, Oregon to use a dedicated street area of NW 13th Avenue between NW Everett and NW Flanders for a loading dock/ramp (the "Ramp"). The Ramp is a Limited Common Element for the use of Unit C-104. Notwithstanding Unit C-104's exclusive use rights, Owners, and their tenants, agents, contractors, guests, invitees, and occupants shall have a perpetual access license on and over the Ramp for purposes of pedestrian ingress and egress from 13th Avenue to the Condominium.

13.7 Access to Vents. Owners of Unit C-104 and their agents and contractors shall have the right to enter Units C-201, C-301 and 402 upon 48 hours' advance written notice for the sole purpose of performing inspections, maintenance, cleaning, or repairs of the vent and ducts extending through such Units pursuant to Section 8.2.2 of the Bylaws.

13.8 License to Use Roof for Satellite Dish. Owners of Unit C-102, C-103, C-104, C-201 and C-301 (collectively each a "Dish Licensee") shall each have perpetual nonexclusive license to use a portion of the roof of the Condominium in a location to be determined by the Declarant to install a satellite dish (a "Dish") and the nonexclusive right to run cables and connecting lines to each respective Dish from the premises (the Dish and such connecting lines, cables and equipment are herein referred to as the "Equipment") provided each Dish Licensee complies with the following:

(a) Dish Licensee shall not install or reinstall the Equipment or do anything in such a manner that would void the Condominium's roof warranty. The plans and specifications for, and the method of installation of, all the Equipment shall be approved by the Declarant in writing prior to any installation. Dish Licensee shall be responsible for any damage to the roof or conduit systems as a result of Dish Licensee's installation, maintenance and/or removal of the Equipment. The location of the Dish and the other Equipment (including the placement and location of cables and connecting lines in shafts) shall be subject to the Declarant's prior written approval.

(b) Dish Licensee, at Dish Licensee's sole expense, shall comply with all laws regarding the installation, construction, operation, maintenance, repair, and removal of the Equipment and shall be solely responsible for obtaining and maintaining in force all permits, licenses and approvals necessary for the foregoing. If necessary, Dish Licensee shall provide effective sound and vibration barriers as reasonably required by the Board. Dish Licensee shall install and operate the Equipment in such a way that it does not interfere in any manner with equipment or communications systems of other tenants of the Building.

(c) Dish Licensee shall be responsible for and promptly pay when due all taxes, assessments, charges, fees and other governmental impositions levied or assessed by a governmental authority on the Equipment or based on the operation thereof.

(d) Dish Licensee shall not use or allow use of the Equipment, for consideration or otherwise, for the benefit of other person or entity that is not an occupant of the Premises.

(e) Dish Licensee shall screen and repaint the Equipment as may from time to time be required by the Board and Dish Licensee shall maintain the Equipment in good condition and repair, at Dish Licensee's cost and expense.

(f) The Equipment shall not disturb or interfere with the communications equipment and uses which exist at the Condominium on the date the Declaration is fully recorded, and, if applicable, the Equipment shall comply with all non-interference rules of the Federal Communications Commission. Anything to the contrary contained herein notwithstanding, if the Board, in its reasonable judgment, believes that any of the Equipment poses a human health or environmental hazard and the Board retains a qualified expert in such matters to review the situation and such expert concurs with the Board's judgment, and such situation cannot be remediated or has not been remediated within ten (10) days after Dish Licensee has been notified thereof, then Dish Licensee shall immediately cease all operations of the applicable Equipment until such situation is remedied. Dish Licensee shall indemnify, defend (by counsel acceptable to the Board) and hold harmless the Board from any and all claims, demands, liabilities, damages, judgments, costs and expenses (including attorneys' fees) the Board may suffer or incur arising out of or related to the installation, use, operation, maintenance, replacement and/or removal of the Equipment or any portion thereof.

(g) The Board shall have no responsibility or liability whatsoever relating to:

(i) maintenance or repair of the Equipment; (ii) damage to the Equipment, unless caused by the Board's intentional or grossly negligent acts; (iii) damage to persons or property relating to the Equipment or the operation thereof; or (iv) interference with use of the Equipment arising out of utility interruption. Dish Licensee acknowledges that the Board shall have no obligation whatsoever to improve, maintain or repair the area in which the Equipment will be installed.

13.9 Party Wall. The Condominium, the Owners and the Association are subject to that certain Party Wall Agreement dated May 20, 1998 and recorded in the deed records of Multnomah County, Oregon on June 11, 1998 as Document No. 98-100341 related to a wall at the southern boundary of the Property in common with the adjacent property owner (the "Party Wall"), as described in the Party Wall Agreement which grants the Owners and the adjacent property owner reciprocal easements for the purpose of maintaining the Party Wall. The Association is responsible for certain costs in connection with maintaining insurance and the repair and maintenance of the Party Wall. These costs may be charged to the Owners as common expenses in accordance with Section 7.

