

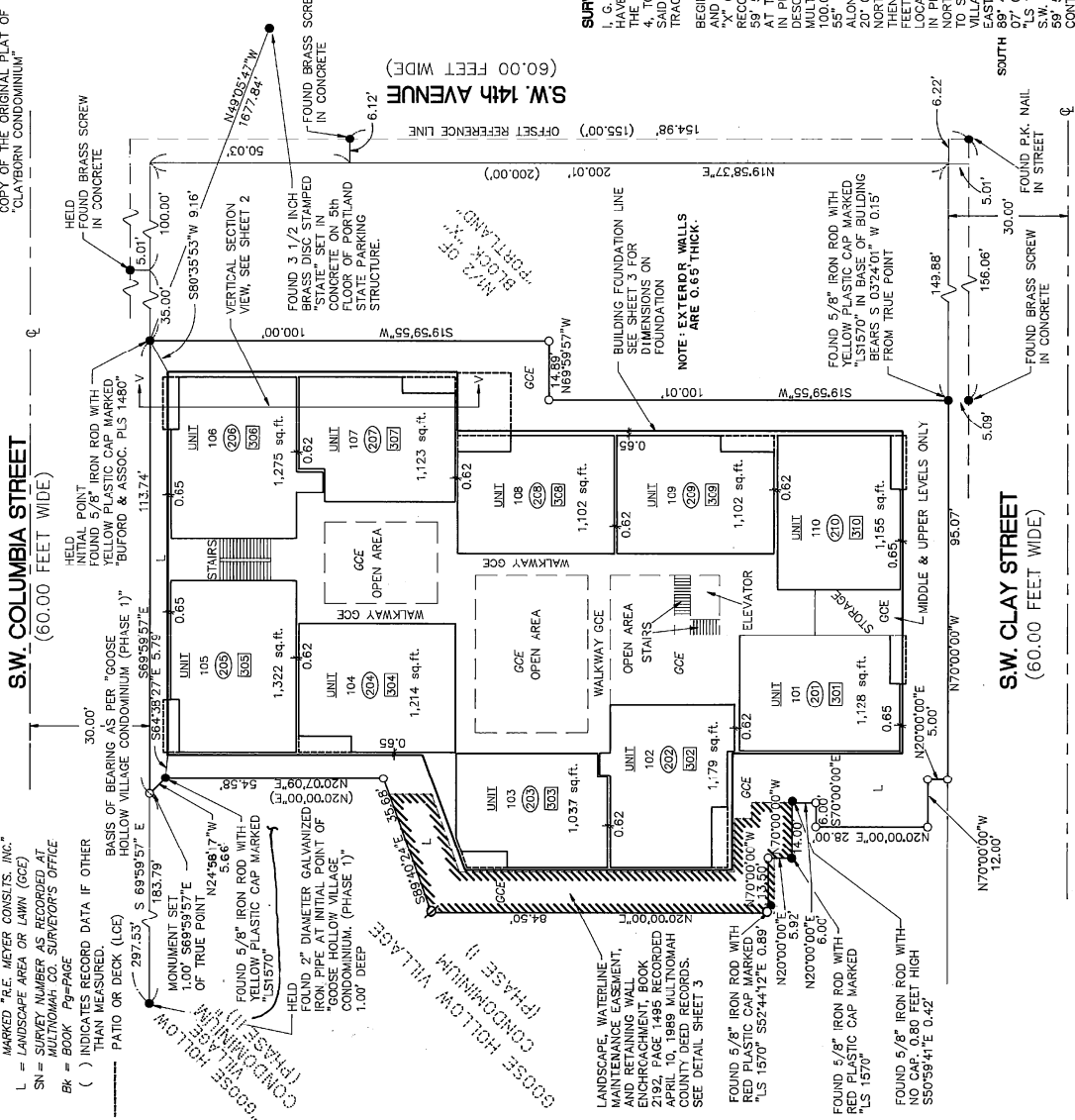
REFERENCE DATA

- SN (SURVEY NUMBER)
- SN 45262
- SN 45866
- PLAT OF "PORTLAND"
- BOOK 2, PAGE 2
- PLAT OF "CARTIER'S ADDITION TO THE CITY OF PORTLAND"
- BOOK 1, PAGE 1
- "GOOSE HOLLOW VILLAGE CONDOMINIUM"
- (PHASE I) BOOK 1217 PAGE 53
- (PHASE II) BOOK 1215 PAGE 73

LEGEND

- GCE = GENERAL COMMON ELEMENT
- LCE = LIMITED COMMON ELEMENT
- 101 = LOWER LEVEL UNIT
- (20) = MIDDLE LEVEL UNIT
- (30) = UPPER LEVEL UNIT
- () = FOUND MONUMENT AS NOTED
- = SET 5/8" X 30" LONG IRON ROD WITH YELLOW PLASTIC CAP MARKED "LS 1570"
- ⊗ = SET BRASS SCREW WITH WASHER MARKED "A.E. MEYER CONSULTANTS, INC."
- L = LANDSCAPE AREA OR LAWN (GCE)
- SN = SURVEY NUMBER AS RECORDED AT MULTNOMAH CO. SURVEYOR'S OFFICE
- BK = BOOK Pg=PAGE
- () INDICATES RECORD DATA IF OTHER THAN MEASURED.

SCALE: 1" = 20'



INDEX

- SHEET 1, BOUNDARY, SURVEYOR'S CERTIFICATE, NARRATIVE
- SHEET 2, UNIT DETAILS
- SHEET 3, PARKING DETAILS, APPROVALS, DECLARATION, ACKNOWLEDGEMENT

I HEREBY CERTIFY THAT THIS TRACING IS A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF "CLAYBORN CONDOMINIUM"

REGISTERED PROFESSIONAL LAND SURVEYOR

G. ROBERT TAYLOR #837

RENEWAL DATE: JUNE 30, 1986

CLAYBORN CONDOMINIUM

LOCATED IN THE NET 1/4 OF SECTION 4, TOWNSHIP 1 SOUTH, RANGE 1 EAST, W.M. AND IN THE NORTH ONE HALF OF BLOCK "X" OF PORTLAND, CITY OF PORTLAND, MULTNOMAH CO. OREGON

PREPARED BY: ROBERT E MEYER CONSULTANTS, INC.

4915 S.W. GRAFFETH DRIVE, #300
BEAVERTON, OREGON 97005 (503) 643-7537
PROJECT NO. 1728-20

DATE OF MONUMENTATION: December 7, 1994

NARRATIVE

I, G. ROBERT TAYLOR, A REGISTERED PROFESSIONAL LAND SURVEYOR, HEREBY CERTIFY THIS MAP REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION AT THE REQUEST OF DABBOSSON, INC. THE PURPOSE OF THIS SURVEY IS TO ESTABLISH AT THE BOUNDARY HEREIN SHOWN FOR THE PLATTING OF "CLAYBORN CONDOMINIUM", AS A BASIS OF BEARING I USED SOUTH 89° 59' 57" EAST AS CALLED FOR ON THE PLAT OF "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)", AND SAID BEARING WAS SET BETWEEN A ROUND POINT DIAMETER GALVANIZED IRON PIPE (1.00 FOOT DEEP) LOCATED AT THE INTERSECTION OF A 5/8-INCH IRON ROD WITH A YELLOW PLASTIC CAP MARKED "LS 1570" WHICH IS LOCATED 135.00 FEET WESTERLY OF THE NORTHEAST CORNER OF BLOCK "X", "CITY OF PORTLAND".

TO ESTABLISH THE EAST LINE OF THE TRACT I HELD THE BEARINGS AND DISTANCES CALLED FOR IN THAT TRUST DEED RECORDED MARCH 8, 1980 IN DEED BOOK 2281 AT THE MULTNOMAH COUNTY DEED RECORDS. SAID TRACT BEING BOUND BY A PORTION OF A 60.00 FOOT ALLENCE OF S.W. CLAY STREET FROM S.W. COLUMBIA STREET TO S.W. CLAY STREET AND BEARING ALONG S.W. CLAY STREET AS NORTH 70° 00' 00" WEST AS CALLED FOR ON THE PLAT OF SAID "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)".

THE SOUTHERLY PORTION OF THE WESTERLY LINE OF THIS TRACT WAS ESTABLISHED BY HOLDING THE SAID TRUST DEED BEARINGS AND DISTANCES AS WELL AS THE BEARINGS AND DISTANCES CALLED FOR IN THE SAID "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)" WHICH IS LOCATED IN THE SAID "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)" PLASTIC CAP MARKED "LS 1570" AT A POINT WHICH WAS SOUTH 70° 00' 00" EAST 13.50 FEET AND SOUTH 20° 00' 00" WEST 5.92 FEET FROM THE EASTERLY LINE OF SAID "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)". THE NORTHERLY PORTION OF THE WEST LINE WAS CALCULATED BY HOLDING THE SAID TRUST DEED BEARINGS AND DISTANCES WHICH MATCHED MOST CLOSELY TO A FOUND 5/8-INCH IRON ROD WITH A YELLOW PLASTIC CAP MARKED "LS 1570" WHICH IS SOUTH 24° 09' 51" EAST 5.57 FEET FROM THE SOUTHERLY LINE OF S.W. COLUMBIA STREET.

THE NORTHERLY LINE WAS ESTABLISHED BY HOLDING THE SAME MONUMENTS HELD FOR THE BASIS OF BEARING AND THE DATA CALLED FOR IN SAID TRUST DEED.

SURVEYOR'S CERTIFICATE

I, G. ROBERT TAYLOR, A REGISTERED PROFESSIONAL LAND SURVEYOR, HEREBY CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH PROPER MONUMENTS, THE LANDS REPRESENTED ON THE ANNEXED MAP OF "CLAYBORN CONDOMINIUM" SITUATED IN THE NORTH-EAST 1/4 OF SECTION 4, TOWNSHIP 1 SOUTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF "PORTLAND", OREGON. SAID TRACT ALSO BEING LOCATED IN THE NORTH 1/2 OF BLOCK "X" OF "PORTLAND" AND SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A FOUND 5/8-INCH IRON ROD WITH A YELLOW PLASTIC CAP MARKED "BUFORD AND ASSOC. PLS 1480" LOCATED ON THE NORTH LINE OF THE NORTH ONE HALF OF BLOCK "X" OF "PORTLAND" AS RECORDED IN PLAT BOOK 2 AT PAGE 2 OF THE MULTNOMAH COUNTY RECORDS; SAID POINT BEING THE INITIAL POINT OF THIS PLAT AND BEARS SOUTH 89° 59' 57" WEST 100.00 FEET TO THE NORTHERLY LINE OF "SOUTHWEST CLAY STREET", THENCE NORTH 20° 00' 00" EAST 5.00 FEET; THENCE NORTH 70° 00' 00" WEST 12.00 FEET; THENCE NORTH 20° 00' 00" EAST 28.00 FEET; THENCE SOUTH 70° 00' 00" EAST 6.00 FEET; THENCE NORTH 20° 00' 00" WEST 6.00 FEET; THENCE SOUTH 70° 00' 00" WEST 14.00 FEET TO A 5/8-INCH IRON ROD WITH A RED PLASTIC CAP MARKED "LS 1570" AND BEING LOCATED ON THE EASTERLY LINE OF "GOOSE HOLLOW VILLAGE CONDOMINIUM" AS RECORDED IN PLAT BOOK 1215 AT PAGE 73; THENCE ALONG THE EASTERLY LINE AND ITS EXTENSION TO SAID EASTERLY LINE BEARING SOUTH 89° 59' 57" WEST 14.89 FEET TO A POINT 3.56 FEET WESTERLY OF THE NORTHERLY LINE OF "SOUTHWEST CLAY STREET", THENCE ALONG SAID EASTERLY LINE AND ITS EXTENSION NORTH 20° 00' 00" EAST 84.50 FEET; THENCE ALONG SAID EASTERLY LINE AND THE SOUTHERLY LINE OF "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)" NORTH 20° 00' 00" EAST 84.50 FEET; THENCE ALONG SAID EASTERLY LINE AND THE SOUTHERLY LINE OF "GOOSE HOLLOW VILLAGE CONDOMINIUM (PHASE I)" NORTH 20° 00' 00" EAST 35.68 FEET; THENCE LEAVING SAID SOUTHERLY LINE NORTH 20° 07' 09" EAST 54.58 FEET TO A 5/8-INCH IRON ROD WITH A YELLOW PLASTIC CAP MARKED "LS 1570"; THENCE NORTH 24° 56' 17" WEST 566 FEET TO THE SOUTHERLY LINE OF S.W. COLUMBIA STREET; THENCE ALONG THE SOUTHERLY LINE OF SAID STREET SOUTH 69° 59' 57" WEST 1313.13 FEET TO THE INITIAL POINT.

CONTAINS 0.55 ACRES.

CLAYBORN CONDOMINIUM

LOCATED IN THE
NE 1/4 OF SECTION 4, TOWNSHIP 1 SOUTH, RANGE 1 EAST, WM.
AND IN THE NORTH ONE HALF OF BLOCK "X" OF PORTLAND,
CITY OF PORTLAND, MULTNOMAH CO. OREGON

PREPARED BY: **ROBERT E. MEYER CONSULTANTS, INC.**
4915 S.W. GRIFFITH DRIVE #300
BEAVERTON, OREGON 97005 (503) 643-7531
PROJECT No. 1709-00

DATE OF MONUMENTATION December 7, 1994

I HEREBY CERTIFY THAT THIS
TRACING IS A TRUE AND EXACT
COPY OF THE ORIGINAL PLAT OF
CLAYBORN CONDOMINIUM

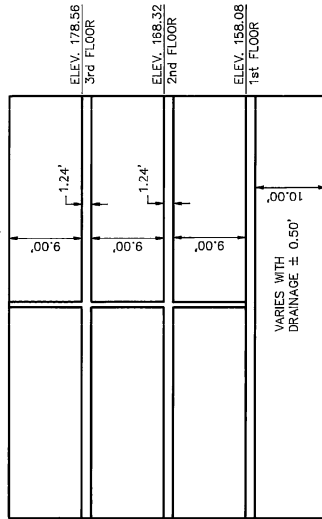
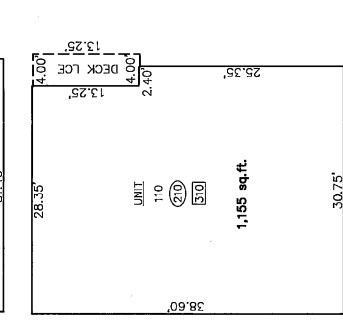
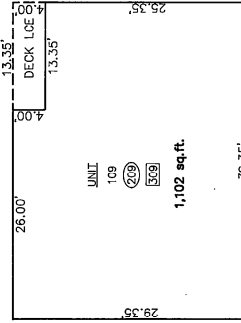
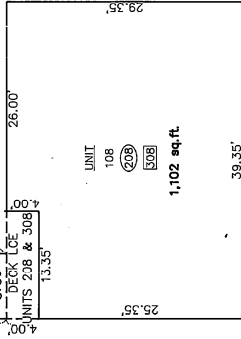
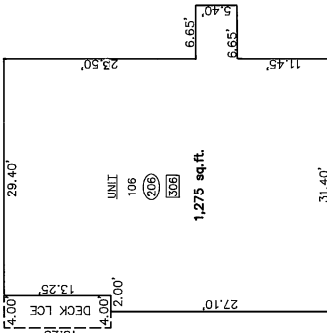
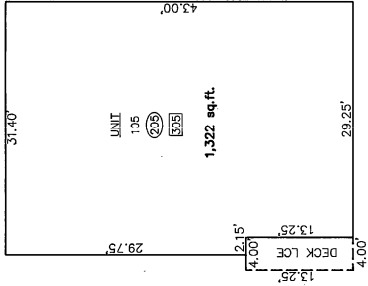
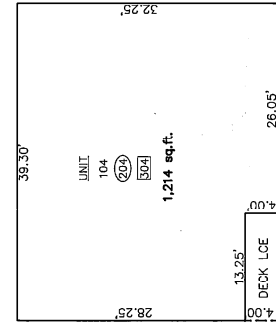
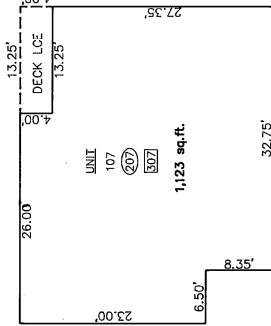
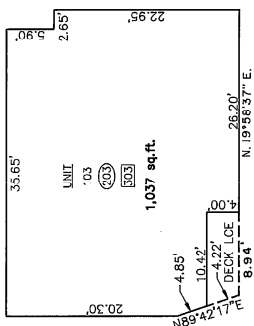
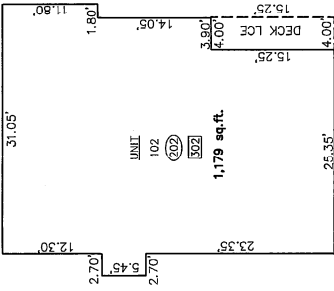
SURVEYOR'S CERTIFICATION OF COMPLETION
I, G. ROBERT TAYLOR, A REGISTERED PROFESSIONAL LAND SURVEYOR,
HEREBY CERTIFY THAT THE PLAT OF "CLAYBORN CONDOMINIUM"
FULLY AND ACCURATELY DEPICTS THE BOUNDARIES OF THE UNITS
AND THE BUILDINGS, AS DEPICTED ON SUCH PLAT, HAVE BEEN COMPLETED.
DATED THIS 7 DAY OF December, 1994.

G. Robert Taylor
G. ROBERT TAYLOR P.L.S.



SCALE: 1"=10'

REGISTERED
PROFESSIONAL
LAND SURVEYOR
G. Robert Taylor
OREGON
#837
G. ROBERT TAYLOR
RENEWAL DATE:
JUNE 30, 1996



NOTE:
VERTICAL DATUM BASED ON CITY
OF PORTLAND BENCH MARK NG. 260,
ELEVATION 110.17
PATIO OR DECK - LCE
LOE - LIMITED COMMON ELEMENT ASSIGNED TO UNIT TO WHICH IT IS ATTACHED
ALL UNITS HAVE A PATIO OR DECK

DECLARATION

KNOW ALL PERSONS BY THESE PRESENTS, THAT DABBOOSON, INC., AN OREGON CORPORATION, IS THE DEVELOPER OF THE LANDS DESCRIBED IN THE ACCOMPANYING SURVEYOR'S CERTIFICATE AND DOES HEREBY DECLARE AND ANNOUNCE THAT THE CLAYBORN CONDOMINIUM TO BE DEVELOPED THEREON SHALL BE SUBJECT TO THE PROVISIONS OF THE OPERATION AND PROVISIONS OF THE OREGON CONDOMINIUM ACT. THERE ARE NO WATER RIGHTS APPURTENANT TO THIS PROPERTY EXECUTED THIS 12th DAY OF December 1994.

