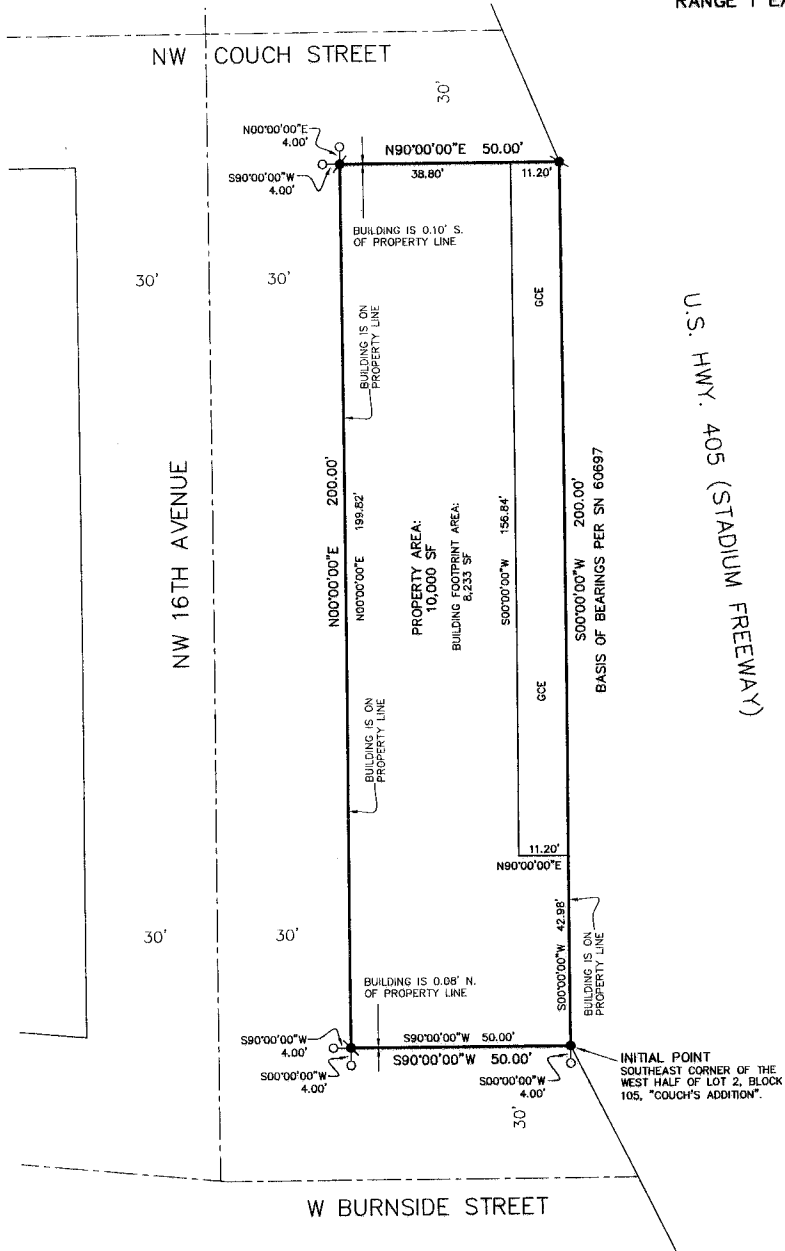


EMPRESS CONDOMINIUMS
 THE WEST HALF OF LOTS 2, 3, 6 AND 7,
 BLOCK 105, "COUCH'S ADDITION", LOCATED IN THE
 SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 1 NORTH,
 RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND,
 MULTNOMAH COUNTY, OREGON

DATE: JULY 31, 2006



SHEET INDEX

- SHEET 1 - BOUNDARY, BUILDING TIES, NARRATIVE, LEGEND, BENCHMARK DESCRIPTION.
- SHEET 2 - BASEMENT AND GROUND FLOOR UNIT PLAN VIEW DIMENSIONS.
- SHEET 3 - FLOORS 1 AND 2 UNIT PLAN VIEW DIMENSIONS.
- SHEET 4 - FLOORS 3 AND 4 UNIT PLAN VIEW DIMENSIONS.
- SHEET 5 - CROSS-SECTIONS.
- SHEET 6 - DECLARATION, APPROVALS, SURVEYOR'S CERTIFICATE, SURVEYOR'S CERTIFICATE OF COMPLETION, DECLARATION, AND ROOF DETAIL.