14. Encroachments.

14.1 Each Unit and all Common Elements 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 including but not limited to any encroachment from the building's HVAC equipment, pipes or utility installations extending down from the ceiling above a Parking Unit installed by Declarant or approved by the Association, provided that any such installation shall not adversely affect the use of the Parking Unit for the parking of motor vehicles that fit in the Parking Unit prior to such installation.

There shall be a valid easement for the maintenance of the encroaching Units and Common Elements so long as the encroachment shall exist and, except as otherwise provided in Section 14.2, 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 the Declarant or 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 First Mortgagee, 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 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 Mortgagees under this Declaration or the Bylaws.

16. Operating Entity. Pearl Condominiums at Block 90 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 its Articles of Incorporation and the Bylaws. A copy of the Bylaws, which have been adopted by the Declarant as required by ORS 100.410(1), is attached hereto as Exhibit D. The Owner of each Primary Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in any Primary Unit and the membership of an Owner shall terminate automatically upon such Owner's being divested of all of such Owner's ownership interest in the Primary Units, 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 of Incorporation of the Association and the 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. 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, to levy and collect assessments, and to adopt, promulgate, and enforce Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of an ownership interest in a Primary Unit by an Owner shall constitute appointment of the Association as that 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 in the Bylaws and the Act.

17. Managing Agent. Subject to the rights of the Association to terminate any such agreement entered into prior to the Turnover Meeting without penalty or cause upon not less than 30 days' written notice given at any time, the Board shall have the authority, on behalf of the Association, to enter into a management agreement with respect to the Condominium prior to the Turnover Meeting for a term not to exceed three (3) years. On behalf of the Association, the Board may, after the Turnover Meeting, employ or contract for a managing agent or manager in accordance with the Bylaws at a compensation to be established by the Board. Any such management agreement shall be terminable by the Association upon not more than 90 days' nor less than 30 days' written notice thereof. 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 Primary Unit, Parking Unit, and Storage Unit, together with the undivided percentage interest in the Common Elements allocated to such Units, 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 reserves control until the earlier to occur of the date that is three years after the date on which the first Primary Unit is conveyed or the date at which 75 percent of the 38 Units planned for the Condominium have been conveyed to persons other than the Declarant, during which period:

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

19.2 Declarant shall have five votes with respect to each Primary 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 Condominium 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, or contract or lease (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 thereof which is exercisable without cause or penalty upon not less than 30 days' written notice given to the other party thereto not later than 60 days after the Turnover Meeting, except as otherwise provided in Section 17.

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 and the Parking Units, by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the other Units. Each Owner shall be responsible for the repairing,

reconstructing, or rebuilding of the Owner's Primary Unit and Storage Unit to the extent not covered by the Association's insurance and to the extent of any deductible under the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements, the Parking Units, and, to the extent of the Association's insurance coverage, of the other 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 Owners of at least 75 percent of the Primary Units and 75 percent of all First Mortgagees of Primary 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 of Primary Units and First Mortgagees agree that the Property shall not be rebuilt and 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 ORS 100.615.

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, employee, or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit owned by others, 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 Association, to the extent not paid by the Association's insurance.

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 75 percent of the Primary 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 of Units 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 or Units, 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 and/or Limited Common Elements, each Owner whose Unit or Units or associated Limited Common Elements are condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such Unit or Units or Limited Common Elements shall be paid to such Owner (or the Mortgagee of that

Owner's Unit). The Association shall negotiate compensation relating to any General 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 30 days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any moneys 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 of Directors 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 of Directors deems adequate under this Section 22. 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 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 months of common expense assessments on all Units. Any such bond shall include a provision requiring not less than ten days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof and each servicer on behalf of the Federal National Mortgage Association ("FannieMae") before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association.