DABBOOSON, INC.
 BY: Patrick A. Keeler
 ROBERT ESKANDARIAN, VICE PRESIDENT

ACKNOWLEDGEMENT

STATE OF OREGON)
) SS
 MULTNOMAH COUNTY

THIS CERTIFIES THAT ON THIS 12th DAY OF December 1994 BEFORE ME THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE OF OREGON, PERSONALLY APPEARED ROBERT ESKANDARIAN, WHO, BEING DULY SWORN, DID SAY THAT HE IS THE VICE PRESIDENT OF DABBOOSON, INC., AND THAT SAID INSTRUMENT WAS SIGNED ON BEHALF OF SAID COMPANY, AND THAT SAID INSTRUMENT IS A GOOD AND LAWFUL INSTRUMENT AND DOES ACKNOWLEDGE SAID INSTRUMENT TO BE A FREE ACT AND DEED.

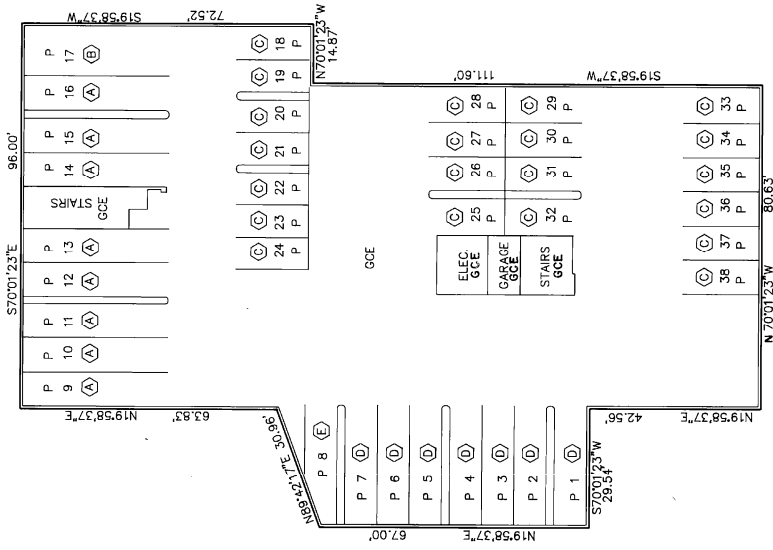
Patrick A. Keeler
 NOTARY PUBLIC FOR THE STATE OF OREGON



SCALE: 1" = 20'

REGISTERED PROFESSIONAL LAND SURVEYOR
Robert Taylor
 OREGON
 NO. 4837
 RENEWAL DATE: JUNE 30, 1996

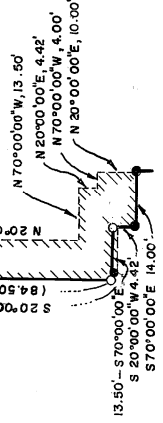
I HEREBY CERTIFY THAT THIS TRACING IS A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF "CLAYBORN CONDOMINIUM"



- LEGEND**
 GCE = GENERAL COMMON ELEMENT
 LCE = LIMITED COMMON ELEMENT
 P = PARKING SPACE (SEE PARKING SPACE LEGEND)
- PARKING SPACE LEGEND - LCE**
 (A) = 8.5'X36' DOUBLE PARKING SPACES
 (B) = 12'X36' DOUBLE PARKING SPACES
 (C) = 8'X18' PARKING SPACE
 (D) = 8'X29' DOUBLE PARKING SPACES
 (E) = 8'X21' PARKING SPACE

LOCATION OF EASEMENT FOR LANDSCAPING, WATERLINE MAINTENANCE, AND RETAINING WALL ENGRAVEMENT AS RECORDED APRIL 10, 1989 IN DEED BOOK 2182 AT PAGE 1495 MULT. CO. RECORDS.

DETAIL



CLAYBORN CONDOMINIUM

LOCATED IN THE SOUTH RANGE 1 EAST, W.M. NEY 1/4 OF SECTION 4, TOWNSHIP 36 NORTH, RANGE 1 EAST, W.M. AND IN THE NORTH QUARTER OF BLOCK 24 OF PLYMOUTH CITY OF PORTLAND, MULTNOMAH CO. OREGON.

PREPARED BY: **ROBERT E. MEYER CONSULTANTS, INC.**
 4975 S.W. GRIFFITH DRIVE #300
 BEAVERTON, OREGON 97005 (503) 643-7531
 PROJECT No. 1709-00

DATE OF MONUMENTATION: December 7, 1994

APPROVALS

APPROVED: December 23, 1994
 CITY OF PORTLAND, BUREAU OF BUILDING

BY: Margaret M. Mackert
 APPROVED: March 8, 1995
 COUNTY SURVEYOR, MULTNOMAH COUNTY, OREGON

BY: Don H. Young
 ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES AS PROVIDED BY O.R.S. 100.110 HAVE BEEN PAID AS OF MAY 15, 1995
 DIRECTOR, DIVISION OF ASSESSMENT AND TAXATION MULTNOMAH COUNTY, OREGON

BY: Robert Taylor
 STATE OF OREGON) SS
 MULTNOMAH COUNTY)

I DO HEREBY CERTIFY THAT THE ATTACHED CONDOMINIUM PLAT WAS RECEIVED FOR RECORD AND RECORDED MAY 15, 1995 AT 5:00 P.M. IN BOOK 1229 ON PAGES 21, 22, 23. COUNTY RECORDING OFFICE.

BY: W. Walden
 DEPUTY

DOCUMENT NO. 95-518910

1/10/01

BOOK 1571 PAGE 212

88746

STATE OF OREGON
MULTNOMAH COUNTY

MULTNOMAH COUNTY, OREGON

DEC 31 1981 - 8 40 AM

Box 1571
187

M. B. Bland

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the

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1.5

1.5 Composition of ... shall be composed of all the unit owners, including Silvey-Barnes Properties, a joint venture composed of Silvey Development Corporation, an Oregon corporation, and William G. Barnes & Son Co., Inc., a California corporation, and its successors and assigns (hereinafter, "the declarant"), and the Association, itself, to the extent any of these own any unit or units of the condominium.

BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
GOOSE HOLLOW VILLAGE CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

1.1 Name and Location. These are the bylaws of the ASSOCIATION OF UNIT OWNERS OF GOOSE HOLLOW VILLAGE CONDOMINIUM (hereinafter the "Association"). Goose Hollow Village Condominium, (hereinafter the "condominium") is located in Multnomah County, Oregon, and has been submitted to the Oregon Unit Ownership Law by a declaration filed simultaneously herewith and by supplemental declarations, if any, annexing property to the condominium (hereinafter collectively called "the declaration"). The location of the condominium is more specifically described in the declaration.

1.2 Principal Office. The principal office of the Association shall be located at 18791 SW Martinazzi, Tualatin, Oregon 97062, or such other address as may be designated by the board of directors from time to time.

1.3 Purposes. This Association is formed under the provisions of the Oregon Unit Ownership Law to serve as the means through which the unit owners may take action with regard to the administration, management and operation of the condominium.

1.4 Applicability of Bylaws. The Association, all unit owners, and all persons using the condominium property shall be subject to these bylaws and to all rules and regulations which may be promulgated hereunder.

1.5 Composition of Association. The Association shall be composed of all the unit owners of the condominium, including Silvey-Barnes Properties, a joint venture composed of Silvey Development Corporation, an Oregon corporation, and William G. Barnes & Son Co., Inc., a California corporation, and its successors and assigns (hereinafter, "the declarant"), and the Association, itself, to the extent any of these own any unit or units of the condominium.

1.6 Incorporation. Upon approval of seventy-five percent (75%) of the voting rights the Association may be incorporated under the Oregon Non-Profit Corporation Law. In such event, the Articles of Incorporation shall be consistent with the declaration and these bylaws, and these bylaws shall constitute the bylaws of the incorporated association.

1.7 Definitions. The definitions contained in or adopted by the declaration shall be applicable to these bylaws.

ARTICLE II

MEETINGS OF ASSOCIATION

2.1 Place of Meetings. The Association shall hold meetings at such suitable place convenient to the unit owners as may be designated by the board of directors from time to time.

2.2 First Organizational Meeting. Within five years after the declarant has submitted the first phase of the condominium to unit ownership and adopted these bylaws as owner of all the units, or within ninety (90) days after declarant has sold and conveyed 87 or more of the units in the condominium, whichever is earlier, the declarant shall call the first meeting of the unit owners to organize the Association and to elect directors. In the event of lack of quorum at such first organizational meeting, it may be adjourned to the time of the next annual meeting.

2.3 Annual Meetings. The annual meetings of the Association shall be held in the months of January or February at such hour and on such date as the chairman may designate, or if the chairman should fail to designate such date by the first day of February, then on the last Tuesday in February. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

2.4 Special Meetings. Special meetings of the Association may be called by the chairman or secretary or by a majority of the board of directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the unit owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

2.5 Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the chairman or secretary. Such notice shall be in writing and mailed to each unit owner at his address as it appears on the books of the Association and to any first mortgagee requesting such notice not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any unit owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.6 Voting. Each unit owner shall have one vote for each unit of the condominium owned by him. The declarant shall be entitled to vote as the unit owner of any then existing units retained by the declarant, and the board of directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

2.7 Proxies. A vote may be cast in person or by proxy. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing and signed by such owner, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the unit by its owner. A unit owner may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled hereunder and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the board of directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

2.8 Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the secretary that he is the executor, administrator, guardian or trustee, holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the

vote of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

2.9 Landlords and Contract Vendors. Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the landlord if the rental agreement or lease has an original term of ten (10) years or less, or by the tenant if the rental agreement or lease has an original term of more than ten (10) years. Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any land sale contract on the unit.

2.10 Quorum of Unit Owners. At any meeting of the Association, members holding fifty percent (50%) of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.11 Majority Vote. The vote of the holders of more than fifty percent (50%) of the voting rights, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the declaration or by these bylaws.

2.12 Order of Business. The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;

- (d) Reports of officers,
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE III

BOARD OF DIRECTORS

3.1 Number and Qualification. The affairs of the Association shall be governed by a board of directors composed of three (3) to seven (7) persons, as provided in Sections 2 and 3 of this Article. All directors, other than interim directors appointed by declarant, shall be owners or co-owners of units of the condominium. For purposes of this section, the officers of any corporate owner and the partners of any partnership shall be considered co-owners of any units owned by such corporation or partnership.

3.2 Interim Directors. Upon the filing of the declaration submitting the condominium to the Oregon Unit Ownership Law, the declarant hereby appoints the following interim board of three (3) directors, who shall serve until replaced by declarant or their successors have been elected by the unit owners as provided below:

Don V. Silvey
Don S. Silvey
Bruce W. Barnes

3.3 Election and Term of Office. At the first organizational meeting called by declarant pursuant to Section 2.2 of these bylaws, the interim directors shall resign and five (5) successors shall be elected, three to serve until the next annual meeting and two to serve until the second annual meeting after their election. Thereafter, at the expiration of the initial term of office of each respective director, his successor shall be elected to serve for a term of two years, so that the term of not less than one-third of the directors shall expire annually. Directors shall hold office until their respective successors have been elected by the unit owners. Election shall be by plurality. Upon a majority vote of the membership, the number of directors may

be increased to seven (7) directors. Upon such increase, two additional directors shall be elected, one to serve until the next annual meeting and the other to serve until the second annual meeting after their election. Thereafter, each successor shall be elected to serve for a two-year term.

3.4 Vacancies. Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, or by a sole remaining director. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors shall be filled by declarant.

3.5 Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors, other than interim directors, may be removed with or without cause by a majority vote of the unit owners present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.6 Powers and Duties. The board of directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the declaration or by these bylaws may not be delegated to the board of directors by the unit owners. The powers and duties to be exercised by the board of directors shall include, but shall not be limited to the following:

- (a) Operation, care, upkeep, maintenance and repair of the general and limited common elements.
- (b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.
- (c) Collection of the common expenses from the unit owners.
- (d) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the common elements.

- (e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (g) Purchasing units of the condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these bylaws.
- (h) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with units of the condominium acquired by the Association or its designee on behalf of all the unit owners.
- (i) Obtaining insurance or bonds pursuant to the provisions of these bylaws.
- (j) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the board if the total cost will exceed the amount of \$2,500 unless the unit owners have enacted a resolution authorizing the project by a vote of seventy-five percent (75%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to paragraph (a) above.
- (k) Designating one or more committees which, to the extent provided in the resolution designating the committee, shall have the powers of the board of directors in the management of the affairs of the Association. At least one member of each committee shall be a member of the board of directors.
- (l) Enforcement by legal means of the provisions of the Oregon Unit Ownership Law, the declaration, these bylaws and any rules and regulations adopted hereunder.
- ..7 Managing Agent or Manager. On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be

established by the board of directors. Any such management agreement shall be terminable by the Association for cause upon 30 days' written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors shall act as manager.

3.8 Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the board of directors shall hold an organization meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.9 Regular and Special Meetings. Regular meetings of the board of directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Special meetings of the board of directors may be called by the chairman and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or telegraph at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the board of directors shall be open to unit owners. Such meetings may be conducted by telephonic communication, except that if a majority of the units are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each board of directors' meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and (b) only emergency meetings of the board of directors may be conducted by telephonic communication.

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

3.11 Quorum of Board of Directors. At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. If at any meeting of the board of directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice to directors.

3.12 Compensation. No director shall receive any compensation from the Association for acting as such.

3.13 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. The directors and officers shall not be liable to the Association of the unit owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the board of directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the declaration or of these bylaws. Each director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of his duties.

3.14 Fidelity Bonds. 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 shall furnish such fidelity bond as the board deems adequate. The premiums on such bonds shall be paid by the Association.

3.15 Insurance. The board of directors shall obtain the insurance required in Article VIII of these bylaws. In addition, the board of directors, in its discretion, may

obtain such other insurance as it deems necessary to protect the interests of the Association or unit owners. The board of directors shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the condominium.

ARTICLE IV

OFFICERS

4.1 Designation. The principal officers of the Association shall be the chairman, the secretary and the treasurer, all of whom shall be elected by the board of directors. The directors may appoint a vice chairman, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The chairman shall be a member of the board of directors, but the other officers need not be directors or unit owners.

4.2 Election of Officers. The officers of the Association shall be elected annually by the board of directors at the organization meeting of each new board and shall hold office at the pleasure of the board. If any office shall become vacant, the board of directors shall elect a successor to fill the unexpired term at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

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

4.4 Chairman. The chairman shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the board of directors. He shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the unit owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 Secretary. The secretary shall keep the minutes of all proceedings of the board of directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to the unit owners and directors and other notices required by law. He shall keep

the records of the Association, except for those of the treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the chairman. In addition, the secretary shall act as vice chairman, taking the place of the chairman and performing his duties whenever the chairman is absent or unable to act, unless the directors have appointed another vice chairman.

4.6 Treasurer. The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of required financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the board of directors, and he shall disburse funds of the Association upon properly authorized vouchers. He shall perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned to him by the board of directors.

4.7 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the board of directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairman. All checks shall be signed by the treasurer, or in his absence or disability, by the chairman or any duly elected assistant treasurer.

4.8 Compensation of Officers. No officer who is a member of the board of directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the unit owners. The board of directors may fix any compensation to be paid to any officers who are not also directors.

ARTICLE V

BUDGET, EXPENSES AND ASSESSMENTS

5.1 Budget. The board of directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each unit owner in the proportion set forth in

the declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis.

5.2 Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost of insurance or bonds obtained in accordance with these bylaws.
- (d) A general operating reserve.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Utilities for the common elements and other utilities with a common meter or commonly billed, such as trash collection, water and sewer.
- (h) Any other items properly chargeable as an expense of the Association.

5.3 Assessment of Common Expenses.

(a) Obligation to pay. All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the association pursuant to these bylaws and the declaration. Assessments may not be waived due to limited or nonuse of the common elements. Subject to paragraph (c) below, declarant shall be assessed as the unit owner of any unsold unit, but such assessments shall be prorated to the date of sale of the unit. The board of directors, on behalf of the association, shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid by him for more than thirty (30) days from the due date for its payment.

(b) Initial contribution to working capital. At the time of closing of the initial sale of each unit, the purchaser shall make an initial contribution to the working capital of the association equal to two months' of association assessments for the unit. Such initial contribution shall be in addition to the regular monthly common expense assessment.

(c) Commencement of regular assessments. Regular monthly assessments for common operating expenses and reserves shall commence as to each phase upon closing of the first sale of a unit in such phase of the condominium, except that declarant may elect to defer commencement of assessments as to all units until the sale of two-thirds of the units in the first phase of the condominium have closed. If declarant so elects to defer commencement of assessments, declarant shall pay and be responsible for all common operating expenses as they accrue, without cost or operating expense assessment to the other unit owners, until regular assessments commence, except that declarant may assess all units their prorata share of utilities furnished to the project. Declarant shall give 10 days' written notice to individual unit owners prior to the commencement of regular assessments.

(d) Annexation of additional phases. If additional units are annexed to the condominium, the board of directors shall promptly prepare a new budget reflecting the addition to the condominium and shall recompute any previous assessment covering any period after the annexation.

5.4 Special Assessments.

(a) Capital improvements. In the case of any duly authorized capital improvement to the common elements, the board of directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution.

(b) Reserve trust funds. In establishing reserves for the maintenance, repair or replacement of the common elements, the board of directors may elect by resolution to establish one or more trust funds for the maintenance, repair or replacement of specific items, in which case the board shall either designate part of the regular assessment or establish separate assessments for such purposes. The proceeds therefrom shall be held in such trust funds and used only for the designated maintenance, repairs or replacements.

5.5 Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Association the assessed common expenses, such unit owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such common expenses from the due date thereof, or at such greater rate as may be established by the board of directors from time to time, not to exceed the maximum lawful rate, if any. In addition, the defaulting unit owner shall pay any reasonable late charge established by the board of directors from time to time, together with all expenses incurred by the Association in collecting such unpaid expenses, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal therefrom). The board of directors shall have the right and duty to recover for the Association such common expenses, together with such charges, interest and expenses of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Unit Ownership Law. The board of directors shall notify the holder of any first mortgage upon a unit of any default not cured within thirty (30) days of the date of default.

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

5.7 Statement of Common Expenses. The board of directors shall advise each unit owner in writing of the amount of common expenses payable by him, and furnish copies of each budget on which such common expenses are based to all unit owners and, if requested, to their mortgagees. The board of directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common expenses.

5.8 Priority of Lien; First Mortgages. Any lien of the Association against a unit for common expenses shall be subordinate to tax and assessment liens and any first mortgage of record. Where the purchaser or mortgagee of a unit

obtains title to the unit as a result of foreclosure of a first mortgage or by deed in lieu of foreclosure, such purchaser or mortgagee, his successors and assigns, shall not be liable for any of the common expenses chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser or mortgagee.