NARRATIVE

THE PURPOSE FOR THIS SURVEY IS TO PLAT THE AREA OF THE WEST HALF OF LOTS 2, 3, 6 AND 7, BLOCK 105, "COUCH'S ADDITION" AS A CONDOMINIUM.

THE BASIS OF BEARINGS AND BOUNDARY DETERMINATION FOR THIS PLAT ARE PER SN 60697, MULTNOMAH COUNTY SURVEY RECORDS. SINCE THE MONUMENTS AT THE NORTHWEST, SOUTHWEST AND SOUTHEAST CORNERS ARE OR WILL BE INACCESSIBLE DUE TO EXTERIOR ADDITIONS TO THE FACE OF THE BUILDING, OFFSET MONUMENTS WERE SET AS SHOWN.

NOTE

THE PROPERTY TO BE PLATTED HEREON IS SUBJECT TO AN EASEMENT FOR THE PURPOSE OF DRILLING AND FILLING HORIZONTAL TILE HOLES ONE FOOT OR LESS IN DIAMETER FOR USE IN SUPPORT OF A RETAINING WALL ADJACENT TO THE PROPERTY, SAID HOLES TO PENETRATE LATERALLY TO A MAXIMUM OF 25 FEET AND TO BE LOCATED A MINIMUM OF 10 FEET BELOW THE SURFACE LEVEL. SAID EASEMENT IS RECORDED IN BOOK 538, PAGE 1487, MULTNOMAH COUNTY RECORDS.

LEGEND

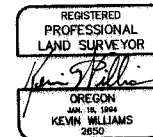
- DENOTES 1" BRASS DISK INSCRIBED "TETSUKA ASSOC." SET IN CONCRETE
- DENOTES FOUND 5/8" IRON ROD WITH YELLOW PLASTIC CAP INSCRIBED "TETSUKA ASSOC. INC." HELD PER SN 60697
- ⊙ DENOTES FOUND 1" BRASS DISK IN CONCRETE INSCRIBED "TETSUKA ASSOC." HELD PER SN 60697
- SF DENOTES SQUARE FEET
- LCE DENOTES LIMITED COMMON ELEMENT
- GCE DENOTES GENERAL COMMON ELEMENT
- SN DENOTES SURVEY NUMBER, MULTNOMAH COUNTY SURVEY RECORDS

BENCHMARK

DATUM: CITY OF PORTLAND

BENCHMARK: 3" BRASS DISK MARKED "CITY OF PORTLAND BM# 3421" SET IN THE CONCRETE CURB ON THE SOUTH SIDE OF SW ALDER STREET BETWEEN SW 18TH AVENUE AND SW 19TH AVENUE 25 FEET WEST OF THE CURB RETURN AT THE SOUTHWEST CORNER OF THE INTERSECTION OF SW 18TH AVENUE AND SW ALDER STREET.

ELEVATION: 90.03'



RENEWAL DATE 6-30-08

I HEREBY CERTIFY THAT THIS IS A TRUE AND EXACT COPY OF THE PLAT OF "EMPRESS CONDOMINIUMS".