23. Amendment.

23.1 Approval by Owners. Amendments to the Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding 30 percent or more of the voting rights. 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 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 Owners holding at least 75 percent of the voting power of the Association and the consent of Declarant for a period of 10 years after the date of the Turnover Meeting or for so long as Declarant owns a Unit, whichever is longer. The unanimous consent of all Owners of Primary Units shall be required for amendments of Sections 13.2 and 15 of this Declaration. In addition to 75 percent vote of all Primary Units, the consent of (i) 75 percent of the Owners of Commercial Units is required for any amendment of Section 9 that limits or restricts the use of the Commercial Units, and (ii) the consent of the Owner and occupant of Unit C104 is required for any amendment to this Declaration that materially adversely affects the occupant of Unit C104 or that restricts the ability of Unit C104 to operate the Unit as a restaurant. Except as otherwise provided in the Act, no amendment may change the allocation of undivided interest in the Common Elements, method for determining liability for common expenses, the method of determining the right to common profits, or the method of determining 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 the Declarant may amend this Declaration or the Bylaws without the approval of any other Owner at any time prior to the Turnover Meeting in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the United States, Department of Veterans Affairs, the Federal National Mortgage Association, 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. For a period of 10 years after the date of the Turnover Meeting, the Bylaws, the Rules and Regulations, and this Declaration 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 Declarant or its designee, or otherwise so as adversely to 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 the Declaration or Bylaws, or a greater or lesser percent is required by the Act, the consent of the Owners of Units holding at least 75 percent of the voting rights and the approval of at least 51 percent of First Mortgagees (based upon one vote for each first Mortgage held) shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws that changes any of the provisions of such documents governing the following shall constitute a material change:

23.2.1 Voting Rights;

23.2.2 Increases in assessments that raise the previously assessed amount by more than 25 percent, assessment liens or the priority of such liens;

23.2.3 Reduction in 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, except as otherwise provided in Section 28 and Section 29;

23.2.6 The boundaries of any Unit, except as other wise provided in Section 28 and Section 29;

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 Imposition of any restrictions on the leasing of Units;

23.2.11 Imposition of any restriction 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 First Mortgagee;

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 provisions that expressly benefit Mortgage holders, insurers or guarantors.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the allocation of undivided interest 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 holders of any Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 23 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 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 Oregon Condominium Act, and approved by the county assessor and the Oregon Real Estate Commissioner, if required by law, in the deed records of Multnomah County, Oregon.

24. Termination. Termination of the Condominium shall be effected in accordance with Section 100.600 and any other applicable provision of the Act, but in no event shall be consummated without the prior written consent of at least 51 percent of First Mortgagees (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 First Mortgagee fails to submit a response to a written request within 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. Severability. Each provision of this Declaration and the Bylaws shall be deemed independent and severable, and the validity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws. 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 Condominium 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.

26. Dispute Resolution.

26.1 Required Procedure. Except as otherwise provided herein, 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, this Declaration, the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, this Declaration or the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified in this Section 26 and for a period of ten (10) years after the Turnover Meeting these provisions may not be amended without the consent of Declarant. 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 5.6 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 5.9 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.

26.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and to 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 26.3, 26.4 and 26.5 below, as applicable.

26.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 26.2 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 26.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of 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 of 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.

26.4 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 waive their right to a jury trial with respect to such claims.

26.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 26.2, 26.3 and 26.4 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 and pursuant to the then effective arbitration rules of the American Arbitration Association, 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 Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

26.6 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.

26.7 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. Notwithstanding any other provision of this Declaration or the Bylaws, the Association shall not expend or commit to expend in excess of \$5,000 for attorney fees and costs for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$100,000 unless first approved by at least 75 percent of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or these Bylaws; for actions initiated by the Association during Declarant's period of administrative control pursuant to Section 19 of this Declaration; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 5.9 of the Bylaws; actions to summarily abate and remove a structure or condition that violates this Declaration or the Bylaws; or for the defense of the Association or

Board of Directors of an action or proceeding brought against the Association or the Board of Directors (except for non-mandatory counterclaims).

26.8 Claims Procedure. An Owner or the Association may not commence a claim against Declarant or any contractor, subcontractor or supplier for construction defects unless the Owner or 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.

26.9 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 Owner, the Association and each subsequent owner or transferee of a Unit.

27. Warranties, Releases and Waivers of Claims.

27.1 Warranty. In each unit sales agreement, Declarant, as seller, provided to each Owner purchasing a Unit from Declarant a one-year warranty on newly-constructed Units, Limited Common Elements and General Common Elements constructed or installed by Declarant as required by the Oregon Condominium Act set forth in the unit sales agreement (the One-Year Warranty"). Declarant is not obligated to provide to Owners any warranty other than the One-Year Warranty.

27.2 Personal Property. Declarant as seller 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 Condominium, if any, are those of the manufacturer or supplier only, that Declarant has not warranted such items, and that, to the extent assignable, these manufacturers' or suppliers' warranties and any rights or claims against the manufacturer or supplier relating to any insufficiency in such products have been assigned to Owner, effective on the closing date of such Owner's purchase of the Unit from Declarant or to the Association, at or prior to the Turnover Meeting. Declarant shall reasonably cooperate with any such claims Owners or the Association may elect to pursue against the manufacturers, provided there is no cost or liability to Declarant. Declarant has not represented or guaranteed the existence or validity of any manufacturer or supplier warranties or the performance by any

manufacturer or supplier of its warranty obligations. Declarant has not represented or guaranteed 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 has expressly assumed the risk, as opposed to Declarant, that such products may be defective. Each Owner has warranted that Owner had adequate opportunity to investigate the condition of the manufactured products installed in his or her Unit, and Owner has relied solely on this independent investigation in purchasing the Unit.