ARTICLE VI

RECORDS AND AUDITS

6.1 General Records. The board of directors and the managing agent or manager, if any, shall keep detailed records of the actions of the board of directors and the managing agent or manager, minutes of the meetings of the board of directors and minutes of the meetings of the Association. The board of directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association, board of directors and the manager. The board of directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of units.

6.2 Records of Receipts and Expenditures. The board of directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common elements, itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the unit owners and mortgagees during normal business hours.

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

6.4 Payment of Vouchers. The treasurer shall pay all vouchers up to \$1,000 signed by the chairman, managing agent, manager or other person authorized by the board of directors. Any voucher in excess of \$1,000 shall require the signature of the chairman.

6.5 Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the board of directors to all unit owners and to

all mortgagees of units who have requested the same within 90 days after the end of each fiscal year. From time to time the board of directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any owner or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

6.6 Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any unit, the unit owner shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE VII

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

7.1 Maintenance and Repair. Except as otherwise provided herein for damage or destruction caused by casualty:

(a) Units. All maintenance of and repairs to any unit shall be made by the owner of such unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting and staining which at any time may be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of windows and doors and any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, lighting fixtures and lamps, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with his unit.

(b) Common elements. All maintenance, repairs and replacements to the general and limited common elements shall be made by the Association and shall be charged to all the unit owners as a common expense. Each unit owner, however, shall keep the limited common elements which pertain to his unit in a neat, clean and sanitary condition.

7.2 Additions, Alterations or Improvements.

(a) A unit owner may make any improvements or alterations to his unit that do not impair the structural integrity or mechanical system of the

condominium or lessen the support of any portion of the condominium.

(b) After acquiring an adjoining unit or an adjoining part of an adjoining unit, a unit owner may submit a written request to the board of directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition in whole or in part is a common element. The board of directors shall approve the change unless it determines within forty-five (45) days that the proposed change will impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. The board of directors may require the unit owner, at his own expense, to submit an opinion of a registered architect or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

(c) A unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the property, reduce its value, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained.

(d) A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without permission of the board of directors.

7.3 Damage or Destruction by Casualty of Condominium Property. In the case of substantial damage or destruction, timely written notice shall be given to the unit owners and their mortgagees and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association.

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Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless unit owners holding ninety percent (90%) of the voting power, whether in person, by writing or by proxy, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. If the damage or destruction is not repaired, reconstructed or rebuilt, then the property shall be removed from condominium ownership in the manner provided in the Oregon Unit Ownership Law.

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(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance coverage and any deductible under such policies, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing or rebuilding of his unit as is not covered by the Association's insurance.

(c) If, due to the act or neglect of a unit owner, or of a member of his family or his household pet or of a guest or other authorized occupant or visitor of such unit 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 unit owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not covered by the Association's insurance.

(d) In the event any portion of the insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit owners and their mortgagees (as their interests may appear) in the same proportion as common expenses are shared, unless the property is removed from unit ownership. If the property is removed from unit ownership, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the unit owners and their mortgagees (as their interests may appear) in the manner described in the Oregon Unit Ownership Law.

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7.4 Condemnation. If any portion of the condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each unit owner and to each mortgagee. All compensation, damages or other proceeds of the taking, other than any award for moving expenses of specific unit owners, shall be payable to the Association and allocated and distributed as provided in this Section 7.4.

(a) Complete Taking. If the entire condominium property is taken, or if unit owners holding ninety percent (90%) of the voting power agree that such substantial portion of the condominium has been taken as to make the project obsolete, then the property shall be deemed removed from unit ownership. In such event, any proceeds of the condemnation paid to the Association, together with any other proceeds upon sale of the remaining condominium property, shall be distributed among the unit owners and their mortgagees, as their interests may appear, in accordance with the provisions of the Oregon Unit Ownership Law.

(b) Partial Taking. If less than the entire condominium property is taken and the property is not determined to be obsolete as provided in paragraph (a) above, then as soon as practicable the board of directors shall, reasonably and in good faith, allocate the award among the units in accordance with the reduction in the value of each unit and its interest in the common elements, compared to the total reduction in value of all units and their interest in the common elements. In the event any unit owner or mortgagee objects to the allocation determined by the board of directors, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a unit owner under this paragraph shall be paid first to all mortgagees and holders of liens on the unit owner's interest in accordance with the existing priorities, and the balance to the unit owner. If any reconstruction and repair is undertaken as a result of the condemnation, the board of directors may retain and apply such portion of each unit owner's share of the award as is necessary to discharge the owner's liability for any special

assessment arising from such reconstruction or repair.

7.5 Restrictions and Requirements Respecting Use of Condominium Property. The following restrictions and requirements are in addition to all other restrictions and requirements contained in the the declaration and these bylaws:

(a) Residential use. No commercial activities of any kind shall be carried on in any unit or in any other portion of the condominium without the consent of the board of directors of the Association or manager, except activities relating to the rental or sale of units. This provision, however, shall not be construed so as to prevent or prohibit a unit owner from maintaining his professional personal library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in his unit.

(b) Use of common elements. The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

(c) Offensive or unlawful activities. No noxious or offensive activities shall be carried on in any unit nor shall anything be done or placed upon any unit which interferes with or jeopardizes the enjoyment of other units or the common elements or which is a source of annoyance to residents. Unit occupants shall exercise extreme care not to make noises which may disturb other unit occupants, including the use of musical instruments, radios, televisions and amplifiers. No unlawful use shall be made of the condominium nor any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(d) Animals. No animals or fowls shall be raised, kept or permitted within the condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit. No such dogs, cats or pets shall be permitted to run at

large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective owners thereof. All dogs shall be kept on a leash while outside a unit. A unit owner may be required to remove a pet after receipt of two notices in writing from the board of directors of violations of any rule, regulation or restriction governing pets within the condominium.

(e) Exterior lighting or noisemaking devices and antennas. Except with the consent of the board of directors of the Association or manager, no exterior lighting or noise making devices shall be installed or maintained on any unit and no antennas or transmitting towers shall be affixed to the general or limited common elements.

(f) Windows, decks, patios and outside walls. In order to preserve the attractive appearance of the condominium the board of directors of the Association or the manager may regulate the nature of items which may be placed in or on windows, decks, patios, and the outside walls so as to be visible from other units, the common elements, or outside the condominium. Garments, rugs, laundry and other similar items may not be hung from windows, facades, decks or patios.

(g) Vehicles in disrepair. No unit owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked within the condominium or on any adjoining street for a period in excess of 48 hours. A vehicle shall be deemed in an "extreme state of disrepair" when, in the opinion of the board of directors, its condition is such that its presence offends the occupants of the condominium.

(h) Leasing and rental of units. Except with the consent of the board of directors of the Association or the manager and except for a lender in possession following default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner may lease or rent less than his entire unit and no unit owner may rent his unit for transient or hotel purposes. All leases or rentals shall be by written lease agreement, which shall provide that

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the terms of the lease shall be subject in all respects to the provisions of the declaration and these bylaws, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. If the board of directors finds that a lessee or tenant has violated any provision of the declaration, these bylaws or the rules and regulations, these require the unit owner to terminate such lease or rental agreement. Other than the foregoing, there is no restriction on the right of any unit owner to lease or rent his unit.

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(i) Signs. Unless written approval is first obtained from the board of directors, no sign of any kind shall be displayed to the public view on or from any unit or the common elements except signs used by the declarant to advertise units for sale or lease.

(j) Trash. No part of any unit or any part of the common elements shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. No garbage, trash or other waste shall be kept or maintained on any part of the property except in sanitary containers in the designated areas.

(k) Insurance. Nothing shall be done or kept in any unit or in the common elements which will increase the cost of insurance on the common elements. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in cancellation of insurance on any unit or any part of the common elements.

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(l) Association rules and regulations. In addition, the board of directors from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium property. Such action may be modified by vote of not less than seventy percent (70%) of the voting rights present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation or rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption,

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and a copy of each amendment, modification or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

7.6 Abatement and Enjoining of Violations. The violation of any rule or regulation adopted pursuant to these bylaws or the breach of any bylaw contained herein or of any provision of the declaration shall give the board of directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these bylaws:

(a) to enter the unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the board of directors shall not thereby be deemed guilty of any manner of trespass; or

(b) to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings; or

(c) to levy reasonable fines, after giving notice and an opportunity to be heard.

Any expense incurred by the Association in remedying the default, damage incurred by the Association or unit owners, or fines so levied shall be assessed against the offending unit as a common expense and enforced as provided in Article V. In addition, any aggrieved unit owner may bring an action to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE VIII

INSURANCE

8.1 Insurance. For the benefit of the Association and the unit owners, the board of directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

(a) A policy or policies of insurance covering loss or damage from fire, with extended coverage endorsement, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable

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replacement value of the units and common elements, subject to a reasonable deductible. The policy or policies shall cover all fixtures, improvements and alterations comprising a part of each unit and refrigerators, air conditioners, cooking ranges, dishwashers and clothes washers and dryers contained within units and owned by the unit owner. Such policy or policies shall name developer, the Association and the unit owners as insureds, as their interest may appear, and shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit, if any.

(b) A policy or policies insuring the developer, the Association, the board of directors, the unit owners and the managing agent, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the ownership or use of the property. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or board of directors) for liability arising out of acts or omission of such unit owner and liability incident to the ownership and/or use of the part of the property as to which such unit owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single limit basis. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured; and

(c) Workman's compensation insurance to the extent necessary to comply with any applicable laws.

Each unit owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under paragraph (a) above and against his liability not covered under paragraph (b) above, unless the Association agrees otherwise.

8.2 Policies. Insurance obtained by the Association shall be governed by the following provisions:

(a) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon and holding a commissioner's rating of "A," and a size rating of "B+," or letter by the Best's Insurance Reports current at the time the insurance is written or, prior to the initial meeting of the Association, one acceptable to developer.

(b) All losses under policies hereafter in force regarding the property shall be settled exclusively with the board of directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the unit owners, or, upon demand of any mortgagee, to an insurance trustee acceptable to the Association and mortgagees of units.

(c) Each unit owner shall be required to notify the board of directors of all improvements made by the owner to his unit, the value of which is in excess of Five Hundred Dollars (\$500). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board of directors pursuant to Section 7.2.

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

8.3 Provisions. The board of directors shall make every effort to secure insurance policies that will provide for the following:

(a) A waiver of subrogation by the insurer as to any claims against the board of directors, the manager, the unit owners and their respective servants, agents and guests.

(b) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual owners.

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(c) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the board of directors or the manager without prior demand in writing that the board of directors or manager cure the defect.

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(d) A provision that any "no other insurance" clause in the master policy exclude individual owners' policies from consideration, and a waiver of the usual proration clause with respect to such policies.

(e) A provision that the insurer issue subpolicies specifying the portion of the master policy earmarked for each owner's interest and that until the insurer furnished written notice and a grace period to the mortgagee insured under the loss payable clause thereof, the mortgagee's coverage is neither jeopardized by the conduct of the unit mortgagor-owner, the Association, or other unit owners nor cancelled for nonpayment of premiums.

(f) A rider on the master policy patterned after "Use and Occupancy" insurance which will provide relief from monthly assessments while a unit is uninhabitable by the payment of the condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and mortgage payments. The proceeds from any casualty policy, whether held by the Association or a unit owner, payable with respect to any loss or damage to the common elements, shall be held in trust for the benefit of all insureds as their interest may appear.

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

8.4 FNMA and GNMA Requirements. Notwithstanding any other provisions of this Article, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by Federal National Mortgage Association and

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Government National Mortgage Association, so long as either is a mortgagee or Owner of a unit within the condominium, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

ARTICLE IX

AMENDMENTS TO BYLAWS

9.1 How Proposed. Amendments to the bylaws shall be proposed by either a majority of the board of directors or by unit owners holding thirty percent (30%) 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.

9.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by unit owners holding seventy-five percent (75%) of the voting rights and by declarant until the last phase is annexed and so long as declarant owns 20 percent (20%) or more of the units in the last phase of the condominium. Declarant's consent shall not be required after five years after the date of recording of the declaration. Neither Section 5.3 nor any other provision of these bylaws which is for the benefit of mortgagees may be amended without the written consent of all mortgagees.

9.3 Execution and Recording. An amendment shall not be effective until certified by the chairman and secretary of the Association, approved by the Real Estate Commissioner, and recorded as required by law.

ARTICLE X

MISCELLANEOUS

10.1 Notices. All notices to the Association or to the board of directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the board of directors may hereafter designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the board of directors, or if no address has been designated, then to the owner's unit.

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

10.3 Action Without a Meeting. Any action which the Oregon Unit Ownership Law, the declaration or the bylaws require or permit the owners or directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the owners or directors, shall be filed in the records of minutes of the Association.

10.4 Invalidity; Number; Captions. The invalidity of any part of these bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these bylaws.

10.5 Conflicts. These bylaws are intended to comply with the Oregon Unit Ownership Law and the declaration. In case of any irreconcilable conflict, such statute and document shall control over these bylaws or any rules and regulations adopted hereunder.

DATED this 3rd day of DECEMBER, 1981.

SILVEY-BARNES PROPERTIES,
a Joint Venture

By Silvey Development Corporation

By 

By William G. Barnes & Son Co., Inc.

By 

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BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
GOOSE HOLLOW VILLAGE CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

1.1 Name and Location. These are the bylaws of the ASSOCIATION OF UNIT OWNERS OF GOOSE HOLLOW VILLAGE CONDOMINIUM (hereinafter the "Association"). Goose Hollow Village Condominium, (hereinafter the "condominium") is located in Multnomah County, Oregon, and has been submitted to the Oregon Unit Ownership Law by a declaration filed simultaneously herewith and by supplemental declarations, if any, annexing property to the condominium (hereinafter collectively called "the declaration"). The location of the condominium is more specifically described in the declaration.

1.2 Principal Office. The principal office of the Association shall be located at 18791 SW Martinazzi, Tualatin, Oregon 97062, or such other address as may be designated by the board of directors from time to time.

1.3 Purposes. This Association is formed under the provisions of the Oregon Unit Ownership Law to serve as the means through which the unit owners may take action with regard to the administration, management and operation of the condominium.

1.4 Applicability of Bylaws. The Association, all unit owners, and all persons using the condominium property shall be subject to these bylaws and to all rules and regulations which may be promulgated hereunder.

1.5 Composition of Association. The Association shall be composed of all the unit owners of the condominium, including Silvey-Barnes Properties, a joint venture composed of Silvey Development Corporation, an Oregon corporation, and William G. Barnes & Son Co., Inc., a California corporation, and its successors and assigns (hereinafter, "the declarant"), and the Association, itself, to the extent any of these own any unit or units of the condominium.

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1.6 Incorporation. Upon approval of seventy-five percent (75%) of the voting rights the Association may be incorporated under the Oregon Non-Profit Corporation Law. In such event, the Articles of Incorporation shall be consistent with the declaration and these bylaws, and these bylaws shall constitute the bylaws of the incorporated association.

1.7 Definitions. The definitions contained in or adopted by the declaration shall be applicable to these bylaws.

ARTICLE II

MEETINGS OF ASSOCIATION

2.1 Place of Meetings. The Association shall hold meetings at such suitable place convenient to the unit owners as may be designated by the board of directors from time to time.

2.2 First Organizational Meeting. Within five years after the declarant has submitted the first phase of the condominium to unit ownership and adopted these bylaws as owner of all the units, or within ninety (90) days after declarant has sold and conveyed 87 or more of the units in the condominium, whichever is earlier, the declarant shall call the first meeting of the unit owners to organize the Association and to elect directors. In the event of lack of quorum at such first organizational meeting, it may be adjourned to the time of the next annual meeting.

2.3 Annual Meetings. The annual meetings of the Association shall be held in the months of January or February at such hour and on such date as the chairman may designate, or if the chairman should fail to designate such date by the first day of February, then on the last Tuesday in February. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

2.4 Special Meetings. Special meetings of the Association may be called by the chairman or secretary or by a majority of the board of directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the unit owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

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2.5 Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the chairman or secretary. Such notice shall be in writing and mailed to each unit owner at his address as it appears on the books of the Association and to any first mortgagee requesting such notice not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any unit owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.6 Voting. Each unit owner shall have one vote for each unit of the condominium owned by him. The declarant shall be entitled to vote as the unit owner of any then existing units retained by the declarant, and the board of directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

2.7 Proxies. A vote may be cast in person or by proxy. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing and signed by such owner, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the unit by its owner. A unit owner may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled hereunder and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the board of directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

2.8 Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the secretary that he is the executor, administrator, guardian or trustee, holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the

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vote of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

2.9 Landlords and Contract Vendors. Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the landlord if the rental agreement or lease has an original term of ten (10) years or less, or by the tenant if the rental agreement or lease has an original term of more than ten (10) years. Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any land sale contract on the unit.

2.10 Quorum of Unit Owners. At any meeting of the Association, members holding fifty percent (50%) of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.11 Majority Vote. The vote of the holders of more than fifty percent (50%) of the voting rights, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the declaration or by these bylaws.

2.12 Order of Business. The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;

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- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE III

BOARD OF DIRECTORS

3.1 Number and Qualification. The affairs of the Association shall be governed by a board of directors composed of three (3) to seven (7) persons, as provided in Sections 2 and 3 of this Article. All directors, other than interim directors appointed by declarant, shall be owners or co-owners of units of the condominium. For purposes of this section, the officers of any corporate owner and the partners of any partnership shall be considered co-owners of any units owned by such corporation or partnership.

3.2 Interim Directors. Upon the filing of the declaration submitting the condominium to the Oregon Unit Ownership Law, the declarant hereby appoints the following interim board of three (3) directors, who shall serve until replaced by declarant or their successors have been elected by the unit owners as provided below:

Don V. Silvey
 Don S. Silvey
 Bruce W. Barnes

3.3 Election and Term of Office. At the first organizational meeting called by declarant pursuant to Section 2.2 of these bylaws, the interim directors shall resign and five (5) successors shall be elected, three to serve until the next annual meeting and two to serve until the second annual meeting after their election. Thereafter, at the expiration of the initial term of office of each respective director, his successor shall be elected to serve for a term of two years, so that the term of not less than one-third of the directors shall expire annually. Directors shall hold office until their respective successors have been elected by the unit owners. Election shall be by plurality. Upon a majority vote of the membership, the number of directors may

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be increased to seven (7) directors. Upon such increase, two additional directors shall be elected, one to serve until the next annual meeting and the other to serve until the second annual meeting after their election. Thereafter, each successor shall be elected to serve for a two-year term.

3.4 Vacancies. Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, or by a sole remaining director. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors shall be filled by declarant.

3.5 Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors, other than interim directors, may be removed with or without cause by a majority vote of the unit owners present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.6 Powers and Duties. The board of directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the declaration or by these bylaws may not be delegated to the board of directors by the unit owners. The powers and duties to be exercised by the board of directors shall include, but shall not be limited to the following:

- (a) Operation, care, upkeep, maintenance and repair of the general and limited common elements.
- (b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.
- (c) Collection of the common expenses from the unit owners.
- (d) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the common elements.