SHEET 1 OF 6

JOB NO. JBE1315

TETSUKA ASSOCIATES, INC.
 LAND SURVEY CONSULTING

27 SW ARTHUR ST.
 PORTLAND, OR 97201

503.517.0682 FAX: 503.445.1300



LEGEND

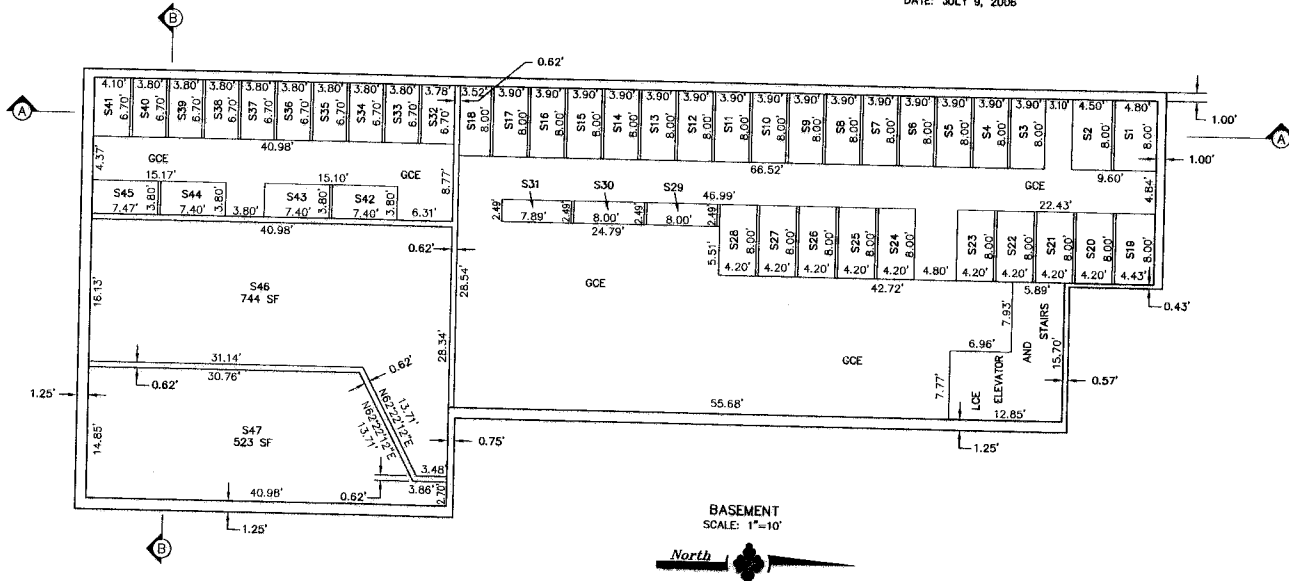
- SF DENOTES SQUARE FEET
- LCE DENOTES LIMITED COMMON ELEMENT
- GCE DENOTES GENERAL COMMON ELEMENT
- S DENOTES STORAGE UNIT
- FF DENOTES FINISH FLOOR ELEVATION
- CH DENOTES CEILING HEIGHT
- C DENOTES COMMERCIAL UNIT
- W DENOTES WALL UNIT

EMPRESS CONDOMINIUMS
 THE WEST HALF OF LOTS 2, 3, 6 AND 7,
 BLOCK 105, "COUCH'S ADDITION", LOCATED IN THE
 SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 1 NORTH,
 RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND,
 MULTNOMAH COUNTY, OREGON