27.3 No Other Warranties. TO THE FULLEST EXTENT ALLOWED BY LAW, DECLARANT HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTIES REGARDING CONSUMER PRODUCTS AS DEFINED IN THE MAGNUSSON-MOSS WARRANTY ACT OR THE UNIFORM COMMERCIAL CODE, WITH RESPECT TO THE BUILDING, THE UNIT, COMMON ELEMENTS, OR ANY OTHER PART OF THE CONDOMINIUM (THE "PROPERTY") OTHER THAN THOSE EXPRESSLY DESCRIBED IN EACH UNIT SALES AGREEMENT. SELLER MAKES NO WARRANTY WITH RESPECT TO PORTIONS OF THE CONDOMINIUM NOT CONSTRUCTED BY DECLARANT. Part of the first three floors of the building in which the Units are located was originally constructed in the 1938 and modified in 1951. Seller does not warrant elements of the building not newly constructed or installed by Declarant. WITHOUT LIMITATION TO THE FOREGOING, AND EXCEPT FOR THE EXPRESS WARRANTY OF THE UNIT SALES AGREEMENTS, DECLARANT HAS MADE NO REPRESENTATION OR WARRANTY REGARDING (I) COMPLIANCE WITH APPLICABLE BUILDING CODES, (II) ACOUSTICS, CONSISTENCY OF FLOOR SLOPE, OR SOUND TRANSFERENCE WITHIN THE CONDOMINIUM, (III) LIGHT, AIR OR VIEW, OR (IV) THE ABILITY OF THE BUILDING ENVELOPE OR ANY COMPONENTS OF THE CONDOMINIUM TO WITHSTAND WATER INTRUSION. Declarant shall not be responsible for damage to the Unit, Common Elements, or the Condominium (i) caused by normal wear and tear; (ii) caused by Owner, the Association or other parties, whether by misuse, abuse, failure to maintain the Unit and/or Common Elements or otherwise; (iii) for damage exacerbated by Owner, the Association, or other parties, or allowed by Owner or the Association to be exacerbated, including, without limitation, damages exacerbated by Owner or the Association, as applicable, failing to allow Declarant access to the Unit or Condominium, as applicable, to perform warranty work; or (iv) related to work performed in or on the Unit, Common Elements, or the Condominium by or on behalf of the Owner, Association, or parties other than Declarant; or (v) any other items covered by a manufacturer's warranty. Declarant made no warranty that views from the Condominium will remain available and makes no warranty regarding soundproofing of units and transmission of sounds between units and other areas of the Condominium shall not be considered a construction defect.

27.4 Defects. As used in this Section 27, "defect(s)" or "defective" means a flaw in the materials or workmanship used in constructing the Unit or Common Elements that: (i) materially affects the structural integrity of the Unit or Common Elements; (ii) has an obvious and material negative impact on the appearance of the Unit or Common Elements; or (iii) jeopardizes the life or safety of the occupants of the Unit. So long as the Unit was completed substantially in accordance with Declarant's plans and specifications, minor

deviations and variations therefrom such as, without limitation, paint color, window and floor coverings, countertops and cabinets, appliances, plumbing and electrical fixtures, hardware and other decorations, and other finish work shall not be considered "defects." Deficiencies inherent in the quality of a particular component or element of the Unit or Common Elements shall not be considered defects due to workmanship or materials. Wood grains, veining or other patterns inherent in natural materials such as wood or stone may vary and such variances shall not be considered a "defect." Conditions caused by or resulting from the failure of Owner or the Association to perform normal and routine maintenance of the Unit and Common Elements, as applicable, shall not be considered "defects."