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(e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Purchasing units of the condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these bylaws.

(h) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with units of the condominium acquired by the Association or its designee on behalf of all the unit owners.

(i) Obtaining insurance or bonds pursuant to the provisions of these bylaws.

(j) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the board if the total cost will exceed the amount of \$2,500 unless the unit owners have enacted a resolution authorizing the project by a vote of seventy-five percent (75%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to paragraph (a) above.

(k) Designating one or more committees which, to the extent provided in the resolution designating the committee, shall have the powers of the board of directors in the management of the affairs of the Association. At least one member of each committee shall be a member of the board of directors.

(l) Enforcement by legal means of the provisions of the Oregon Unit Ownership Law, the declaration, these bylaws and any rules and regulations adopted hereunder.

3.7 Managing Agent or Manager. On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be

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established by the board of directors. Any such management agreement shall be terminable by the Association for cause upon 30 days' written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors shall act as manager.

3.8 Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the board of directors shall hold an organization meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.9 Regular and Special Meetings. Regular meetings of the board of directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Special meetings of the board of directors may be called by the chairman and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or telegraph at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the board of directors shall be open to unit owners. Such meetings may be conducted by telephonic communication, except that if a majority of the units are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each board of directors' meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and (b) only emergency meetings of the board of directors may be conducted by telephonic communication.

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

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3.11 Quorum of Board of Directors. At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. If at any meeting of the board of directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice to directors.

3.12 Compensation. No director shall receive any compensation from the Association for acting as such.

3.13 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. The directors and officers shall not be liable to the Association of the unit owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the board of directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the declaration or of these bylaws. Each director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of his duties.

3.14 Fidelity Bonds. 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 shall furnish such fidelity bond as the board deems adequate. The premiums on such bonds shall be paid by the Association.

3.15 Insurance. The board of directors shall obtain the insurance required in Article VIII of these bylaws. In addition, the board of directors, in its discretion, may

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obtain such other insurance as it deems necessary to protect the interests of the Association or unit owners. The board of directors shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the condominium.

ARTICLE IV

OFFICERS

4.1 Designation. The principal officers of the Association shall be the chairman, the secretary and the treasurer, all of whom shall be elected by the board of directors. The directors may appoint a vice chairman, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The chairman shall be a member of the board of directors, but the other officers need not be directors or unit owners.

4.2 Election of Officers. The officers of the Association shall be elected annually by the board of directors at the organization meeting of each new board and shall hold office at the pleasure of the board. If any office shall become vacant, the board of directors shall elect a successor to fill the unexpired term at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

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

4.4 Chairman. The chairman shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the board of directors. He shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the unit owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 Secretary. The secretary shall keep the minutes of all proceedings of the board of directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to the unit owners and directors and other notices required by law. He shall keep

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the records of the Association, except for those of the treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the chairman. In addition, the secretary shall act as vice chairman, taking the place of the chairman and performing his duties whenever the chairman is absent or unable to act, unless the directors have appointed another vice chairman.

4.6 Treasurer. The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records, and books of account showing all receipts and disbursements, and for the preparation of required financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the board of directors, and he shall disburse funds of the Association upon properly authorized vouchers. He shall perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned to him by the board of directors.

4.7 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the board of directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairman. All checks shall be signed by the treasurer, or in his absence or disability, by the chairman or any duly elected assistant treasurer.

4.8 Compensation of Officers. No officer who is a member of the board of directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the unit owners. The board of directors may fix any compensation to be paid to any officers who are not also directors.

ARTICLE V

BUDGET, EXPENSES AND ASSESSMENTS

5.1 Budget. The board of directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each unit owner in the proportion set forth in

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the declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis.

5.2 Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost of insurance or bonds obtained in accordance with these bylaws.
- (d) A general operating reserve.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Utilities for the common elements and other utilities with a common meter or commonly billed, such as trash collection, water and sewer.
- (h) Any other items properly chargeable as an expense of the Association.

5.3 Assessment of Common Expenses.

(a) Obligation to pay. All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the association pursuant to these bylaws and the declaration. Assessments may not be waived due to limited or nonuse of the common elements. Subject to paragraph (c) below, declarant shall be assessed as the unit owner of any unsold unit, but such assessments shall be prorated to the date of sale of the unit. The board of directors, on behalf of the association, shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid by him for more than thirty (30) days from the due date for its payment.

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(b) Initial contribution to working capital. At the time of closing of the initial sale of each unit, the purchaser shall make an initial contribution to the working capital of the association equal to two months' of association assessments for the unit. Such initial contribution shall be in addition to the regular monthly common expense assessment.

(c) Commencement of regular assessments. Regular monthly assessments for common operating expenses and reserves shall commence as to each phase upon closing of the first sale of a unit in such phase of the condominium, except that declarant may elect to defer commencement of assessments as to all units until the sale of two-thirds of the units in the first phase of the condominium have closed. If declarant so elects to defer commencement of assessments, declarant shall pay and be responsible for all common operating expenses as they accrue, without cost or operating expense assessment to the other unit owners, until regular assessments commence, except that declarant may assess all units their prorata share of utilities furnished to the project. Declarant shall give 10 days' written notice to individual unit owners prior to the commencement of regular assessments.

(d) Annexation of additional phases. If additional units are annexed to the condominium, the board of directors shall promptly prepare a new budget reflecting the addition to the condominium and shall recompute any previous assessment covering any period after the annexation.

5.4 Special Assessments.

(a) Capital improvements. In the case of any duly authorized capital improvement to the common elements, the board of directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution.

(b) Reserve trust funds. In establishing reserves for the maintenance, repair or replacement of the common elements, the board of directors may elect by resolution to establish one or more trust funds for the maintenance, repair or replacement of specific items, in which case the board shall either designate part of the regular assessment or establish separate assessments for such purposes. The proceeds therefrom shall be held in such trust funds and used only for the designated maintenance, repairs or replacements.

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5.5 Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Association the assessed common expenses, such unit owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such common expenses from the due date thereof, or at such greater rate as may be established by the board of directors from time to time, not to exceed the maximum lawful rate, if any. In addition, the defaulting unit owner shall pay any reasonable late charge established by the board of directors from time to time, together with all expenses incurred by the Association in collecting such unpaid expenses, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal therefrom). The board of directors shall have the right and duty to recover for the Association such common expenses, together with such charges, interest and expenses of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Unit Ownership Law. The board of directors shall notify the holder of any first mortgage upon a unit of any default not cured within thirty (30) days of the date of default.

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

5.7 Statement of Common Expenses. The board of directors shall advise each unit owner in writing of the amount of common expenses payable by him, and furnish copies of each budget on which such common expenses are based to all unit owners and, if requested, to their mortgagees. The board of directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common expenses.

5.8 Priority of Lien; First Mortgages. Any lien of the Association against a unit for common expenses shall be subordinate to tax and assessment liens and any first mortgage of record. Where the purchaser or mortgagee of a unit

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obtains title to the unit as a result of foreclosure of a first mortgage or by deed in lieu of foreclosure, such purchaser or mortgagee, his successors and assigns, shall not be liable for any of the common expenses chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser or mortgagee.

ARTICLE VI

RECORDS AND AUDITS

6.1 General Records. The board of directors and the managing agent or manager, if any, shall keep detailed records of the actions of the board of directors and the managing agent or manager, minutes of the meetings of the board of directors and minutes of the meetings of the Association. The board of directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association, board of directors and the manager. The board of directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of units.

6.2 Records of Receipts and Expenditures. The board of directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common elements, itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the unit owners and mortgagees during normal business hours.

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

6.4 Payment of Vouchers. The treasurer shall pay all vouchers up to \$1,000 signed by the chairman, managing agent, manager or other person authorized by the board of directors. Any voucher in excess of \$1,000 shall require the signature of the chairman.

6.5 Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the board of directors to all unit owners and to

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all mortgagees of units who have requested the same within 90 days after the end of each fiscal year. From time to time the board of directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any owner or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

6.6 Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any unit, the unit owner shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE VII

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

7.1 Maintenance and Repair. Except as otherwise provided herein for damage or destruction caused by casualty:

(a) Units. All maintenance of and repairs to any unit shall be made by the owner of such unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting and staining which at any time may be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of windows and doors and any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, lighting fixtures and lamps, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with his unit.

(b) Common elements. All maintenance, repairs and replacements to the general and limited common elements shall be made by the Association and shall be charged to all the unit owners as a common expense. Each unit owner, however, shall keep the limited common elements which pertain to his unit in a neat, clean and sanitary condition.

7.2 Additions, Alterations or Improvements.

(a) A unit owner may make any improvements or alterations to his unit that do not impair the structural integrity or mechanical systems of the

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condominium or lessen the support of any portion of the condominium.

(b) After acquiring an adjoining unit or an adjoining part of an adjoining unit, a unit owner may submit a written request to the board of directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition in whole or in part is a common element. The board of directors shall approve the change unless it determines within forty-five (45) days that the proposed change will impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. The board of directors may require the unit owner, at his own expense, to submit an opinion of a registered architect or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

(c) A unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the property, reduce its value, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained.

(d) A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without permission of the board of directors.

7.3 Damage or Destruction by Casualty of Condominium Property. In the case of substantial damage or destruction, timely written notice shall be given to the unit owners and their mortgagees and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association.

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Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless unit owners holding ninety percent (90%) of the voting power, whether in person, by writing or by proxy, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. If the damage or destruction is not repaired, reconstructed or rebuilt, then the property shall be removed from condominium ownership in the manner provided in the Oregon Unit Ownership Law.

(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance coverage and any deductible under such policies, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing or rebuilding of his unit as is not covered by the Association's insurance.

(c) If, due to the act or neglect of a unit owner, or of a member of his family or his household pet or of a guest or other authorized occupant or visitor of such unit 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 unit owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not covered by the Association's insurance.

(d) In the event any portion of the insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit owners and their mortgagees (as their interests may appear) in the same proportion as common expenses are shared, unless the property is removed from unit ownership. If the property is removed from unit ownership, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the unit owners and their mortgagees (as their interests may appear) in the manner described in the Oregon Unit Ownership Law.

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7.4 Condemnation. If any portion of the condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each unit owner and to each mortgagee. All compensation, damages or other proceeds of the taking, other than any award for moving expenses of specific unit owners, shall be payable to the Association and allocated and distributed as provided in this Section 7.4.

(a) Complete Taking. If the entire condominium property is taken, or if unit owners holding ninety percent (90%) of the voting power agree that such substantial portion of the condominium has been taken as to make the project obsolete, then the property shall be deemed removed from unit ownership. In such event, any proceeds of the condemnation paid to the Association, together with any other proceeds upon sale of the remaining condominium property, shall be distributed among the unit owners and their mortgagees, as their interests may appear, in accordance with the provisions of the Oregon Unit Ownership Law.

(b) Partial Taking. If less than the entire condominium property is taken and the property is not determined to be obsolete as provided in paragraph (a) above, then as soon as practicable the board of directors shall, reasonably and in good faith, allocate the award among the units in accordance with the reduction in the value of each unit and its interest in the common elements, compared to the total reduction in value of all units and their interest in the common elements. In the event any unit owner or mortgagee objects to the allocation determined by the board of directors, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a unit owner under this paragraph shall be paid first to all mortgagees and holders of liens on the unit owner's interest in accordance with the existing priorities, and the balance to the unit owner. If any reconstruction and repair is undertaken as a result of the condemnation, the board of directors may retain and apply such portion of each unit owner's share of the award as is necessary to discharge the owner's liability for any special

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assessment arising from such reconstruction or repair.

7.5 Restrictions and Requirements Respecting Use of Condominium Property. The following restrictions and requirements are in addition to all other restrictions and requirements contained in the the declaration and these bylaws:

(a) Residential use. No commercial activities of any kind shall be carried on in any unit or in any other portion of the condominium without the consent of the board of directors of the Association or manager, except activities relating to the rental or sale of units. This provision, however, shall not be construed so as to prevent or prohibit a unit owner from maintaining his professional personal library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in his unit.

(b) Use of common elements. The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

(c) Offensive or unlawful activities. No noxious or offensive activities shall be carried on in any unit nor shall anything be done or placed upon any unit which interferes with or jeopardizes the enjoyment of other units or the common elements or which is a source of annoyance to residents. Unit occupants shall exercise extreme care not to make noises which may disturb other unit occupants, including the use of musical instruments, radios, televisions and amplifiers. No unlawful use shall be made of the condominium nor any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(d) Animals. No animals or fowls shall be raised, kept or permitted within the condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit. No such dogs, cats or pets shall be permitted to run at

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large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective owners thereof. All dogs shall be kept on a leash while outside a unit. A unit owner may be required to remove a pet after receipt of two notices in writing from the board of directors of violations of any rule, regulation or restriction governing pets within the condominium.

(e) Exterior lighting or noisemaking devices and antennas. Except with the consent of the board of directors of the Association or manager, no exterior lighting or noise making devices shall be installed or maintained on any unit and no antennas or transmitting towers shall be affixed to the general or limited common elements.

(f) Windows, decks, patios and outside walls. In order to preserve the attractive appearance of the condominium the board of directors of the Association or the manager may regulate the nature of items which may be placed in or on windows, decks, patios, and the outside walls so as to be visible from other units, the common elements, or outside the condominium. Garments, rugs, laundry and other similar items may not be hung from windows, facades, decks or patios.

(g) Vehicles in disrepair. No unit owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked within the condominium or on any adjoining street for a period in excess of 48 hours. A vehicle shall be deemed in an "extreme state of disrepair" when, in the opinion of the board of directors, its condition is such that its presence offends the occupants of the condominium.

(h) Leasing and rental of units. Except with the consent of the board of directors of the Association or the manager and except for a lender in possession following default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner may lease or rent less than his entire unit and no unit owner may rent his unit for transient or hotel purposes. All leases or rentals shall be by written lease agreement, which shall provide that

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the terms of the lease shall be subject in all respects to the provisions of the declaration and these bylaws, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. If the board of directors finds that a lessee or tenant has violated any provision of the declaration, these bylaws or the rules and regulations, the board may require the unit owner to terminate such lease or rental agreement. Other than the foregoing, there is no restriction on the right of any unit owner to lease or rent his unit.

(i) Signs. Unless written approval is first obtained from the board of directors, no sign of any kind shall be displayed to the public view on or from any unit or the common elements except signs used by the declarant to advertise units for sale or lease.

(j) Trash. No part of any unit or any part of the common elements shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. No garbage, trash or other waste shall be kept or maintained on any part of the property except in sanitary containers in the designated areas.

(k) Insurance. Nothing shall be done or kept in any unit or in the common elements which will increase the cost of insurance on the common elements. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in cancellation of insurance on any unit or any part of the common elements.

(l) Association rules and regulations. In addition, the board of directors from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium property. Such action may be modified by vote of not less than seventy percent (70%) of the voting rights present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation of rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption,

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and a copy of each amendment, modification or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

7.6 Abatement and Enjoining of Violations. The violation of any rule or regulation adopted pursuant to these bylaws or the breach of any bylaw contained herein or of any provision of the declaration shall give the board of directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these bylaws:

- (a) to enter the unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the board of directors shall not thereby be deemed guilty of any manner of trespass; or
- (b) to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings; or
- (c) to levy reasonable fines, after giving notice and an opportunity to be heard.

Any expense incurred by the Association in remedying the default, damage incurred by the Association or unit owners, or fines so levied shall be assessed against the offending unit as a common expense and enforced as provided in Article V. In addition, any aggrieved unit owner may bring an action to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE VIII

INSURANCE

8.1 Insurance. For the benefit of the Association and the unit owners, the board of directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

- (a) A policy or policies of insurance covering loss or damage from fire, with extended coverage endorsement, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable

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replacement value of the units and common elements, subject to a reasonable deductible. The policy or policies shall cover all fixtures, improvements and alterations comprising a part of each unit and refrigerators, air conditioners, cooking ranges, dishwashers and clothes washers and dryers contained within units and owned by the unit owner. Such policy or policies shall name developer, the Association and the unit owners as insureds, as their interest may appear, and shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit, if any.

(b) A policy or policies insuring the developer, the Association, the board of directors, the unit owners and the managing agent, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the ownership or use of the property. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or board of directors) for liability arising out of acts or omission of such unit owner and liability incident to the ownership and/or use of the part of the property as to which such unit owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single limit basis. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured; and

(c) Workman's compensation insurance to the extent necessary to comply with any applicable laws.

Each unit owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under paragraph (a) above and against his liability not covered under paragraph (b) above, unless the Association agrees otherwise.

8.2 Policies. Insurance obtained by the Association shall be governed by the following provisions:

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(a) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon and holding a commissioner's rating of "A," and a size rating of "B+," or better by the Best's Insurance Reports current at the time the insurance is written or, prior to the initial meeting of the Association, one acceptable to developer.

(b) All losses under policies hereafter in force regarding the property shall be settled exclusively with the board of directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the unit owners, or, upon demand of any mortgagee, to an insurance trustee acceptable to the Association and mortgagees of units.

(c) Each unit owner shall be required to notify the board of directors of all improvements made by the owner to his unit, the value of which is in excess of Five Hundred Dollars (\$500). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board of directors pursuant to Section 7.2.

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

8.3 Provisions. The board of directors shall make every effort to secure insurance policies that will provide for the following:

(a) A waiver of subrogation by the insurer as to any claims against the board of directors, the manager, the unit owners and their respective servants, agents and guests.

(b) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual owners.

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(c) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the board of directors or the manager without prior demand in writing that the board of directors or manager cure the defect.

(d) A provision that any "no other insurance" clause in the master policy exclude individual owners' policies from consideration, and a waiver of the usual proration clause with respect to such policies.

(e) A provision that the insurer issue subpolicies specifying the portion of the master policy earmarked for each owner's interest and that until the insurer furnished written notice and a grace period to the mortgagee insured under the loss payable clause thereof, the mortgagee's coverage is neither jeopardized by the conduct of the unit mortgagor-owner, the Association, or other unit owners nor cancelled for nonpayment of premiums.

(f) A rider on the master policy patterned after "Use and Occupancy" insurance which will provide relief from monthly assessments while a unit is uninhabitable by the payment of the condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and mortgage payments. The proceeds from any casualty policy, whether held by the Association or a unit owner, payable with respect to any loss or damage to the common elements, shall be held in trust for the benefit of all insureds as their interest may appear.

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

8.4 FNMA and GNMA Requirements. Notwithstanding any other provisions of this Article, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by Federal National Mortgage Association and

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Government National Mortgage Association, so long as either is a mortgagee or Owner of a unit within the condominium, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

ARTICLE IX

AMENDMENTS TO BYLAWS

9.1 How Proposed. Amendments to the bylaws shall be proposed by either a majority of the board of directors or by unit owners holding thirty percent (30%) 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.