DATE: JULY 9, 2006

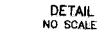
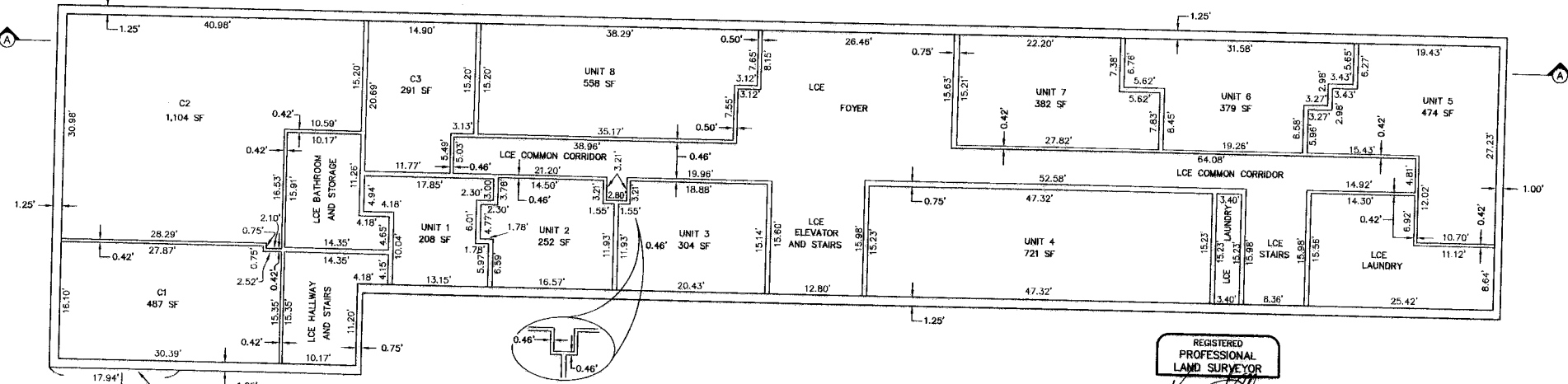
NOTES

1. ALL BUILDING WALL AND LCE AREA ANGLES ARE 90° UNLESS NOTED OTHERWISE.
2. ALL WALLS RUN NORTH-SOUTH OR EAST-WEST UNLESS NOTED OTHERWISE.
3. ALL PARTY WALLS BETWEEN STORAGE UNITS WITHOUT AN "S" DESIGNATION ARE 0.30' WIDE UNLESS NOTED OTHERWISE.
4. FOR STORAGE UNITS S1 THROUGH S31 THE FINISH FLOOR ELEVATION IS 67.72 AND THE CEILING HEIGHT IS 7.45'.
5. FOR STORAGE UNITS S32 THROUGH S47 THE FINISH FLOOR ELEVATION IS 65.81 AND THE CEILING HEIGHT IS 7.17'.
6. ALL PARTY WALLS BETWEEN UNITS ON THE GROUND FLOOR ARE 0.62' WIDE UNLESS NOTED OTHERWISE.
7. FOR COMMERCIAL UNITS C1 AND C2 THE FINISH FLOOR ELEVATION IS 74.39 AND THE CEILING HEIGHT IS 10.84'.
8. FOR UNITS 1 THROUGH 8 AND COMMERCIAL UNIT C3 THE FINISH FLOOR ELEVATION IS 78.55 AND THE CEILING HEIGHT IS 8.68'.
9. UNIT W1 IS A 2 DIMENSIONAL WALL UNIT FOR ADVERTISEMENT PURPOSES SITUATED AS A VERTICAL PLANE 17.94' WIDE AND 55.31' HIGH LOCATED ON THE EXTERIOR SURFACE OF THE EAST WALL OF THE BUILDING AS SHOWN AND EXTENDING FROM AN ELEVATION OF 74.39 AT THE BOTTOM TO AN ELEVATION OF 129.70 AT THE TOP.
10. ALL MEASUREMENTS ARE TO THE INSIDE SURFACE OF FINISHED WALLS, FLOORS, AND CEILINGS. ACTUAL UNIT BOUNDARIES ARE TO THE UNFINISHED SURFACE OF WALLS, FLOORS, AND CEILINGS PER SECTION 4.3.1 OF THE CONDOMINIUM DECLARATION.