27.5 Limitation on Other Claims. TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, ANY CLAIMS (OTHER THAN EXPRESS WARRANTY CLAIMS PURSUANT TO A UNIT SALES AGREEMENT) WHICH EACH OWNER MAY HAVE, INCLUDING, BUT NOT LIMITED TO, CLAIMS FOR NEGLIGENCE, MISREPRESENTATION, BREACH OF CONTRACT, CONSTRUCTION DEFECTS, OR ANY OTHER NONWARRANTY THEORY, MUST BE BROUGHT ON OR BEFORE THE EARLIER OF (A) EXPIRATION OF THE APPLICABLE STATUTE OF LIMITATIONS, OR (B) WITHIN ONE (1) YEAR FROM THE DATE OF THE TURNOVER MEETING AS DESCRIBED IN THE BYLAWS, WHETHER SUCH CLAIMS ARISE FROM STATUTE, CONTRACT, TORT OR OTHERWISE FOR DAMAGES TO PROPERTY OR PERSONAL INJURY NOW EXISTING OR ARISING AFTER THE DATE OF THIS AGREEMENT AND RELATING TO OR ARISING IN OR FROM ANY OF THE FOLLOWING: (A) DEFECTS, REPAIRS, REPLACEMENTS OR MODIFICATIONS TO THE UNIT OR COMMON ELEMENTS EXCEPT AS SPECIFICALLY COVERED BY THE ONE-YEAR WARRANTY; (B) FAILURE TO COMPLY WITH CODE, NONCOMPLIANCE WITH PLANS AND SPECIFICATIONS, DEFECTIVE CONSTRUCTION, NEGLIGENT CONSTRUCTION AND/OR NON-WORKMANLIKE CONSTRUCTION; (C) TORT AND/OR UNLAWFUL TRADE PRACTICES VIOLATIONS, EMOTIONAL DISTRESS, FRAUDULENT, INTENTIONAL, NEGLIGENT OR INNOCENT MISREPRESENTATION, NEGLIGENCE OR GROSS NEGLIGENCE, NUISANCE, AND/OR TRESPASS; (D) BREACH OF CONTRACT, BREACH OF EXPRESS WARRANTY AND/OR BREACH OF IMPLIED WARRANTIES, INCLUDING THE WARRANTIES OF PROFESSIONAL CONSTRUCTION AND REASONABLE WORKMANLIKE CONSTRUCTION; (E) BREACH OF FIDUCIARY DUTY BY DECLARANT PRIOR TO OR AFTER THE DATE CONTROL OF THE ASSOCIATION IS TURNED OVER TO THE UNIT OWNERS; (F) WATER INTRUSION, WATER INFILTRATION, OR WATER PENETRATION; (G) PRODUCTS OR SUBSTANCES FOUND IN OR USED IN THE UNIT OR COMMON ELEMENTS, INCLUDING, FOR EXAMPLE PURPOSES ONLY, RADON; (H) THE CONDITION OF THE UNIT AND/OR COMMON ELEMENTS; (I) OWNER'S LOSS OF USE OF THE UNIT AND/OR COMMON ELEMENTS AND/OR THE LOSS OF VALUE THEREOF; AND (J) CONSEQUENTIAL DAMAGES OR EXPENSES FOR ATTORNEY FEES AND/OR RESULTING FROM THE RELOCATION OF OWNER, IF ANY, SUCH AS LODGING, COMMISSIONS, INTEREST RATE FLUCTUATIONS, STORAGE, MOVING, MEALS OR TRAVEL EXPENSE. ANY SUCH CLAIMS NOT BROUGHT WITHIN THIS TIME PERIOD WILL BE DEEMED FULLY WAIVED BY OWNER, REGARDLESS OF WHEN OWNER ACTUALLY DISCOVERED THE ALLEGED BASIS FOR THE CLAIM. FOR PURPOSES OF THIS SECTION 27.5, A CLAIM IS "BROUGHT" WHEN (A) FOR MATTERS WITHIN

THE SMALL CLAIMS COURT JURISDICTION, A COMPLAINT WAS FILED IN THE APPROPRIATE SMALL CLAIMS COURT AND SERVED PROMPTLY ON DECLARANT OR (B) FOR MATTERS NOT WITHIN THE SMALL CLAIMS COURT JURISDICTION, THE DECLARANT HAS ACTUAL RECEIPT OF A FILED COMPLAINT OR REQUEST FOR ARBITRATION BY OWNER. THIS SECTION 27.5 SHALL NOT BE DEEMED TO EXPAND AN OWNER'S RIGHT TO ASSERT ANY CLAIMS OTHER THAN EXPRESS WARRANTY CLAIMS, WHICH RIGHT DECLARANT DENIES.

To the fullest extent allowed by law, this limitation shall be binding upon each Owner, buyers from each Owner and all successor buyers, the Association and their respective employees, contractors, property managers, brokers, heirs, successors, assigns, guests and invitees and shall apply to potential claims brought directly by Owner, by Owner through the Association or by the Association against Declarant. Owner acknowledges that it has read and understands this limitation and that it has had an opportunity to seek and consult counsel regarding this waiver..

27.6 Covenants Running with the Land. The provisions of this Section 27 are intended to touch and concern the Condominium and shall be deemed covenants running with the land. Each and every term of this Section 27 shall, to the fullest extent allowed by law, bind each Owner, the Association and each subsequent owner or transferee of a Unit.