9.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by unit owners holding seventy-five percent (75%) of the voting rights and by declarant until the last phase is annexed and so long as declarant owns 20 percent (20%) or more of the units in the last phase of the condominium. Declarant's consent shall not be required after five years after the date of recording of the declaration. Neither Section 5.8 nor any other provision of these bylaws which is for the benefit of mortgagees may be amended without the written consent of all mortgagees.

9.3 Execution and Recording. An amendment shall not be effective until certified by the chairman and secretary of the Association, approved by the Real Estate Commissioner, and recorded as required by law.

ARTICLE X

MISCELLANEOUS

10.1 Notices. All notices to the Association or to the board of directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the board of directors may hereafter designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the board of directors, or if no address has been designated, then to the owner's unit.

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

10.3 Action Without a Meeting. Any action which the Oregon Unit Ownership Law, the declaration or the bylaws require or permit the owners or directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the owners or directors, shall be filed in the records of minutes of the Association.

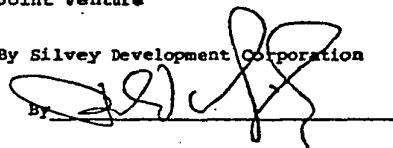
10.4 Invalidity; Number; Captions. The invalidity of any part of these bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these bylaws.

10.5 Conflicts. These bylaws are intended to comply with the Oregon Unit Ownership Law and the declaration. In case of any irreconcilable conflict, such statute and document shall control over these bylaws or any rules and regulations adopted hereunder.

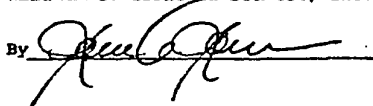
DATED this 3rd day of DECEMBER, 1981.

SILVEY-BARNES PROPERTIES,
a Joint Venture

By Silvey Development Corporation

By 

By William G. Barnes & Son Co., Inc.

By 

REVISED

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AFTER RECORDING, RETURN TO:
Howard M. Feuerstein
Stoel Rives Boley Jones & Grey
900 SW Fifth Avenue, Suite 2300
Portland, Oregon 97204

DECLARATION SUBMITTING
CLAYBORN CONDOMINIUM
TO CONDOMINIUM OWNERSHIP

DABBOOSON, INC., an Oregon corporation,
DECLARANT

FDX1-12-22-1 21702 0001

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May 15, 1995

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DECLARATION SUBMITTING
CLAYBORN CONDOMINIUM
TO CONDOMINIUM OWNERSHIP

THIS DECLARATION, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 12th day of December, 1994 by DABBOOSON, INC., an Oregon corporation ("Declarant").

Declarant proposes to create a condominium to be known as Clayborn Condominium, which will be located in the City of Portland, Multnomah County, Oregon. The purpose of this Declaration is to submit Clayborn Condominium to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

NOW, THEREFORE, Declarant does hereby declare and provide as follows:

ARTICLE I.

DEFINITIONS

When used in this Declaration the following terms shall have the following meanings:

1.1 "Association" means the association of unit owners established pursuant to Article 14 below.

1.2 "Bylaws" means the Bylaws of the Association of Unit Owners of Clayborn Condominium adopted pursuant to Section 14.4 below as the same may be amended from time to time.

1.3 "Condominium" means all of that property submitted to the condominium form of ownership by this Declaration.

1.4 "Declarant" means Dabbooson, Inc., an Oregon corporation, and its successors and assigns.

1.5 "Declaration" means this Declaration as the same may hereafter be amended.

1.6 "Eligible Mortgage Insurer or Guarantor" means an insurer or governmental guarantor of a first mortgage on a unit who has requested notice of certain matters from the Association in accordance with Section 13.1 below.

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1.7 "Eligible Mortgage Holder" means a holder of a first mortgage on a unit who has requested notice of certain matters from the Association in accordance with Section 13.1 below, but shall not include a contract vendor.

1.8 "Mortgage" and "Mortgagee" mean, respectively, a recorded mortgage, trust deed or contract of sale which creates a lien against a unit, and the holder, beneficiary or vendor of such a mortgage, trust deed or contract of sale.

1.9 "Plat" means the plat of Clayborn Condominium recorded simultaneously with the recording of this Declaration.

1.10 "Incorporation by Reference." Except as otherwise provided in this Declaration, each of the terms defined in ORS 100.005, a part of the Oregon Condominium Act, shall have the meanings set forth in such section.

ARTICLE 2.

SUBMISSION OF PROPERTY TO CONDOMINIUM STATUTE

The property submitted to the Oregon Condominium Act by this Declaration is held by Declarant and conveyed by Declarant in fee simple estate. The land submitted is located in the City of Portland, Multnomah County, Oregon, and is more particularly described in the attached Exhibit A. The property submitted includes the land so described, all buildings, improvements and structures, all easements, and rights and appurtenances located on, belonging to or used in connection with such land.

ARTICLE 3.

NAME OF CONDOMINIUM

The name by which the Condominium shall be known is "Clayborn Condominium."

ARTICLE 4.

UNITS

4.1 "General Description of Buildings." The Condominium contains one building of dwelling units. Such building contains three stories, with basement garage. The building is of wood frame construction with LP lap siding and built up and composition shingle roof.

4.2 "General Description, Location and Designation of Units." The Condominium consists of a total of thirty (30) units. The dimensions, designation and location of each unit are shown in the Plat, which is made a part of this

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Declaration as if fully set forth herein. The approximate area of each unit is shown on the attached Exhibit B.

4.3 Boundaries of Units. Each unit shall be bounded by the interior surfaces of its perimeter and bearing walls, floors, ceilings, windows and window frames, doors and door frames, and trim. The unit 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 and the exterior surfaces so described. All other portions of the walls, floors or ceilings shall be a part of the common elements. In addition, each unit shall include the following: (a) all spaces, nonbearing interior partitions, windows, window frames, exterior doors, door frames and all other fixtures and improvements within the boundaries of the unit; (b) all outlets of utility and communications service lines, 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) all heating and air conditioning fixtures and pumps in or connected with the unit.

ARTICLE 5.

GENERAL COMMON ELEMENTS

The general common elements consist of the following:

5.1 The land, pathways, driveways, fences, grounds, courtyards, electrical room, elevator maintenance room, janitorial closets and garage, except parking spaces within the garage as shown on the Plat, which are designated as limited common elements by Article 6 below.

5.2 Pipes, ducts, flues, chutes, conduits, wires and other utility and communications installations to their outlets, exclusive of heating and air conditioning fixtures and pumps in or connected to a unit.

5.3 Roofs, foundations, bearing walls, perimeter walls, beams, columns and girders to the interior surfaces thereof.

5.4 Stairways, landings, hallways, elevator, entrances, lobbies and exits which are not part of a unit.

5.5 All other elements of the buildings and the Condominium necessary or convenient to their existence, maintenance and safety, or normally in common use, except as may be expressly designated in this Declaration as part of a unit or a limited common element.

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ARTICLE 6.

LIMITED COMMON ELEMENTS

The following shall constitute limited common elements, the use of which shall be restricted to the units to which they pertain:

6.1 All patios and decks, each of which shall pertain to the unit which it adjoins as shown on the Plat.

6.2 Parking spaces within the garage as shown on the Plat, each of which shall pertain to the unit indicated in the attached Exhibit C; provided, however, that any such parking space may be transferred so as to pertain to a different unit by an amendment to this Declaration executed by the owner and any mortgagee of the unit to which the parking space previously pertained and by the owner of the unit to which the space is being transferred. Such transfer shall be effective upon the recording of such amendment in the Deed Records of Multnomah County, Oregon. No transfer, however, shall be such as to leave any unit without at least one parking space assigned to it as a limited common element.

ARTICLE 7.

ALLOCATION OF UNDIVIDED INTERESTS IN COMMON ELEMENTS

Each unit will be entitled to an undivided ownership interest in the common elements determined by the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined, as shown on the attached Exhibit B. Each unit's interest in the common elements shall be inseparable from the unit and any conveyance, encumbrance, judicial sale, or other transfer, voluntary or involuntary, of an undivided interest in the common elements shall be void unless the unit to which that interest is allocated is also transferred.

ARTICLE 8.

COMMON PROFITS AND EXPENSES; VOTING

8.1 Allocation of Common Profits and Expenses. The common profits and common expenses of the Condominium shall be allocated to the owner of each unit according to the allocation of undivided interest of such unit in the common elements. Except upon termination of the Condominium or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any such common profits shall be used solely for the purpose of maintaining, repairing and replacing the common elements or for other expenses or reserves of the Association.

8.2 Allocation of Voting Rights. Each unit owner shall be entitled to one vote in the affairs of the Association and for the purposes of this Declaration for each unit owned by him. The method of voting shall be as specified in the Bylaws.

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ARTICLE 9.

SERVICE OF PROCESS

The designated agent to receive service of process in cases provided in subsection (1) of ORS 100.550 is named in the Condominium Information Report which has been filed in accordance with ORS 100.250(1)(a).

ARTICLE 10.

USE OF PROPERTY

Each unit is to be used for residential purposes as described in the Bylaws. Additional limitations on use are contained in the Bylaws and the rules and regulations adopted pursuant to the Bylaws. Each unit owner shall be bound by each of such documents.

ARTICLE 11.

MAINTENANCE OF COMMON ELEMENTS

11.1 Responsibility for Maintenance. The necessary work to maintain, repair or replace the common elements shall be the responsibility of the board of directors of the Association and shall be carried out as provided in the Bylaws.

11.2 Mortgagee's Rights upon Failure to Maintain. If the mortgagee of any unit determines that the board of directors is not providing an adequate maintenance, repair and replacement program for the common elements, such mortgagee, at its option, may give a notice to the board of directors by delivering same to the registered agent, setting forth the particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 90 days subsequent to receipt of such notice, then the mortgagee, upon written notice to the registered agent that it is exercising its proxy rights, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each unit on which it holds a mortgage on all business coming before such meeting. Such proxy rights shall continue until the defects listed on the notice are corrected.

11.3 Rights of City Upon Failure to Maintain. The provisions of this Declaration and of the Bylaws regarding the maintenance, repair and replacement of the common elements shall be deemed to be for the benefit of the City of Portland, as well as the unit owners, and the City may enforce such provisions by appropriate proceedings at law or in equity. Without limitation to the foregoing, the City may deliver a written notice to the board of directors by delivering the same to the registered agent, setting forth the particular defect which it believes exists in the

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maintenance, repair and replacement program. If the specified defects are not corrected within 30 days after receipt of the notice, or, if such correction cannot reasonably be completed within such time, the Association fails within such time to commence and pursue the correction with reasonable diligence, then the City may take necessary curative action. In such event, the cost of correction by the City shall constitute a lien against each unit and its interest in the common elements based upon such unit's share of the common expenses as provided in this Declaration.

ARTICLE 12.

EASEMENTS

12.1 In General. Each unit has an easement in and through each other unit and the common elements for all support elements and utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium. In addition, each unit and all the common elements are specifically subject to easements as required for the electrical wiring and plumbing for each unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common elements reserved by law. Each unit owner has an unrestricted right of ingress and egress to his or her unit. This right is perpetual and passes with the ownership of the unit.

12.2 Encroachments. 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 movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection as long as the physical boundaries of the units are in substantial accord with the description of those boundaries that appears in the Declaration. There shall be valid easements for the maintenance of the encroaching units and common elements so long as the encroachments shall exist, and the rights and obligations of owners shall not be altered in any way by the encroachment. This provision does not relieve a unit owner of liability in the case of willful misconduct of the unit owner, or relieve Declarant or any contractor, subcontractor or materialman from any liability as a result of failure to adhere to the Plat. The encroachments described in this Section 12.2 shall not be construed to be encumbrances affecting the marketability of title to any unit.

12.3 Granting of Easements by Association. The Association, upon prior approval of 75 percent of the voting power of the unit owners, may execute, acknowledge, deliver and record on behalf of the unit owners leases in excess of two years, easements, rights-of-way, licenses, and similar interests affecting the common elements and consent to vacation of roadways within and adjacent to the Condominium. Any such instrument shall be executed by the chairman and secretary of the Association. No such interest may be granted with regard to a limited

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common element unless the owners and mortgagees of the units having the right to use such limited common element join in the instrument granting the interest.

12.4 Right of Entry. The board of directors of the Association, managing agent, manager or any other person authorized by the board of directors shall have the right to enter any unit in the case of an emergency originating in or threatening such unit or other condominium property, whether or not the owner is present at the time. Such persons shall also have the right to enter any unit for the purpose of performing installations, alterations or repairs to any common element and for the purpose of inspection to verify that the unit owner is complying with the restrictions and requirements described in this Declaration and the Bylaws, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner.

12.5 Easements for Declarant. Declarant and Declarant's agents, successors and assigns shall have an easement over and upon the common elements as may be reasonably necessary for the purpose of completing or making repairs to existing structures, for the purpose of carrying out sales and rental activities necessary or convenient for the sale or rental of units, including, without limitation, the right to use the units owned by Declarant as model units and the right to use a unit as a sales office, and for the purpose of discharging any other obligation of Declarant or exercising any other special Declarant right, whether arising under the Oregon Condominium Act or reserved in this Declaration or the Bylaws.

ARTICLE 13.

APPROVAL BY MORTGAGEES

13.1 Notice of Action. Upon written request to the Association identifying the name and address of the holder, insurer or guarantor and the unit number or address of the unit on which it has (or insures or guarantees) the mortgage, any such eligible mortgage holder or eligible insurer or guarantor shall be entitled to timely written notice of the following:

- (a) Any condemnation or casualty loss which affects a material portion of the Condominium or affects the unit securing its mortgage.
- (b) Any 60-day delinquency in the payment of assessments or charges owed by an owner of any unit on which it holds the mortgage.
- (c) Any lapse, cancellation or material modification of any insurance policy maintained by the Association.
- (d) Any proposed action which would require consent of a specified percentage of eligible mortgage holders as required by this article.

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13.2 Termination and Amendment to Documents.

(a) The approval of eligible holders holding mortgages on units which have at least 67 percent of the voting rights of units subject to eligible holder mortgages shall be required to terminate the legal status of the project as a condominium for reasons other than substantial destruction or condemnation of the property.

(b) Except when a greater percent is required by the Declaration or Bylaws, or a greater or lesser percent is required by the Oregon Condominium Act, the consent of the owners of units holding at least 67 percent of the voting rights and the approval of eligible holders holding mortgages on units which have at least 51 percent of the voting rights of the units subject to eligible holder mortgages shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws which changes any of the following shall constitute a material change:

- (1) Voting rights;
- (2) Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or subordination of such liens;
- (3) Reduction in reserves for maintenance, repair and replacement of the common elements;
- (4) Responsibility for maintenance and repairs;
- (5) Reallocation of interests in the general or limited common elements, or rights to their use, except as otherwise provided in Section 6.2;
- (6) The boundaries of any unit;
- (7) Convertibility of units into common elements or of common elements into units;
- (8) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium, except as provided in Article 15;
- (9) Hazard or fidelity insurance requirements;
- (10) Imposition of any restrictions on the leasing of units;
- (11) Imposition of any restriction on the right of a unit owner to sell or transfer his or her unit;

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(12) A decision by the Association to establish self-management when professional management had been required previously by this Declaration, the Bylaws or an eligible mortgage holder;

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

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

(15) Any provisions that expressly benefit mortgage holders, insurers or guarantors.

(c) An addition or amendment to the Declaration or Bylaws shall not be considered material for purposes of Section 13.2.(b) if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who receives a written request to approve any termination, additions or amendments and who does not deliver or post to the requesting party a negative response within 30 days shall after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, return receipt requested, be deemed to have approved such request.

13.3 Additional Approvals. In addition to any other approvals required by the Oregon Condominium Act, this Declaration or the Bylaws, the prior written approval of two-thirds of the holders of first mortgages on units in the Condominium (based upon one vote for each first mortgage owned) or unit owners (other than Declarant) must be obtained for the following:

(a) Abandonment or termination of the Condominium regime.

(b) Any change in the pro rata interest or obligations of any individual unit for (a) purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining the pro rata share of ownership of each unit in the common elements.

(c) The partition or subdivision of any unit.

(d) Abandonment, partition, subdivision, encumbrance, sale or transfer of the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause.

(e) Use of hazard insurance proceeds for losses to any condominium property, whether to units or to common elements, for other than the repair,

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replacement or reconstruction of such improvements, except as provided by statute in cases of substantial loss to the units and/or common elements of the condominium project.

13.4 Notice to First Mortgagees of Defaults. Any first mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by the owner of the mortgaged unit of any obligation under this Declaration, the rules and regulations or the Bylaws which is not cured within 60 days.

ARTICLE 14.

ASSOCIATION OF UNIT OWNERS

14.1 Organization. Upon the recording of this Declaration an association of unit owners shall be organized to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. The name of this association shall be "Association of Unit Owners of Clayborn Condominium," and the Association shall be an Oregon nonprofit corporation.

14.2 Membership; Board of Directors. Each unit owner shall be a member of the Association. The affairs of the Association shall be governed by a board of directors as provided in the Bylaws.

14.3 Powers and Duties. The Association shall have such powers and duties as may be granted to it by the Oregon Condominium Act, including each of the powers set forth in ORS 100.405(4), together with such additional powers and duties afforded it by this Declaration or the Bylaws.

14.4 Adoption of Bylaws, Declarant Control of Association. Upon the execution and the recording of this Declaration, Declarant shall adopt Bylaws for the Association, which Bylaws are attached as Exhibit D. At the same time, Declarant will appoint an interim board of directors of the Association, which directors shall serve until their successors have been elected as provided in Section 3.4 of the Bylaws. In addition, Declarant shall have the right to consent to any amendment to the Declaration or the Bylaws as provided in Section 16.2 below and Section 9.2 of the Bylaws.

ARTICLE 15.

RELOCATION OF BOUNDARIES

15.1 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 which shall identify the units involved,

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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.

15.2 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.

15.3 The amendment shall be executed by the owners and mortgagees of the affected units, certified by the chairman 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.

ARTICLE 16.

AMENDMENT

16.1 How Proposed. Amendments to the Declaration shall be proposed by either a majority of the board of directors or by unit owners holding thirty percent (30%) 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.

16.2 Approval Required. Except as may otherwise be provided in this Declaration or by the Oregon Condominium Act, this Declaration may be amended if such amendment is approved by unit owners holding 75 percent of the voting rights of the Condominium and by mortgagees to the extent required by Article 16. Declarant's prior written consent shall also be required so long as Declarant owns 25 percent or more of the units in the Condominium, but no such consent shall be required after three years from the date of conveyance of the first unit to a person other than Declarant. No amendment may change the size, location, allocation of undivided interest in the common elements, method of determining liability for common expenses, right to common profits, or voting rights of any unit unless such amendment has been approved by the owners and mortgagees of the affected unit. Any amendment which would limit or diminish any special Declarant rights established in the Declaration shall require the written consent of Declarant.