STORAGE UNIT AREAS

UNIT	AREA	UNIT	AREA	UNIT	AREA	UNIT	AREA	UNIT	AREA
S1	38 SF	S11	31 SF	S21	34 SF	S31	20 SF	S41	27 SF
S2	36 SF	S12	31 SF	S22	34 SF	S32	25 SF	S42	28 SF
S3	31 SF	S13	31 SF	S23	34 SF	S33	25 SF	S43	28 SF
S4	31 SF	S14	31 SF	S24	34 SF	S34	25 SF	S44	28 SF
S5	31 SF	S15	31 SF	S25	34 SF	S35	25 SF	S45	28 SF
S6	31 SF	S16	31 SF	S26	34 SF	S36	25 SF	S46	28 SF
S7	31 SF	S17	31 SF	S27	34 SF	S37	25 SF		
S8	28 SF	S18	28 SF	S28	34 SF	S38	25 SF		
S9	31 SF	S19	35 SF	S29	20 SF	S39	25 SF		
S10	31 SF	S20	34 SF	S30	20 SF	S40	25 SF		



REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JULY 18 1999
KEVIN WILLIAMS
2860

RENEWAL DATE 6-30-08

I HEREBY CERTIFY THAT THIS IS A TRUE
AND EXACT COPY OF THE PLAT OF
"EMPRESS CONDOMINIUMS".

JOB NO. J0E1315
TETSUKA ASSOCIATES, INC.
LAND SURVEY CONSULTING



27 SW ARTHUR ST.
PORTLAND, OR 97201
503.517.0682 FAX: 503.445.1300

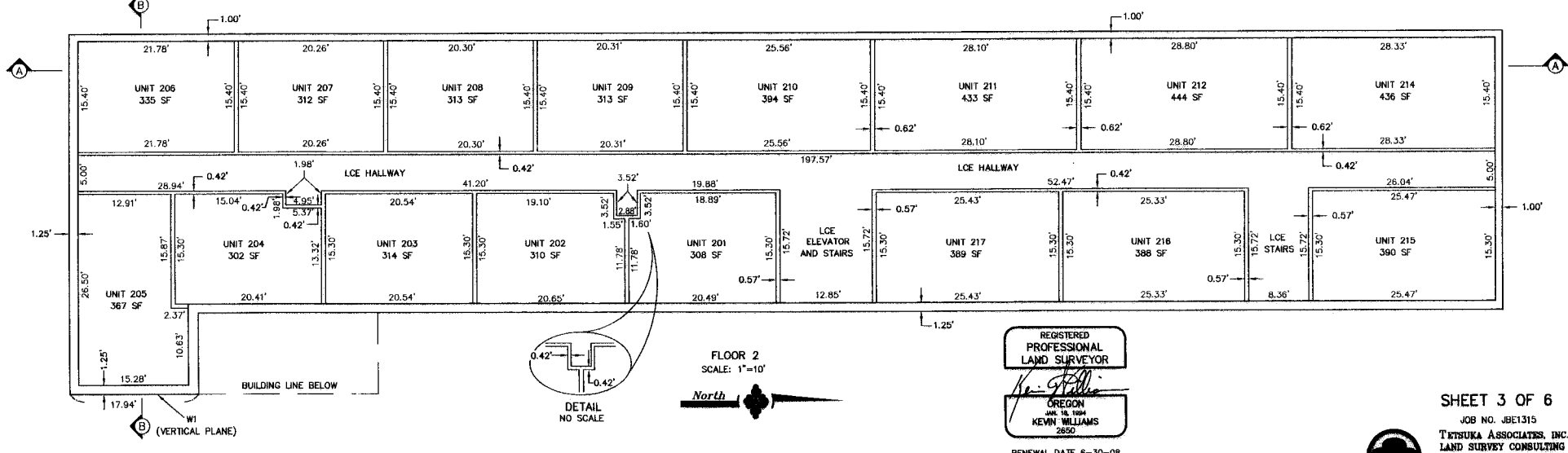
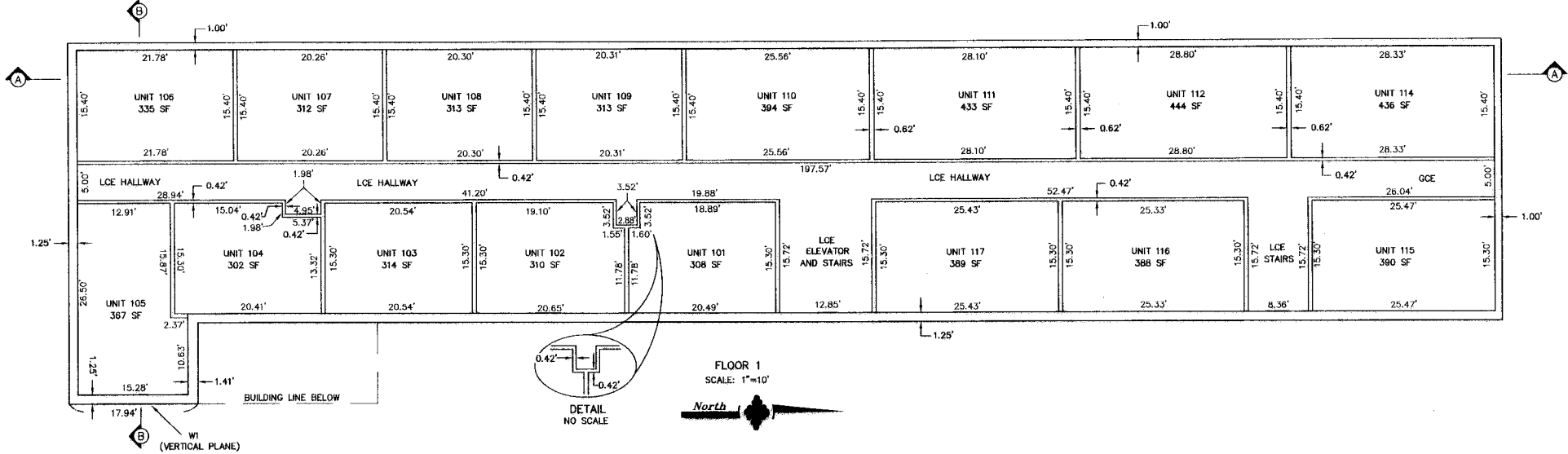
NOTES