28. Relocation of Boundaries.

28.1 Approval. Pursuant to ORS 100.130, the boundaries between adjoining Units, including any intervening common elements, may be relocated or eliminated by an amendment to this Declaration. The owners of the affected Units shall submit to the Board of Directors of the Association a proposed amendment that shall identify the Units involved, state any reallocations of common element interest, voting rights, common expense liability and right to common profits and contain words of conveyance. The Board of Directors shall approve the amendment unless it determines within 45 days that the reallocations are unreasonable or the relocation or elimination will impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium.

28.2 Powers of Board. The Board of Directors of the Association may require the Owners of the affected Units to submit an opinion of a registered architect or registered professional engineer that the proposed relocation or elimination will not impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium. The Board of Directors of the Association or any agent appointed by the Board of Directors may supervise the work necessary to effect the boundary relocation or elimination. Any expenses incurred under this section shall be charged to the Owners of the Units requesting the boundary relocation or elimination.

28.3 Amendment. The amendment shall be executed by the Owners and Mortgagees of the affected Units, certified by the chairperson and secretary of the Association, approved as required by law and recorded in the appropriate records of Multnomah County, Oregon. In addition, plat and floor plans necessary to show the altered boundaries between the adjoining Units shall be recorded as required by law. All costs of preparation, review by county

and Oregon Real Estate Agency and recording of the amendments to the declaration and plat and floor plans shall be paid by the Owners of the affected Units.

29. Partition; Creating Additional Units.

29.1 Partition. The Commercial Units may be partitioned into individual discrete premises at any time by the Owner thereof without the consent of Owners of other Units or of the Board of Directors, by the erection of demising walls and partitions or other walls, as determined by the Owner of such Commercial Unit, in such Owner's sole discretion. The Owner of such Commercial Unit may change and reconfigure such partitioning at any time in such Owner's sole discretion, subject only to the rights of tenants of a portion of the applicable Commercial Unit.

29.2 Creating Additional Units from the Commercial Unit. Pursuant to, and in accordance with the processes set forth in, ORS 100.625, each Owner of each Commercial Unit may divide and create such Commercial Unit as two or more Units. The maximum number of Units into which each Commercial Unit may be divided is three. Any Units so created shall be used for commercial purposes, as required prior to such creation. In the event of such division and creation, the interest in the Common Elements reserved for the divided Commercial Unit as of the date of this Declaration shall be reallocated by taking the total interest in the Common Elements reserved for the divided Commercial Unit and allocating it among the newly created Units on the basis of the ratio of the square footage of each newly created Commercial Unit bears to the square footage of all newly created Commercial Units, such that there shall be no reallocation of the Commercial Unit's interest in the Common Elements to unaffected Primary Units. The Limited Common Elements serving the divided Commercial Unit, if any, shall continue to serve the Units created from such Commercial Unit and be used for the same purposes. Common profits and common expenses assigned to the Commercial Unit then being divided as of the date of recordation of this Declaration shall be reallocated among all of the newly created Commercial Units on the basis of the ratio by which the square footage of each newly created Commercial Unit bears to the square footage of all newly created Commercial Units. Voting rights shall be allocated by assuming that a vote allocated to the original Commercial Unit is allocated to the newly created Units based on the ratio of the area of each newly created Commercial Unit to the total area of all newly created Commercial Units. For purposes of this Section 29.2, the square footage of the newly created Commercial Units shall be measured to the centerpoint of the newly established boundary walls between newly created Commercial Units, such that the total square footage of all newly created Commercial Units equals the total square footage of the former Commercial Unit.

30. Special Declarant Rights. As more particularly provided in this Section, Declarant, for itself and any successor Declarant, has reserved the following special Declarant rights:

30.1 Completion of Improvements. Declarant and its agents, employees, and contractors shall have the right to complete improvements and otherwise perform work that is: (i) authorized by this Declaration; (ii) indicated on the Plans; (iii) authorized by building permits; (iv) provided for under any unit sales agreement between Declarant and a Unit purchaser;

- (v) necessary to satisfy any express or implied warranty obligation of Declarant; or
- (vi) otherwise authorized or required by law.

30.2 Sales Facilities of Declarant. Declarant and its agents, employees, and contractors shall be permitted to maintain during the period of sale of the Condominium upon such portion of the Property as Declarant may choose, such facilities as in the sole opinion of Declarant may be required, convenient, or incidental to the construction or sale of Units and appurtenant interests, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective purchasers of Declarant. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; *provided*, that the maintenance and use of such facilities shall not unreasonably interfere with an Owner's use and enjoyment of the Unit and those portions of the Common Elements reasonably necessary to use and enjoy such Unit.