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16.3 Recordation. The amendment shall be effective upon recordation in the Deed Records of Multnomah County, Oregon, of the Declaration as amended or of the amendment thereto, certified to 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 Real Estate Commissioner if such approvals are required by the Oregon Condominium Act.

ARTICLE 17.

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.

ARTICLE 18.

APPLICABILITY

Each unit owner, including Declarant as to any unsold unit, shall be subject to all of the rights and duties assigned to unit owners under the terms of the Declaration and Bylaws.

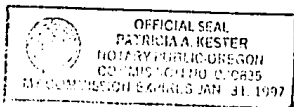
IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 12th day of December 1994

DABBOOSON, INC., an
Oregon corporation

By Robert Eskandarian
Robert Eskandarian, Vice President

STATE OF OREGON)
) ss.
County of Multnomah

The foregoing instrument was acknowledged before me this 12th day of December, 1994 by Robert Eskandarian, Vice President of Dabbooson, Inc., an Oregon corporation, on behalf of the corporation.



Patricia A. Kester
Notary Public for Oregon
My commission expires: 1/31/97

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MORTGAGEE'S CONSENT

BANK AUDI CALIFORNIA is the owner and holder of a mortgage on the property being submitted to the Oregon Condominium Act hereunder and consents to the making of the foregoing Declaration.

BANK AUDI CORPORATION, a
California corporation

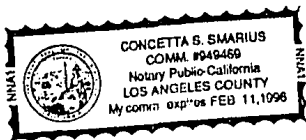
By [Signature]
Ronald Henoud
Its Vice President

BANK AUDI CORPORATION, a
California corporation

By [Signature]
Houri R. Arabyan
Its Credit Officer

STATE OF California)
County of Los Angeles) ss.

On this 23rd day of December, 1994 personally appeared before me Ronald Henoud and Houry Arabyan who, being duly sworn, did say that they are is the v.p. and credit officer of BANK AUDI CORPORATION, and that said instrument was signed in behalf of said corporation by authority of its board of directors; and they acknowledged said instrument to be its voluntary act and deed.



[Signature]
Notary Public for _____
My commission expires: 2-11-96

The foregoing Declaration is approved this 15th day of MAY, 1995.

ASSESSOR AND TAX COLLECTOR
FOR MULTNOMAH COUNTY

By [Signature] DEPUTY

May 15, 1995

The foregoing Declaration and Bylaws attached hereto are approved
this 17th day of May, 1995.

GENE OSBORN, Acting Real Estate
Commissioner

By Stan F. Mayfield

PDX1-126226.1 23702 0001

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EXHIBIT A

Clayborn Condominium

A tract of land situated in the northeast 1/4 of Section 4, Township 1 South, Range 1 East, Willamette Meridian, City of "Portland", Oregon, said tract also being located in the north 1/2 of Block "X" of "Portland" and said tract being more particularly described as follows:

Beginning at a found 5/8-inch iron rod with a yellow plastic cap marked "Buford and Assoc. PLS 1480" located on the north line of the north one half of Block "X" of "Portland" as recorded in Plat Book 2 at page 2 of the Multnomah County Records; said point being the initial point of this plat and bears South 69°59'57" East 297.53 feet from a found 2-inch iron pipe which is 1.00 foot deep at the initial point of "Goose Hollow Village Condominium (Phase 1)" as recorded in Plat Book 1215 at page 73, said county records; and point also being described in trust deed recorded March 8, 1990, in Deed Book 2281 at page 1551 Multnomah County Records; thence from the initial point South 19°59'55" West 100.00 feet; thence North 69°59'57" West 14.89 feet; thence South 19°59'55" West 100.01 feet to the northerly line of Southwest Clay Street; thence along the said northerly line North 70°00'00" West 95.07 feet; thence North 20°00'00" East 5.00 feet; thence North 70°00'00" West 12.00 feet; thence North 20°00'00" East 28.00 feet; thence South 70°00'00" East 6.00 feet; thence North 20°00'00" East 6.00 feet; thence North 70°00'00" West 14.00 feet to a 5/8-inch iron rod with a red plastic cap marked "LS 1570" and being located on the easterly line of "Goose Hollow Village Condominium" as recorded in Plat Book 1215 at page 73; thence along the easterly line and its extension North 20°00'00" East 5.92 feet; thence North 70°00'00" West 13.50 feet to said easterly line; thence along the easterly line of said "Goose Hollow Village Condominium" North 20°00'00" East 84.50 feet; thence along said easterly line and the southerly line of "Goose Hollow Village Condominium (Phase 2)" South 89°40'24" East 35.68 feet; thence leaving said southerly line North 20°07'09" East 54.58 feet to a 5/8-inch iron rod with a yellow plastic cap marked "LS 1570"; thence North 24°58'17" West 5.66 feet to the southerly line of SW Columbia Street; thence along the southerly line of said street South 69°59'57" East 113.74 feet to the initial point.

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EXHIBIT B
CLAYBORN CONDOMINIUM

Unit No.	Approximate Square Footage	Percentage Interest
101	1,128	3.2311%
102	1,179	3.3772%
103	1,037	2.9704%
104	1,214	3.4774%
105	1,322	3.7868%
106	1,275	3.6521%
107	1,123	3.2168%
108	1,102	3.1566%
109	1,102	3.1566%
110	1,155	3.3084%
201	1,128	3.2311%
202	1,179	3.3772%
203	1,037	2.9704%
204	1,214	3.4774%
205	1,322	3.7868%
206	1,275	3.6521%
207	1,123	3.2168%
208	1,102	3.1566%
209	1,102	3.1566%
210	1,155	3.3083%
301	1,128	3.2311%
302	1,179	3.3772%
303	1,037	2.9704%
304	1,214	3.4774%
305	1,322	3.7868%
306	1,275	3.6521%
307	1,123	3.2168%
308	1,102	3.1566%
309	1,102	3.1566%
310	1,155	3.3083%
	34,911	100.0000%

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EXHIBIT C
Parking Space Assignments
Clayborn Condominium

<u>Unit</u>	<u>Parking Spaces</u>
101	2
102	11
103	10
104	12
105	13
106	14
107	15
108	18
109	19
110	9
201	31-32
202	1
203	4
204	6
205	5
206	17
207	3
208	27
209	28
210	33-34
301	37-38
302	29-30
303	25-26
304	7
305	21-22
306	23-24
307	16
308	8
309	20
310	35-36

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EXHIBIT D

BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
CLAYBORN CONDOMINIUM

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BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
CLAYBORN CONDOMINIUM

ARTICLE 1.

PLAN OF CONDOMINIUM OWNERSHIP

1.1 Name and Location. These are the bylaws of the ASSOCIATION OF UNIT OWNERS OF CLAYBORN CONDOMINIUM (the "Association"). Clayborn Condominium (the "condominium") is located in the City of Portland, Multnomah County, Oregon, and has been submitted to the Oregon Condominium Act by a declaration recorded simultaneously with these bylaws ("the Declaration"). The location of the condominium is more specifically described in the Declaration.

1.2 Principal Office. The principal office of the Association shall be located at 17615 SW 65th Avenue, Lake Oswego, Oregon 97035, or such other address as may be designated by the board of directors from time to time.

1.3 Purposes. This Association is formed under the provisions of the Oregon Condominium Act to serve as the means through which the unit owners may take action with regard to the administration, management and operation of the condominium.

1.4 Applicability of Bylaws. The Association, all unit owners, and all persons using the condominium property shall be subject to these bylaws and to all rules and regulations which may be adopted pursuant to these bylaws.

1.5 Composition of Association. The Association shall be composed of all the unit owners of the condominium, including Dabbooson, Inc., an Oregon corporation, and its successors and assigns ("the Declarant"), and the Association, itself, to the extent any of these own any unit or units of the condominium.

1.6 Incorporation. The Association shall be incorporated under the Oregon Non-Profit Corporation Law. The Articles of Incorporation of the Association shall be consistent with the Declaration and these bylaws, and these bylaws shall constitute the bylaws of the incorporated association.

1.7 Definitions. The definitions contained in or adopted by the Declaration shall be applicable to these bylaws.

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ARTICLE 2.

MEETINGS OF ASSOCIATION

2.1 Place of Meetings. The Association shall hold meetings at such suitable place convenient to the unit owners as may be designated by the board of directors from time to time.

2.2 Organizational and Turnover Meeting. Within three years after the date of conveyance of the first unit to a person other than the Declarant, or within ninety (90) days after Declarant has sold and conveyed seventy-five percent (75%) or more of the units in the condominium, whichever is earlier, the Declarant shall call the first meeting of the unit owners to organize the Association and to elect directors. Notice of such meeting shall be given to all owners as provided in Section 2.5. If Declarant fails to call the meeting, the meeting may be called and notice given by any unit owner or mortgagee of a unit. The expense of giving notice shall be paid or reimbursed by the Association. At the meeting, Declarant shall deliver to the Association such information and documents as may be required by the Oregon Condominium Act. Nothing in this section shall be construed as preventing the Declarant from calling the organizational and turnover meeting prior to such date, or from calling informal, informational meetings of the unit owners.

2.3 Annual Meetings. The annual meetings of the Association shall be held in the month of January or February at such hour and on such date as the chairman may designate, or if the chairman should fail to designate such date by the first day of February, then on the last Tuesday in February. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

2.4 Special Meetings. Special meetings of the Association may be called by the chairman or secretary or by a majority of the board of directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the unit owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

2.5 Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the chairman or secretary. Such notice shall be in writing and mailed to each unit owner at his address as it appears on the books of the Association and to any first mortgagee requesting such notice not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any unit owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

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2.6 Voting. Each unit owner shall have one vote for each unit of the condominium owned by such unit owner. The Declarant shall be entitled to vote as the unit owner of any then existing units retained by the Declarant, and the board of directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

2.7 Proxies. A vote may be cast in person or by proxy. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing and signed by such owner, and shall be filed with the secretary, at any time prior to the meeting. The presence of an owner at a meeting shall automatically revoke such owner's proxy for all matters which come before the meeting while the owner is present. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the unit by its owner. A unit owner may pledge or assign such owner's voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled under these bylaws and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the board of directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

2.8 Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided, that such person shall satisfy the secretary that he or she is the executor, administrator, guardian or trustee, holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

2.9 Landlords and Contract Vendors. Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the landlord if the rental agreement or lease has an original term of ten (10) years or less, or by the tenant if the rental agreement or lease has an original term of more than ten (10) years. Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any recorded land sale contract on the unit.

2.10 Quorum of Unit Owners. At any meeting of the Association, members holding fifty percent (50%) of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes of the meeting shall constitute

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the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.11 Majority Vote. The vote of the holders of more than fifty percent (50%) of the voting rights, present in person or by proxy at a meeting at which a quorum is constituted, shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration or by these bylaws.

2.12 Order of Business. The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

2.13 Ballot Meetings. At the discretion of the board of directors, any matter which might come before the Association at a meeting, including election of directors, may be determined by proxy ballot, rather than at a formal gathering. Ballots shall be sent to all unit owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting rights is required by law, the Declaration or these bylaws. The vote of a ballot meeting shall be determined by the board of directors within 48 hours of the deadline for return of ballots. Within 10 days after the ballots have been counted, each unit owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned.

ARTICLE 3.

BOARD OF DIRECTORS

3.1 Number and Qualification. The affairs of the Association shall be governed by a board of directors composed of three (3) to five (5) persons, as provided in Sections 3.2 and 3.4 of this Article. All directors, other than interim directors appointed by Declarant, shall be owners or co-owners of units of the condominium. For purposes of this section, the officers of any corporate owner and the partners of any partnership shall be considered co-owners of any units owned by such corporation or partnership.

3.2 Interim Directors. Upon the recording of the Declaration submitting the condominium to the Oregon Condominium Act the Declarant shall appoint an interim board of three (3) directors, who shall serve until replaced by Declarant or their successors have been elected by the unit owners as provided below.

3.3 Transitional Committee. Unless the organizational and turnover meeting described in Section 2.2 above has already been held, Declarant shall call a meeting of the unit owners for the purpose of forming a transitional committee. The meeting shall be called within sixty (60) days of conveyance to persons other than Declarant of fifty percent (50%) of the units. Declarant shall give notice of the meeting as provided in Section 2.5 above. The committee shall consist of two or more members elected by the unit owners other than Declarant and not more than one representative of Declarant. The members shall serve until the organizational and turnover meeting. The transitional committee shall be advisory only and its purpose shall be to enable ease of transition from control of the administration of the Association by the Declarant to control by the unit owners. The committee shall have access to the information, documents and records which Declarant must turn over to the unit owners at the time of the organizational and turnover meeting. If Declarant fails to call the meeting to elect a transitional committee within the time specified, the meeting may be called and notice given by any unit owner.

3.4 Election and Term of Office. At the first organizational and turnover meeting called by Declarant pursuant to Section 2.2 of these bylaws, the interim directors shall resign and five (5) successors shall be elected, two (2) to serve until the next annual meeting and three (3) to serve until the second annual meeting after their election. Thereafter, at the expiration of the initial term of office of each respective director, his or her successor shall be elected to serve for a term of two years, so that the term of not less than one-third of the directors shall expire annually. Directors shall hold office until their respective successors have been elected by the unit owners. Election shall be by plurality.

3.5 Vacancies. Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, or by a sole remaining director. Each person so elected shall be a

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director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors shall be filled by Declarant.

3.6 Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors, other than interim directors, may be removed with or without cause by a majority vote of the unit owners present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at that meeting.

3.7 Powers and Duties. The board of directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these bylaws may not be delegated to the board of directors by the unit owners. The powers and duties to be exercised by the board of directors shall include, but shall not be limited to the following:

(a) Operation, care, upkeep, maintenance, repair and replacement of the general and limited common elements.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Adoption of a budget for the Association, and assessment and collection of the common expenses.

(d) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the common elements.

(e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the board may not incur or commit the Association to incur legal fees in excess of \$2,500 for any specific matter unless the unit owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association and the board of directors from claims or litigation brought against them.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

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(g) Preparing or causing to be prepared and filed any required income tax returns or forms for the Association.

(h) Purchasing units of the condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these bylaws.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with units of the condominium acquired by the Association or its designee on behalf of all the unit owners.

(j) Obtaining insurance or bonds pursuant to the provisions of these bylaws.

(k) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the board if the total cost will exceed the amount of \$2,500 unless the unit owners have enacted a resolution authorizing the project by a vote of seventy-five percent (75%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to maintenance, repairs or replacement undertaken pursuant to paragraph (a) above. The limitation set forth in this paragraph shall increase by \$1,000 on each fifth anniversary of the recording of the Declaration.

(l) Designating one or more committees which, to the extent provided in the resolution designating the committee, shall have the powers of the board of directors in the management of the affairs of the Association. At least one member of each committee shall be a member of the board of directors.

(m) Enforcement by legal means of the provisions of the Oregon Condominium Act, the Declaration, these bylaws and any rules and regulations adopted hereunder.

(n) The filing of an Annual Report and any amendment in accordance with ORS 100.250.

3.8 Managing Agent or Manager. On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be established by the board of directors. Any such management agreement shall be terminable by the Association upon not more than 90 days' written notice thereof. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors shall act as manager; provided,

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however, that the board of directors may not terminate professional management and assume self-management unless the decision to do so is approved by at least fifty-one percent (51%) of the total voting power of the Association.

3.9 Contracts Entered into by Declarant or Interim Board. Notwithstanding any other provision of these bylaws, any leases or contracts (including management contracts, service contracts and employment contracts) entered into by the Declarant or the interim board on behalf of the Association shall have a term not in excess of three years. In addition, any such lease or contract shall provide that it may be terminated without cause or penalty by the Association or board of directors upon not less than 30 days' notice to the other party given at any time after election of the permanent board at the organizational and turnover meeting described in Section 2.2 of these bylaws.

3.10 Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the board of directors shall hold an organization meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.11 Regular and Special Meetings. Regular meetings of the board of directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Special meetings of the board of directors may be called by the chairman and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or telegraph at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting.

3.12 Open Meetings. All meetings of the board of directors shall be open to unit owners. Such meetings may be conducted by telephonic communication, except that if a majority of the units are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each board of directors' meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and (b) only emergency meetings of the board of directors may be conducted by telephonic communication.

3.13 Waiver of Notice. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board shall constitute a waiver of notice by such director, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the board, no notice to directors shall be required and any business may be transacted at such meeting.

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3.14 Quorum of Board of Directors. At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. If at any meeting of the board of directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice to directors.

3.15 Compensation. No director shall receive any compensation from the Association for acting as such.

3.16 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. A member of the board of directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the board of directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

3.17 Insurance. The board of directors shall obtain the insurance and fidelity bonds required in Article 8 of these bylaws. In addition, the board of directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or unit owners. The board of directors shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the condominium.

ARTICLE 4.

OFFICERS

4.1 Designation. The principal officers of the Association shall be the chairman, the secretary and the treasurer, all of whom shall be elected by the board of directors. The directors may appoint a vice chairman, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The chairman shall be a member of the board of directors, but the other officers need not be directors or unit owners.

4.2 Election of Officers. The officers of the Association shall be elected annually, by the board of directors at the organization meeting of each new board and shall hold office at the pleasure of the board. If any office shall become vacant, the board of directors shall elect a successor to fill the unexpired term at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

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

4.4 Chairman. The chairman shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the board of directors. The chairman shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the unit owners from time to time as the chairman may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 Secretary. The secretary shall keep the minutes of all proceedings of the board of directors and the minutes of all meetings of the Association. He or she shall attend to the giving and serving of all notices to the unit owners and directors and other notices required by law. The secretary shall keep the records of the Association, except for those of the treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the chairman. In addition, the secretary shall act as vice chairman, taking the place of the chairman and performing the chairman's duties whenever the chairman is absent or unable to act, unless the directors have appointed another vice chairman.

4.6 Treasurer. The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of required financial statements. He or she shall be responsible for the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the board of directors, and shall disburse funds of the Association upon properly authorized vouchers. The treasurer shall perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned to him or her by the board of directors.

4.7 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the board of directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairman. All checks shall be signed by the treasurer, or in the absence or disability of the treasurer, by the chairman or any duly elected assistant treasurer.

4.8 Compensation of Officers. No officer who is a member of the board of directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the unit owners. The board of directors may fix any compensation to be paid to any officers who are not also directors.

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ARTICLE 5.

BUDGET, EXPENSES AND ASSESSMENTS

5.1 Budget. The board of directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each unit owner in the proportion set forth in the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis.

5.2 Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements or any other portions of the condominium required to be maintained by the Association pursuant to the Declaration or these bylaws.
- (c) Cost of insurance or bonds obtained in accordance with these bylaws.
- (d) A general operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Utilities, heating and air conditioning for the common elements and other utilities with a common meter or commonly billed, such as trash collection, water and sewer.
- (h) Any other items properly chargeable as an expense of the Association.