1. ALL BUILDING WALL AND LCE AREA ANGLES ARE 90° UNLESS NOTED OTHERWISE.
2. ALL WALLS RUN NORTH-SOUTH OR EAST-WEST UNLESS NOTED OTHERWISE.
3. ALL UNIT PARTY WALLS ON THE FLOOR 1 AND FLOOR 2 ARE 0.57" WIDE UNLESS NOTED OTHERWISE.
4. FOR ALL UNITS ON FLOOR 1 THE FINISH FLOOR ELEVATION IS 86.63 AND THE CEILING HEIGHT IS 8.40'.
5. FOR ALL UNITS ON FLOOR 2 THE FINISH FLOOR ELEVATION IS 96.15 AND THE CEILING HEIGHT IS 8.40'.
6. UNIT W1 IS A 2 DIMENSIONAL WALL UNIT FOR ADVERTISEMENT PURPOSES SITUATED AS A VERTICAL PLANE 17.94' WIDE AND 55.31' HIGH LOCATED ON THE EXTERIOR SURFACE OF THE EAST WALL OF THE BUILDING AS SHOWN AND EXTENDING FROM AN ELEVATION OF 74.39 AT THE BOTTOM TO AN ELEVATION OF 129.70 AT THE TOP.
7. ALL MEASUREMENTS ARE TO THE INSIDE SURFACE OF FINISHED WALLS, FLOORS, AND CEILINGS. ACTUAL UNIT BOUNDARIES ARE TO THE UNFINISHED SURFACE OF WALLS, FLOORS, AND CEILINGS PER SECTION 4.3.1 OF THE CONDOMINIUM DECLARATION.