30.3 Termination of Declarant Rights. Except as otherwise provided in this Declaration, the special Declarant rights set forth in this Section 30 shall continue for so long as (i) Declarant is completing improvements which are within or may be added to this Condominium or (ii) Declarant owns any Units or any of the Additional Property; *provided*, that Declarant may voluntarily terminate any or all of such rights at any time by recording an amendment to this Declaration, which amendment specifies which right is thereby terminated.

30.4 Declarant's Easements. Declarant has a non-exclusive easement to, through, and over the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising special Declarant rights, whether arising under the Act or reserved in this Declaration.

30.5 Approval Rights. Declarant shall have the right to approve amendments proposed by the Owners to this Declaration, the Bylaws, the Plans, and the Rules and Regulations for so long as Declarant owns a Unit or for 10 years from the date of the Turnover Meeting, whichever is latest.

30.6 Right of Review. Upon reasonable advance notice to the Board, Declarant shall have the perpetual right to review all inspection and maintenance records of the Association, including, without limitation, changes to the suggested maintenance schedule prepared by Declarant, if any. In addition, upon request from Declarant, the Board shall provide Declarant at Declarant's cost copies of all inspection reports, proposed plans for alterations and copies of all warranty claims. As provided in Section 7.6 of the Bylaws, the Board shall provide Declarant with copies of submissions for alteration requests, 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.

31. Reservation of Unused FAR. Declarant reserves exclusive ownership of the air space and air rights above the Property, legally described as all air space lying above an elevation of 119 feet together with the right to transfer to other property the unused and earned floor area ratio potential ("FAR") of 60,000 square feet for the Property. Promptly upon request of Declarant, its successors and assigns, the Association shall execute any document or instrument necessary to transfer the FAR from the Property to property designated by Declarant, its successors and assigns.

32. Miscellaneous.

32.1 No Impairment. The creation of this Condominium shall not be impaired and title to the Unit 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.

32.2 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.

32.3 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, or of the Bylaws, 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 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.

32.4 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 Board; (ii) injury or damage to person or property caused by the elements, 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.

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

32.6 Transfer of Declarant's Powers. Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, 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).

32.7 Sound Transmission Disclosure. The Condominium was designed and built in accordance with local, state and federal building codes regarding insulation and sound transmission. Where condominium units are built either above or below each other, or side by side, it is normal to experience some transmissions of sound between those units from music, heels on noncarpeted floors, water traveling in drains, cupboard doors, elevators, and similar causes. On occasion these sounds are heard in normal conditions with typical noise levels. Owners should expect some transmission of sound between units, common elements or from outside of the Condominium, including from trains and streetcars. Declarant makes no warranty regarding soundproofing of units and transmission of sounds between units, common elements or from outside of the Condominium shall not be considered a construction defect.

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

Declarant: Pearl Condominiums @ Block 90 LLC, an Oregon limited liability company

By: _____
Garry J. Vallaster
Its: Managing Member

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on September ____, 2007, by Garry J. Vallaster, who identified himself as Managing Member of Pearl Condominiums @ Block 90, LLC, an Oregon limited liability company, on behalf of said limited liability company.

Notary Public for Oregon
My Commission Expires: _____

County Assessor

County Tax Collector

The foregoing Declaration is approved pursuant to ORS 100.110 this ____ day of _____, 200__, 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: Laurie Skillman

EXHIBIT A

Property Description

LOTS 5, 6, 7, AND 8, BLOCK 90, COUCH'S ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON, THE LAND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING THE NORTHEAST CORNER OF SAID LOT 8, BEING REFERENCED BY A FOUND 1-1/8" BRASS CAP STAMPED "REPPETO & ASSOC." WHICH BEARS NORTH 90°00'00" EAST, 4.00 FEET; THENCE, ALONG THE EAST LINE OF SAID LOT 8 AND SAID LOT 5 AND ALONG THE WEST RIGHT OF WAY LINE OF N.W. 13TH AVENUE, SOUTH 0°00'00" WEST, 100.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 5, BEING REFERENCED BY A FOUND 1-1/8" BRASS CAP STAMPED "REPPETO & ASSOC." WHICH BEARS NORTH 90°00'00" EAST, 4.00 FEET; THENCE, ALONG THE SOUTH LINE OF SAID LOT 5 AND SAID LOT 6, SOUTH 90°00'00" WEST 200.00 FEET TO THE SOUTHWEST CORNER OF SAID LOT 6, BEING REFERENCED BY A FOUND 1-1/8" BRASS CAP STAMPED "REPPETO & ASSOC." WHICH BEARS SOUTH 90°00'00" WEST, 4.00 FEET; THENCE, ALONG THE WEST LINE OF SAID LOT 6 AND SAID LOT 7 AND THE EAST RIGHT OF WAY LINE OF N.W. 14TH AVENUE, NORTH 0°00'00" EAST, 100.00 FEET TO THE NORTHWEST CORNER OF SAID LOT 7, BEING REFERENCED BY A FOUND 1-1/8" BRASS CAP STAMPED "REPPETO & ASSOC.", WHICH BEARS NORTH 90°00'00" WEST, 4.00 FEET; THENCE ALONG THE NORTH LINE OF SAID LOT 7 AND SAID LOT 8 AND THE SOUTH RIGHT OF WAY LINE OF N.W. FLANDERS STREET, NORTH 90°00'00" EAST, 200.00 FEET TO THE INITIAL POINT; ALSO AND TOGETHER WITH THE RIGHTS TO USE DEDICATED STREET AREAS OF N.W. 13TH AVENUE FOR VARIOUS ENCROACHMENTS AND SPACES DESCRIBED IN THE CITY OF PORTLAND REVOCABLE PERMIT NO. TR-060048, RECORDED JANUARY 11, 2007 AS RECORDER'S FEE NO. 2007-006855, MULTNOMAH COUNTY DEED RECORDS.