5.3 Assessment of Common Expenses.

(a) Obligation to pay. All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the Association pursuant to these bylaws and the Declaration. Assessments may not be waived due to limited or nonuse of the common elements, and no unit owner may offset amounts owing or claimed to be owing by the Association or Declarant to the unit owner against such unit owner's obligation to pay assessments. Subject to paragraph (c) below, Declarant shall be assessed as the unit owner of any unsold unit, but such assessments shall be prorated to the

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date of sale of the unit. The board of directors, on behalf of the Association shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid for more than thirty (30) days from the due date for its payment.

(b) Initial working capital fund. Declarant shall establish an initial working capital fund in an amount at least equal to two (2) months of estimated regular association assessments for each unit. At the time of closing of the initial sale of each unit, the purchaser shall make an initial contribution to the working capital of the Association equal to two months' regular association assessments for the unit. At the time of the organizational and turnover meeting, the Declarant shall pay such contribution for all unsold units, but may obtain reimbursement for such sums from the purchaser upon the sale of each such unit. Such initial contribution shall be in addition to the regular monthly common expense assessment and shall not be considered as an advance payment of regular assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund at the time of the organizational and turnover meeting. Declarant may not use the working capital fund to defray any of Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association.

(c) Commencement of regular operating expense assessments. Regular monthly assessments for common operating expenses shall commence within 60 days after closing of the first sale of a unit in the condominium.

(d) Commencement of assessment for replacement reserves. Regular monthly assessments for replacement reserves as described in Section 5.5 shall commence upon the closing of the sale of the first unit in the condominium, except that Declarant may elect to defer payment of such assessments to the Association for each unit owned by Declarant until the closing of the sale of such unit.

5.4 Special or Extraordinary Assessments.

(a) Special Assessments for Capital Improvements. In the case of any duly authorized capital improvement to the common elements, the board of directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution. The Association shall not assess units owned by the Declarant for additional capital improvements to the condominium without the written consent of Declarant as long as Declarant owns more than three (3) units.

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(b) Other Special or Extraordinary Assessments. In the event the board of directors determines that the assessments established upon adoption of the budget as provided in Section 5.1 above will be insufficient to pay the common expenses, or the board of directors determines that additional funds will be needed to meet unexpected or unbudgeted common expenses, the board may levy an additional special or extraordinary assessment. Such assessment shall be allocated to each unit in the same proportion set forth in the Declaration, and may be payable in installments over a specified period, in a lump sum, or in a lump sum with option to pay in installments with interest, as determined by the board of directors.

5.5 Replacement Reserves. The Declarant shall establish a reserve account for replacement of those common elements all or a part of which will normally require replacement in more than three and less than 30 years. Such reserve account shall be funded by assessments against the individual unit assessed for maintenance of the items for which the reserve account is being established, which sums shall be included in the regular monthly assessment for the unit, except as otherwise provided in Section 5.3(b). The amount assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The reserve account shall be established in the name of the Association and shall be adjusted at regular intervals to recognize changes in current replacement costs over time. The reserve account shall be used only for replacement of common elements and shall be kept separate from assessments for maintenance and operating expenses. After the organizational and turnover meeting described in Section 2.2, however, the board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from special assessments or maintenance fees. Nothing in this section shall prohibit prudent investment of the reserve account. Following the second year after the organizational and turnover meeting, future assessments for the reserve account may be reduced, eliminated or increased by an affirmative vote of not less than 75 percent of all voting rights in the condominium. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of units. Sellers of the units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement. The provisions of this section shall be operable only to the extent and so long as required by the Oregon Condominium Act.

5.6 Default in Payment of Assessments. In the event of default by any unit owner in paying any assessments to the Association, including assessed common expenses and any other charge imposed or levied by the Association pursuant to the provisions of the Declaration, these bylaws or the Oregon Condominium Act, such unit owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such assessment from the due date thereof, or at such greater rate as may be established by the board of directors from time to time, not to exceed the maximum lawful rate, if any. In addition, the defaulting unit owner shall pay a late charge for any assessment not paid within ten (10) days of its due date in the amount

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of five percent (5%) of the delinquent payment, or such other reasonable late charge as may be established by the board of directors from time to time, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal or petition for review therefrom). If the assessment is not paid within thirty (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. The board of directors shall have the right and duty to recover for the Association such assessments, together with such charges, interest and expense of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Condominium Act. The board of directors shall notify the holder of any first mortgage upon a unit and any eligible mortgage insurer or guarantor thereof of any default not cured within sixty (60) days of the date of default.

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

5.8 Statement of Assessments. The board of directors shall advise each unit owner in writing of the amount of assessments payable by such owner, and furnish copies of each budget on which such assessments are based to all unit owners and, if requested, to their mortgagees. The board of directors shall promptly provide any unit owner who makes a request in writing with a written statement of the owner's unpaid assessments.

5.9 Priority of Lien: First Mortgages. Any lien of the Association against a unit for assessments shall be subordinate to tax and assessment liens and any prior mortgage of record. Where the purchaser or mortgagee of a unit obtains title to the unit as a result of foreclosure of a first mortgage, such purchaser or mortgagee, its successors and assigns, shall not be liable for any of the assessments chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser or mortgagee. Such unpaid share of assessments shall be a common expense and reallocated on a pro rata basis for all units, including the mortgaged unit. The purchaser or mortgagee shall not be relieved of the obligation to pay further assessments. A deed in lieu of foreclosure accepted by the holder of a first mortgage shall extinguish a lien filed by the Association to secure unpaid assessments under the circumstances described in ORS 100.465.

5.10 Voluntary Conveyance. In a voluntary conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the unit up to the time of the grant or 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 or the unit, and the grantee in that case shall not be liable for, nor shall the unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amount set forth in the statement.

ARTICLE 6.

RECORDS AND AUDITS

6.1 General Records. The board of directors and the managing agent or manager, if any, shall keep detailed records of the actions of the board of directors and the managing agent or manager, minutes of the meetings of the board of directors and minutes of the meetings of the Association. The board of directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association, board of directors and the manager. The board of directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of units.

6.2 Financial Records. The board of directors or its designee shall keep financial records sufficient for proper accounting purposes.

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

6.4 Payment of Vouchers. The treasurer shall pay all vouchers for all budgeted items and for any nonbudgeted items up to \$1,000 signed by the chairman, managing agent, manager or other person authorized by the board of directors. Any voucher for nonbudgeted items in excess of \$1,000 shall require the authorization of the chairman. Any checks written on reserve accounts must be signed by two members of the board of directors.

6.5 Reports and Audits. An annual audited financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the board of directors to all unit owners and to all mortgagees of units who have requested the same within 90 days after the end of each fiscal year. From time to time the board of directors, at the expense of the Association, may obtain an audit or review of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. Upon written request, any holder, insurer or guarantor of a first mortgage shall be entitled to an audited

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financial statement for the immediately preceding fiscal year at the expense of the Association and shall be made available within 120 days after the end of such fiscal year.

6.6 Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any unit, the unit owner shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

6.7 Availability of Records. During normal business hours or under other reasonable circumstances, the Association shall make available to unit owners, prospective purchasers and lenders, and to holders, insurers, or guarantors of any first mortgage, current copies of the Declaration, bylaws, other rules concerning the condominium, amendments or supplements to such documents, and the books, records, financial statements and current operating budget of the Association. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Association may charge a reasonable fee for furnishing copies of such documents, information or records.

ARTICLE 7.

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

7.1 Maintenance and Repair. Except as otherwise provided in Section 7.3 for damage or destruction caused by casualty:

(a) Units. All maintenance of and repairs to any unit shall be made by the owner of such unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting and staining which at any time may be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of windows and doors, the forced-air furnace, and any plumbing, heating or air conditioning fixtures and pumps, telephones, water heaters, fans, lighting fixtures and lamps, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with such owner's unit. The Association, however, may repair or replace, at the Association's expense, portions of units to the extent reasonably necessary for the preservation of the common elements in good condition and working order.

(b) Common elements. All maintenance, repairs and replacements to the general and limited common elements shall be made by the Association and shall be charged to all the unit owners as a common expense. Each unit owner, however, shall keep the limited common elements which pertain to such owner's unit in a neat, clean and sanitary condition.

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7.2 Additions, Alterations or Improvements.

(a) A unit owner may make any improvements or alterations to such owner's unit that do not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium.

(b) After acquiring an adjoining unit or an adjoining part of an adjoining unit, a unit owner may submit a written request to the board of directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition in whole or in part is a common element. The board of directors shall approve the change unless it determines within forty-five (45) days that the proposed change will impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. The board of directors may require the unit owner, at such owner's own expense, to submit an opinion of a registered architect or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

(c) A unit owner shall make no repair or alteration or perform any other work on such owner's unit which would jeopardize the soundness or safety of the property, reduce its value, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained.

(d) A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without permission of the board of directors.

7.3 Damage or Destruction by Casualty of Condominium Property. In the case of damage or destruction which affects a material portion of the project, timely written notice shall be given to the unit owners and their mortgagees and any eligible mortgage insurer or guarantor and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association. Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless unit owners holding ninety percent (90%) of the voting power, whether in person, by writing or by proxy, with the approval of mortgagees as required by the Declaration, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. If the damage or destruction is not repaired, reconstructed or rebuilt, then the property shall be removed from

condominium ownership in the manner provided in the Oregon Condominium Act.

(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance coverage and any deductible under such policies, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing or rebuilding of his unit as is not so covered by the Association's insurance.

(c) If, due to the act or neglect of a unit owner, or of a member of such owner's family or household pet or of a guest or other authorized occupant or visitor of such unit 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 unit owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not fully covered by the Association's insurance.

(d) In the event any portion of the insurance proceeds paid to the Association is not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit owners and their mortgagees (as their interests may appear) in the same proportion as common expenses are shared, unless the property is removed from unit ownership. If the property is removed from unit ownership, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the unit owners and their mortgagees (as their interests may appear) in the manner described in the Oregon Condominium Act.

7.4 Condemnation. If any portion of the condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each unit owner and to each mortgagee and any eligible mortgage insurer or guarantor. The Association shall represent the unit owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any portion of the common elements, and each unit owner appoints the Association to act as his attorney-in-fact for such purposes. All compensation, damages or other proceeds of the taking, other than any award for moving expenses of specific unit owners, shall be payable to the Association and allocated and distributed as provided in this Section 7.4.

(a) Complete Taking. If the entire condominium property is taken, or if unit owners holding ninety percent (90%) of the voting power agree that such substantial portion of the condominium has been taken as to make the project obsolete, then the property shall be deemed removed from unit ownership. In such event, any proceeds of the condemnation paid to the

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Association, together with any other proceeds upon sale of the remaining condominium property, shall be distributed among the unit owners and their mortgagees, as their interests may appear, in accordance with the provisions of the Oregon Condominium Act.

(b) Partial Taking. If less than the entire condominium property is taken and the property is not determined to be obsolete as provided in paragraph (a) above, then as soon as practicable the board of directors shall, reasonably and in good faith, allocate the award among the units in accordance with the reduction in the value of each unit and its interest in the common elements, compared to the total reduction in value of all units and their interest in the common elements. In the event any unit owner or mortgagee objects to the allocation determined by the board of directors, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a unit owner under this paragraph shall be paid first to all mortgagees and holders of liens on the unit owner's interest in accordance with the existing priorities, and the balance to the unit owner. If any reconstruction or repair is undertaken as a result of the condemnation, the board of directors may retain and apply such portion of each unit owner's share of the award as is necessary to discharge the owner's liability for any special assessment arising from such reconstruction or repair.

7.5 Restrictions and Requirements Respecting Use of Condominium Property. The following restrictions and requirements are in addition to all other restrictions and requirements contained in the Declaration and these bylaws:

(a) Residential use. No commercial activities of any kind shall be carried on in any unit or in any other portion of the condominium without the consent of the board of directors of the Association or manager, except activities relating to the rental or sale of units. This provision, however, shall not be construed so as to prevent or prohibit a unit owner from maintaining his or her professional personal library, keeping his or her personal business or professional records or accounts, handling his or her personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in such owner's unit.

(b) Use of common elements. The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

(c) Offensive or unlawful activities. No noxious or offensive activities shall be carried on in any unit nor shall anything be done in or placed upon any unit which interferes with or jeopardizes the enjoyment of

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other units or the common elements or which is a source of annoyance to residents. Unit occupants shall exercise extreme care not to make noises which may disturb other unit occupants, including the use of musical instruments, radios, televisions and amplifiers. No unlawful use shall be made of the condominium nor any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(d) Animals. No animals or fowls shall be raised, kept or permitted within the condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit. No such dogs, cats or pets shall be permitted to run at large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers, and permission from the Board of Directors shall be required for more than one such pet. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective owners thereof, and owners shall be responsible for removal of wastes of their animals. All dogs shall be carried or kept on a leash while outside a unit. No pet shall be permitted to cause or create a nuisance or unreasonable disturbance or noise. A unit owner may be required to remove a pet upon receipt of the third notice in writing from the board of directors of violations of any rule, regulation or restriction governing pets within the condominium.

(e) Exterior lighting or noisemaking devices and antennas. Except with the consent of the board of directors of the Association or manager, no exterior lighting or noisemaking devices shall be installed or maintained on any unit and no antennas or transmitting towers shall be affixed to the general or limited common elements.

(f) Windows, decks, patios and outside walls. In order to preserve the attractive appearance of the condominium the board of directors of the Association or the manager may regulate the nature of items which may be placed in or on windows, decks, patios and the outside walls so as to be visible from other units, the common elements, or outside the condominium. Garments, rugs, laundry and other similar items may not be hung from windows, facades, decks or patios.

(g) Trailers, campers and boats. No trailer, truck camper, motorcycle, boat or boat trailer, or other recreational vehicle shall be parked on any portion of the condominium unless they meet height and width requirements established by the Board of Directors.

(h) Leasing and rental of units. No unit owner may lease or rent less than his or her entire unit and no unit owner may rent such owner's unit for transient or hotel purposes, or for a period of less than seven days. All leases or rentals shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to the provisions of the

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Declaration and these bylaws, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. If the board of directors finds that a lessee or tenant has violated any provision of the Declaration, these bylaws or the rules and regulations, the board may require the unit owner to terminate such lease or rental agreement. Other than the foregoing, there is no restriction on the right of any unit owner to lease or rent such owner's unit.

(i) Signs. Unless written approval is first obtained from the board of directors, no sign of any kind shall be displayed to the public view on or from any unit or the common elements except signs used by the Declarant to advertise units for sale or lease.

(j) Trash. No part of any unit or any part of the common elements shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. No garbage, trash or other waste shall be kept or maintained on any part of the property except in sanitary containers in the designated areas.

(k) Insurance. Nothing shall be done or kept in any unit or in the common elements which will increase the cost of insurance on the common elements. No owner shall permit anything to be done or kept in his or her unit or in the common elements which will result in cancellation of insurance on any unit or any part of the common elements.

(l) Water beds. If any water beds are placed in a unit, the unit owner shall carry insurance covering damage caused by the water bed and shall be responsible for all damages to any unit or the common elements which might be caused by the water bed.

(m) Association rules and regulations. In addition, the board of directors from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium property. Such action may be modified by vote of not less than seventy-five percent (75%) of the voting rights present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation or rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

7.6 Abatement and Enjoining of Violations. The violation of any provision of the Declaration or these bylaws, of any rule or regulation adopted pursuant to these bylaws, or of any decision of the Association made pursuant to such documents,

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shall give the board of directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these bylaws, to do any or all of the following after giving notice and an opportunity to be heard:

(a) to enter the unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing, or condition that may exist contrary to the intent and meaning of such provisions, and the board of directors shall not thereby be deemed guilty of any manner of trespass, provided, however, that judicial proceedings shall be instituted before any items of construction may be altered or demolished; or

(b) to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings;

(c) to levy reasonable fines; or

(d) to 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 the correction of the violation has occurred.

The offending unit owner shall be liable to the Association for all costs and attorneys' fees incurred by the Association, whether or not legal proceedings are instituted and including attorneys' fees on appeal or petition for review, together with any expense incurred by the Association in remedying the default, damage incurred by the Association or unit owners, or fines so levied. Such sums shall be assessed against the offending unit as an assessment and enforced as provided in Article 5. In addition, any aggrieved unit owner may bring an action against such other unit owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE 8.

INSURANCE

8.1 Types of Insurance. For the benefit of the Association and the unit owners, the board of directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

8.1.1 Property Damage Insurance.

(a) The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association may deem desirable.

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(b) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the units and common elements (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a maximum deductible of the lesser of \$10,000 or one percent (1%) of the policy amount.

(c) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the common elements and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations comprising a part of each unit and refrigerators, air conditioners, cooking ranges, dishwashers and clothes washers and dryers contained within units and owned by the unit owners.

(d) Such policy or policies shall name the Association as insured, and shall provide for loss payable in favor of the Association, as a trustee for each unit owner and each such unit owner's mortgagee, as their interests may appear. The policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Oregon.

8.1.2 Liability Insurance.

(a) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the board of directors, the unit owners and the managing agent, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the operation, maintenance, ownership or use of the property, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or board of directors) for liability arising out of acts or omission of such unit owner and liability incident to the ownership and/or use of the part of the property as to which such unit owner has the exclusive use or occupancy.

(b) Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single limit basis.

(c) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

8.1.3 Workers' Compensation Insurance. The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

8.1.4 Fidelity Insurance.

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(a) The Association shall maintain fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a management agent, such agent shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

(b) The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the board of directors. 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.

(c) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FNMA").

8.1.5 Directors' and Officers' Liability Insurance. The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible.

8.1.6 Insurance by Unit Owners. Each unit owner shall be responsible for obtaining, at such owner's own expense, insurance covering his or her property not insured under Section 8.1.1 above and against his or her liability not covered under Section 8.1.2 above, unless the Association agrees otherwise.

8.2 Other Insurance Requirements. Insurance obtained by the Association shall be governed by the following requirements:

(a) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon acceptable to FNMA which falls into a B or A general policyholder's rating and a Class III or better financial size category, as designated in Best's Key Rating Guide.

(b) Notwithstanding the provisions of 8.1 above, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any

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property or liability insurance policy. Each unit owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear.

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

(d) For purposes of this article, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against FNMA, the designee of FNMA, or the Association or unit owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA or the owners from collecting insurance proceeds.

(e) All policies required by this article shall provide that they may not be cancelled or substantially modified without at least 10 days' prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy. Evidence of insurance shall be issued to each unit owner and mortgagee upon request.

(f) Each unit owner shall be required to notify the board of directors of all improvements made by the owner to his or her unit, the value of which is in excess of Five Hundred Dollars (\$500). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board of directors pursuant to Section 7.2.