EMPRESS CONDOMINIUMS
 THE WEST HALF OF LOTS 2, 3, 6 AND 7,
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 RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND,
 MULTNOMAH COUNTY, OREGON

DATE: JULY 9, 2006

- LEGEND**
- SF - DENOTES SQUARE FEET
 - LCE - DENOTES LIMITED COMMON ELEMENT
 - W - DENOTES WALL UNIT



REGISTERED
PROFESSIONAL
LAND SURVEYOR

Kevin Williams
OREGON
JUNE 16, 1994
KEVIN WILLIAMS
2650

RENEWAL DATE 6-30-08

I HEREBY CERTIFY THAT THIS IS A TRUE
AND EXACT COPY OF THE PLAT OF
"EMPRESS CONDOMINIUMS".



NOTES

1. ALL BUILDING WALL AND LCE AREA ANGLES ARE 90° UNLESS NOTED OTHERWISE.
2. ALL WALLS RUN NORTH-SOUTH OR EAST-WEST UNLESS NOTED OTHERWISE.
3. ALL UNIT PARTY WALLS ON THE FLOOR 1 AND FLOOR 2 ARE 0.57' WIDE UNLESS NOTED OTHERWISE.
4. FOR ALL UNITS ON FLOOR 3 THE FINISH FLOOR ELEVATION IS 105.67 AND THE CEILING HEIGHT IS 8.40'.
5. FOR ALL UNITS ON FLOOR 4 THE FINISH FLOOR ELEVATION IS 115.17 AND THE CEILING HEIGHT IS 8.40'.
6. UNIT W1 IS A 2 DIMENSIONAL WALL UNIT FOR ADVERTISEMENT PURPOSES SITUATED AS A VERTICAL PLANE 17.94' WIDE AND 55.31' HIGH LOCATED ON THE EXTERIOR SURFACE OF THE EAST WALL OF THE BUILDING AS SHOWN AND EXTENDING FROM AN ELEVATION OF 74.39 AT THE BOTTOM TO AN ELEVATION OF 129.70 AT THE TOP.
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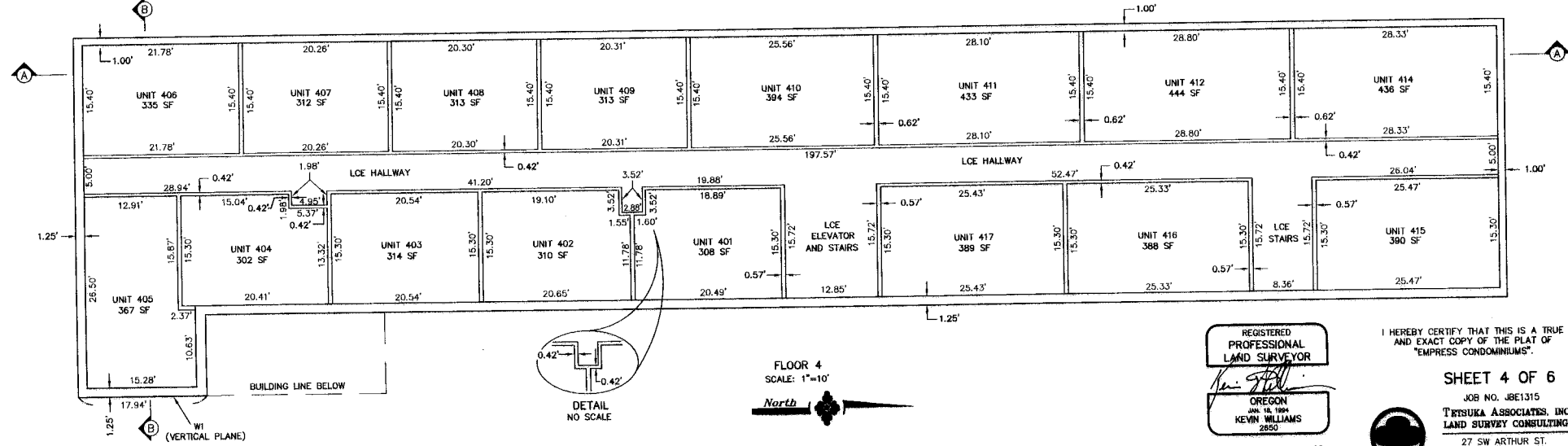
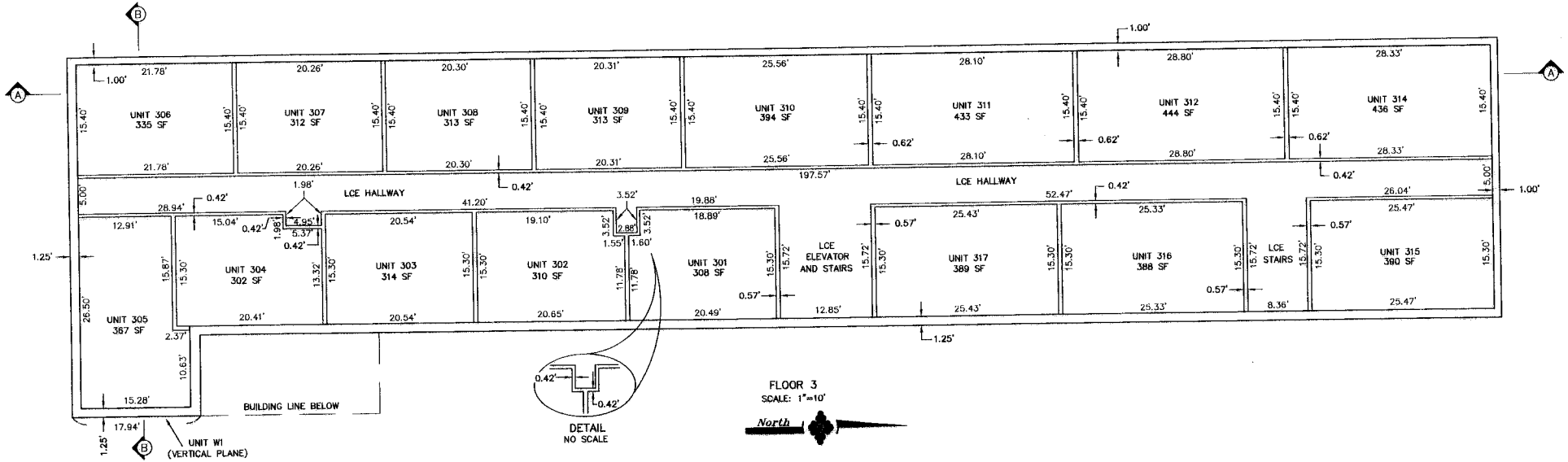
EMPRESS CONDOMINIUMS