EXHIBIT B

Area of Units and Allocation of Interest in Common Elements

<u>Unit No.</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interest in Common Elements</u>
C-101	1,622	2.795%
C-102	1,758	3.029%
C-103	1,732	2.984%
C-104	2,871	4.947%
C-105	1,551	2.672%
C-201	18,732	32.277%
C-301	17,342	29.882%
401	1,774	3.057%
402	1,767	3.045%
403	810	1.396%
404	787	1.356%
405	810	1.396%
406	784	1.351%
407	810	1.396%
408	792	1.365%
409	810	1.396%
410	1,864	3.212%
411	1,298	2.237%
S-1	54	0.010%
P-1	143	0.010%
P-2	154	0.010%
P-3	154	0.010%
P-4	154	0.010%
P-5	154	0.010%
P-6	154	0.010%
P-7	154	0.010%
P-8	154	0.010%
P-9	154	0.010%
P-10	154	0.010%
P-11	154	0.010%
P-12	170	0.010%
P-13	173	0.010%
P-14	173	0.010%

<u>Unit No.</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interest in Common Elements</u>
P-15	173	0.010%
P-16	173	0.010%
P-17	173	0.010%
P-18	173	0.010%
P-19	173	0.010%
P-20	173	0.010%
Totals:	61,205	100.000%

EXHIBIT C1

Allocation of Common Profits and Expenses (General)

<u>Unit No.</u>	<u>Area in Square Feet</u>	<u>Allocation of Common Profits and Expenses (General)</u>
C-101	1,622	2.801%
C-102	1,758	3.036%
C-103	1,732	2.991%
C-104	2,871	4.957%
C-105	1,551	2.678%
C-201	18,732	32.345%
C-301	17,342	29.944%
401	1,774	3.063%
402	1,767	3.051%
403	810	1.399%
404	787	1.359%
405	810	1.399%
406	784	1.354%
407	810	1.399%
408	792	1.368%
409	810	1.399%
410	1,864	3.219%
411	1,298	2.241%
Totals:	57,914	100.000%

EXHIBIT C2

Allocation of Elevator and Trash Service Common Expenses

<u>Unit No.</u>	<u>Area in Square Feet*</u>	<u>Allocation of Common Profits and Expenses (Elevator and Trash)</u>
C-201	18,732	34.807%
C-301	17,342	32.225%
401	2,557	4.751%
402	2,344	4.356%
403	1,047	1.946%
404	1,042	1.936%
405	1,047	1.946%
406	1,038	1.929%
407	1,047	1.946%
408	1,048	1.947%
409	1,047	1.946%
410	3,475	6.457%
411	2,050	3.809%
Totals:	53,816	100.000%

*Square footage for Units includes additional square footage of limited common element patio and planter adjacent to each such Unit.

EXHIBIT C3

Allocation of Common Expenses for Benefit of Residential Units

<u>Unit No.</u>	<u>Area in Square Feet*</u>	<u>Allocation of Common Profits and Expenses (Residential Unit 4th Floor Common Corridor Electricity and Janitorial Service)</u>
401	2,557	14.412%
402	2,344	13.212%
403	1,047	5.901%
404	1,042	5.873%
405	1,047	5.901%
406	1,038	5.851%
407	1,047	5.901%
408	1,048	5.907%
409	1,047	5.901%
410	3,475	19.586%
411	2,050	11.555%
Totals:	17,742	100.000%

*Square footage for Units includes additional square footage of limited common element patio and planter adjacent to each such Unit.

EXHIBIT D

Bylaws of Pearl Condominiums at Block 90 Owners' Association