(g) Any unit owner who obtains individual insurance policies covering any portion of the property other than such owner's personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

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8.3 Optional Provisions. The board of directors shall make every effort to secure insurance policies that will provide for the following:

(a) To the extent appropriate and available at reasonable cost, the Association shall maintain additional coverages against such other risks as are customarily covered with respect to projects similar in construction, location and use, including but not limited to, host liquor liability, contractual and all-written contract insurance, employer's liability insurance, comprehensive automobile liability insurance, and an endorsement patterned after "use and occupancy" insurance providing relief from monthly assessments while a unit is uninhabitable due to a covered loss.

(b) If reasonably available, the insurance policies shall include Inflation Guard Endorsement, and Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement).

(c) A Steam Boiler and Machinery Coverage Endorsement if the condominium has central heating or cooling, which coverage per accident shall at least equal the lesser of Two Million Dollars (\$2,000,000) or the insurable value of the building housing the boiler or machinery.

(d) Flood Insurance, if the condominium is in a Special Flood Hazard Area.

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

ARTICLE 9.

AMENDMENTS TO BYLAWS

9.1 How Proposed. Amendments to the bylaws shall be proposed by either a majority of the board of directors or by unit owners holding thirty percent (30%) 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.

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9.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose or by ballot vote. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by unit owners holding a majority of the voting rights and by mortgagees to the extent required by the Declaration, except that any amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy units, or limitations on the rental or leasing of units must be approved by unit owners holding seventy-five percent (75%) of the voting rights. Declarant's consent shall also be required so long as Declarant owns twenty-five percent (25%) or more of the units in the condominium. Such consent shall not be required after three (3) years from the date of conveyance of the first unit to a person other than Declarant. Any amendment which would limit or diminish any special Declarant rights established in these bylaws shall require the written consent of Declarant.

9.3 Execution and Recording. An amendment shall not be effective until certified by the chairman and secretary of the Association as being adopted in accordance with these bylaws and the provisions of the Oregon Condominium Act and recorded as required by law. Any amendment adopted within five (5) years after the recording of the initial bylaws shall be approved by the Oregon Real Estate Commissioner to the extent required by the Oregon Condominium Act.

ARTICLE 10.

MISCELLANEOUS

10.1 Notices. All notices to the Association or to the board of directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the board of directors may designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the board of directors, or, if no address has been designated, then to the owner's unit.

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

10.3 Action Without a Meeting. Any action which the Oregon Condominium Act, the Declaration or the bylaws require or permit the owners or directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the owners or directors, shall be filed in the records of minutes of the Association.

May 15, 1995

10.4 Invalidity; Number; Captions. The invalidity of any part of these bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these bylaws. As used in these bylaws, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions are intended solely for convenience of reference and shall in no way limit any of the provisions of these bylaws.

10.5 Conflicts. These bylaws are intended to comply with the Oregon Condominium Act and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these bylaws or any rules and regulations adopted hereunder.

DATED this 12th day of December, 1994.

DABBOOSON, INC., an Oregon
corporation

By ~~Robert Eskandarian~~ Robert
Robert Eskandarian, Vice President

May 15, 1995

STATE OF OREGON }
Multnomah County } 15

I, J. Decker, for the Register of Corvallis, in and for
said County, do hereby certify that the within instrument of
writing has been received and recorded in the record
of said County.

95 MAY 15 AM 8:00

REGISTRY OF DEEDS
MULTNOMAH CO., OREGON

Vol Page **95 56891**

Witness my hand and seal of office at said
Register of Corvallis

C Swick

DEPUTY

54

263

May 15, 1995

Recorded in MULTNOMAH COUNTY, OREGON
C. Swick, Deputy Clerk
C06 8 ATLJH
Total : 56.00

CHICAGO

1040323

After Recordation Please Return To: 2004-037793 03/08/2004 01:49:29pm

Excelsior Property Management, Inc.
4 Monroe Parkway, Suite G
Lake Oswego, OR 97035

AMENDMENT TO THE BYLAWS OF THE ASSOCIATION
OF UNIT OWNERS OF
CLAYBORN CONDOMINIUMS

Amendment 1 dated June 1, 2003

Article 7, Section 7.5(h), Leasing and Rental of Units. This section was amended by at least 75 percent of the voting rights of the unit owners of Clayborn Condominiums as follows:

7.5(h) Rental of Units.

7.5(h).1 **Rental Defined and Regulated.** The Rental of a Unit shall be governed by the provisions of the Declaration and these bylaws, including without limitation this Section. As used in the Declaration and these bylaws, the terms "to rent," "renting" or "Rental" shall refer to and include the leasing or Renting of a Unit by the Unit Owner and to the occupancy of a Unit solely by a person or persons other than the Unit Owner; provided that for the purpose of the regulation of leases as provided in Section 7.5(h), the terms "to rent," "renting" or "Rental" shall not refer to the occupancy of a Unit by a Related Party except for those leases to related parties in effect at the date of the adoption of this Amendment. The term "Related Party" as used in these bylaws means a person who is the parent, parent-in-law, sibling, sibling-in-law, parent's sibling or lineal descendant of the Unit Owner or the lineal descendant of any of the other foregoing persons or of any grantor, beneficiary or shareholder of any Unit Owner which is a trust, corporation, partnership or some other business entity. Corporate Leasing or Subletting is not permitted.

7.5(h).2 **Minimum Lease Term Required.** No Unit Owner shall be permitted to rent or lease less than the entire Unit, or to rent or otherwise permit his or her Unit to be used for hotel or transient purposes, or for Rental, occupancy or use by a tenant or other non-owner Occupant for an initial occupancy period of less than twelve (12) months. An "Occupant" is

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THE ESTATE OR INTEREST IN REAL PROPERTY
WHICH IT PURPORTS TO CREATE.

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defined herein to be anyone who occupies a Unit as a permanent residence or who stays overnight in any Unit more than sixty (60) days per calendar year. Every lease shall be for an initial fixed term of not less than twelve (12) months. Hardship exceptions to this requirement may be approved by the board.

7.5(h).3 Leases.

7.5(h).3.1 Lease Requirements; Governing Documents. No Rental of a Unit shall be valid or enforceable unless it shall be by means of a written instrument or agreement between the Unit Owner(s) and all of the tenant (s) (referred to as a "Lease"). The occupancy of a Unit in the Condominium and every Lease shall be subject to the Declaration, Bylaws and rules and regulations promulgated thereunder (the "Governing Documents"). No Lease entered into after the date of recording of this Amendment shall be valid unless entered in accordance with the Governing Documents. By entering into occupancy of a Unit, a tenant agrees to be bound by the Governing Documents. Each Lease shall contain language acknowledging the Association's rights and the tenant's obligations under the Governing Documents. Each Unit Owner who rents or Leases a Unit in the Condominium to a tenant or allows the occupancy of a Unit by a Related Party (as defined in Section 7.5(h).1) shall provide the tenant or Related Party with a copy of the Governing Documents, or such portion or portions thereof which may be designated by Rule. If the Unit Owner fails to provide evidence to the Association that it has done so, the Association may furnish a copy of these documents to the tenant or Related Party and charge the Unit Owner an amount to be determined by the Board for each document provided.

7.5(h).3.2 Enforcement of Governing Documents. The Association shall have and may exercise the same rights of enforcement and remedies for breach of the Governing Documents against the tenant as it has against a Unit Owner and in addition shall have the rights and remedies of eviction, as provided herein. The Unit Owner grants to the Board of Directors and managing agent the authority to evict the tenant on the Unit Owner's behalf for any violation by the tenant of the Governing Documents, including the rules, regulations and enforcement procedures promulgated thereunder, upon only such notice and procedures as may be required by the Governing Documents and as may be otherwise required by law. Neither the Board nor the managing agent shall be liable to the Unit Owner or the tenant for any eviction under this Section that is made in good faith.

7.5(h).4 Lease Approval & Rental Ceiling. Except as provided in paragraph 7.5(h).6, prior to the Rental of a Unit in the Condominium to a tenant, and prior to the renewal of any

previously approved Lease, a Unit Owner shall submit to the Association a written request for consent to enter into a Lease. Such written request shall include, at minimum, a proposed Lease duration and commencement date. The Association shall, within seven (7) days of receipt of such requests grant its consent to the Unit Owner if:

7.5(h).4.1 the Unit Owner has complied with this Section 7.5 (h);

7.5(h).4.2 the tenant is in strict compliance with all provisions of the Governing Documents;

7.5(h).4.3 the Lease is in compliance with all requirements of this Section 7.5 (h); and

7.5(h).4.4 the Rental would not cause the aggregate number of all non-owner occupied Units to exceed Five (5) Units in the Condominium (referred to as the "Rental Ceiling"); provided, however, that:

7.5(h).4.4.1 the Association shall not withhold consent for a Unit Owner and a tenant to renew a Pre-Existing Lease meeting the requirements of Paragraph 7.5(h).6 solely because the number of non-owner occupied Units was equal to or greater than the Rental Ceiling;

7.5(h).4.4.2 the Association shall not withhold consent for a Unit Owner and a tenant to renew a Lease which has previously been approved in the manner provided in this Paragraph 7.5(h).4 solely because the number of non-owner occupied Units was equal to or greater than the Rental Ceiling;

7.5(h).4.4.3 the Association shall not withhold consent for a Unit Owner and a tenant to enter into a lease agreement solely because the number of non-owner occupied units was equal to or greater than the Rental Ceiling; provided that the Unit was previously leased by the same Unit Owner in accordance with Section 7.5(h) of these Bylaws, and that the Unit was not owner occupied subsequent to the termination of the previous lease;

7.5(h).4.4.4 the Association shall not withhold consent for a lender in possession of a Unit following a default in its Mortgage or a Mortgage foreclosure, or from a successor in interest to such lender, where such lender first obtains possession subsequent to the date of recording of this Amendment, to rent a Unit solely because the Rental would cause the number of non-owner occupied Units to exceed the Rental Ceiling; and

7.5(h).4.4.5 the Association may grant a hardship exception as provided in Paragraph 7.5(h).9 notwithstanding the fact that

it would temporarily cause the number of non-owner occupied Units to exceed the Rental Ceiling until the next Rental vacancy occurs.

7.5(h).5 Effect of Rental Ceiling. If a Unit Owner wishes to rent his or her Unit but is prohibited from doing so because of the Rental Ceiling, the Association shall place the Unit Owners name on the Rental Waiting List provided for in Paragraph 7.5(h).7.

7.5(h).6 Delivery of Leases.

7.5(h).6.1 Pre-existing Leases. Within thirty (30) days after the date of notification to all Unit Owners that this Amendment has been adopted by the necessary percentage of Unit Owners, each Unit Owner who has rented his or her Unit to a tenant who was in occupancy prior to the date on which this Declaration Amendment was approved by the Unit Owners shall file a copy of the Lease for that Unit with the Association. A Lease in effect on that date and submitted as required in this Paragraph shall be referred to as a "Pre-existing Lease."

7.5(h).6.2 Other Leases. Within thirty (30) days after entering into a Lease, the Unit Owner who has rented his or her Unit to a tenant shall file a copy of the Lease for that Unit with the Association.

7.5(h).7 Rental Waiting List. Except as provided in Paragraph 7.5(h).4, in the event that a Rental Waiting List exists, upon notification that an existing rental unit is listed for sale, or becomes an owner occupied unit, the Unit Owner in the next available position on the Rental Waiting List shall be notified, not more than ninety (90) days nor less than fifteen (15) days prior to the close of the sale of the previously rented unit or the occupancy of the previously rented unit by its owner, of the opportunity to apply for consent to a Lease. That opportunity to rent shall be available to that Unit Owner for a period of ninety (90) days from the date of that notice. If no request for approval to Lease is submitted during that period, that Unit Owner's name shall be dropped one place on the Rental Waiting List, and the opportunity to rent shall be offered to the next highest Unit Owner on the Rental Waiting List. If a Unit Owner is offered a second opportunity to apply for consent to a Lease and does not submit a request for approval to Lease during such second ninety (90) day period, then that Unit Owner's name shall be placed at the bottom of the Rental Waiting List. If, at the date of the adoption of this Amendment, any Unit is leased, that Unit will be permitted to continue as a Rental Unit, as long as it is owned by the Unit Owner at the time of the adoption of this Amendment. All such Units will be considered as bona fide rentals and their numbers will be counted within the Rental Ceiling, including

Pre-existing Leases to Related Parties.

7.5(h).8 Limitations on Consent. No consent to the Rental of a Unit shall be granted more than sixty (60) days prior to the beginning of the Lease term for which consent is sought. Any consent granted by the Association shall automatically expire and terminate unless the Unit shall be occupied by the tenant within thirty (30) days after the beginning of the proposed Lease term. Consent to the Rental of the unit may be renewed at the Association's discretion, if there is no Rental Waiting List.

7.5(h).9 Hardship Exception. Where, on written application from a Unit Owner, the Board of Directors determines that a hardship exists whereby that Unit Owner would suffer severe and irreparable harm by virtue of the limitations on renting contained in Paragraph 7.5(h).4, and where the Board of Directors further determines that a variance from the policy or policies contained therein would not detrimentally affect the other Unit Owners or the approval of the Condominium for secondary mortgage market financing, lender approval or VA or FHA approval, the Board of Directors may, in its discretion, grant a Unit Owner a waiver of the Rental Ceiling for a temporary period not to exceed one (1) year. No hardship approval shall allow the number of non-owner occupied units to exceed (9) nine units. This hardship exception may be renewed annually upon application to, and approval of the Board of Directors.

7.5(h).10 Rental Processing Fees. The Board shall be authorized from time to time to establish and charge reasonable fees in connection with the oversight of rental of apartments, the maintaining of tenant information and the rental waiting list.

7.5(h).11 Governing Documents to be Provided to Tenants.

Each Unit Owner who rents or Leases a Unit in the Condominium to a tenant or allows the occupancy of a Unit by a Related Party (as defined in Section 7.5(h).1) shall provide the tenant or Related Party with a copy of the Governing Documents, or such portion or portions thereof which may be designated by Rule. If the Unit Owner fails to provide evidence to the Association that it has done so, the Association may furnish a copy of these documents to the tenant or Related Party and charge the Unit Owner an amount to be determined by the Board for each document provided.

7.5(h).11 Non-Discrimination.

Neither the Association nor any Unit Owner shall discriminate against any person with regard to the sale, rental or occupancy

of a Unit in the Condominium on the basis of race, color, creed, national origin, marital status, age, sex, sexual orientation, religion, familial status, handicap or any other legally protected classification.

7.5(h).12 **Notices regarding Occupancy Changes.** The presence and movement of persons in and out of Units shall be governed by the provisions of this Section 7.5(h).12.

Registration of Pre-Existing Occupants. All Occupants occupying Units at the time this Amendment is adopted must be registered with the Board within thirty (30) days of the adoption of this Amendment. As used in this Section, the term registration shall mean the filing by the Unit Owner with the Board of Directors or its authorized representative of a written statement setting forth the following information:

7.5(h).12.1.1 the name, telephone numbers, and correct street address of the Unit Owner of the Unit;

7.5(h).12.1.2 the Unit number and names and telephone numbers of all Occupants of the Unit other than the Unit Owner;

7.5(h).12.1.3 the license numbers and descriptions of all vehicles brought or kept on the Condominium Property by Occupants of the Unit;

7.5(h).12.1.4 the name, address and telephone numbers of a person other than a Unit Owner or Occupant of the Unit to contact in the event of an emergency involving an Occupant, or involving the Unit in the event that a Unit Owner or Occupant is unavailable; and

7.5(h).12.1.5 any other information regarding the occupants of the Unit which shall be reasonably required by the Board.

7.5(h).12.2 **Registration of New Occupants.** All Unit Owners must register new Occupants with the Board at the time they move in or within forty-eight (48) hours of meeting the definition of being an "Occupant," as specified in Section 7.5(h).2. Nothing in this Section shall preclude an Occupant from submitting the registration required by this Paragraph or the preceding Paragraph.

7.5(h).12.3 **Updating the Registration Information.** All Unit Owners shall advise the Board or the managing agent of any changes in the registration information required to be provided in this Section on a current basis.

7.5(h).12.4 **Notice of Move-Out Date.** All Occupants shall provide the Board with reasonable prior notice of the date on which they expect to move into or out of a Unit.

7.5(h).13.1 **Sale of Property.** No Unit Owner shall be permitted to market their Unit as a potential rental unit without prior approval from the Association. Prior to marketing the Unit as a potential rental, a Unit Owner shall submit to the Association a request for written consent of the Association for the Unit to be considered a Rental Unit. The Association shall within seven (7) days of receipt of such requests grant its consent to the Owner if the consideration of this Unit as a Rental Unit would not cause the number of non owner occupied Units to exceed the Rental Ceiling.

7.5(h).13.2 If a Unit Owner wishes to market his or her Unit but is prohibited from doing so because of the Rental Ceiling, the Association shall place the Unit Owners name on the Rental Waiting List provided for in Paragraph 7.5(h).7.

7.5(h).13.3 Unit Owners granted Rental Unit status for the purpose of marketing their Unit are granted Rental Unit status for an initial period of one-hundred-twenty (120) days. Renewals of the Rental Unit status are allowed provided:

7.5(h).13.3.1 they meet the requirements of Paragraph 7.5(h).13.1;

7.5(h).13.3.2 there are no Unit Owners on the Rental Waiting List.

7.5(h).13.4 Upon completion of the sale a of Unit granted Rental Unit status as provided in Paragraph 7.5(h).13.1, the Unit is considered a Rental Unit and must abide by the requirements of Section 7.5(h), including, but not limited to, Paragraph 7.5(h).7 if, within seven days after the close of the sale, the new owner notifies the Board of their intent to rent the unit.

* * *

The undersigned, as a member of the Clayborn Condominiums Board of Directors, attests that 75% voting rights of the unit owners of Clayborn Condominiums approved by measure of a vote to approve the above revision.


Debora Lamberger

10-21-2003
Date

CERTIFICATION

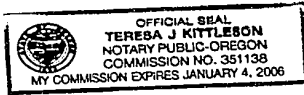
The undersigned Chairman and Secretary of the Association of Unit Owners of Clayborn Condominiums hereby certifies that the attached Amendment to the Bylaws of the Association of Unit Owners of Clayborn Condominiums has been adopted in accordance with the Bylaws and the provisions of ORS 100.410.

By Deborah Lamberger
Chairman

By Michael J. Senter
Secretary

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before this 26 day of Nov, 2003, by Deborah Lamberger, Chairman of the Association of Unit Owners of Clayborn Condominiums.



Teresa J. Kittleson
Notary Public for Oregon
My commission expires: 1-4-06

STATE OF OREGON)
) ss.
County of)

The foregoing instrument was acknowledged before this 16~~th~~ day of December, 2003, by Michael J. Senter, ~~Chairman~~ Secretary of the Association of Unit Owners of Clayborn Condominiums.



Karyl A. Brown
Notary Public for Oregon
My commission expires: 10/24/06

3-8-04