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REGISTERED
PROFESSIONAL
LAND SURVEYOR

Kevin Williams
OREGON
SINCE 1994
KEVIN WILLIAMS
2850

RENEWAL DATE 6-30-08

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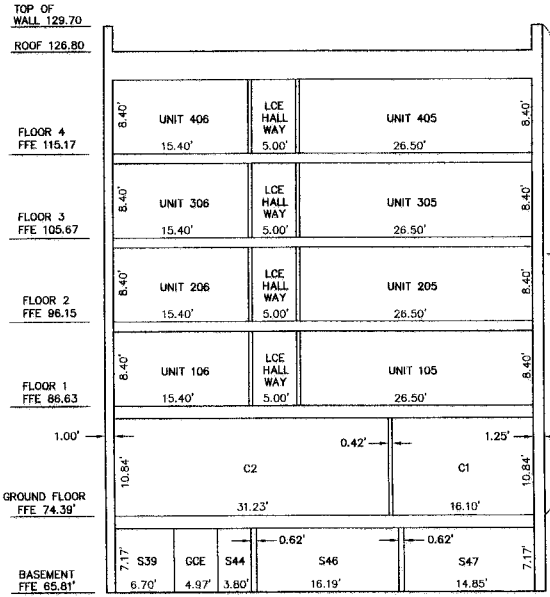
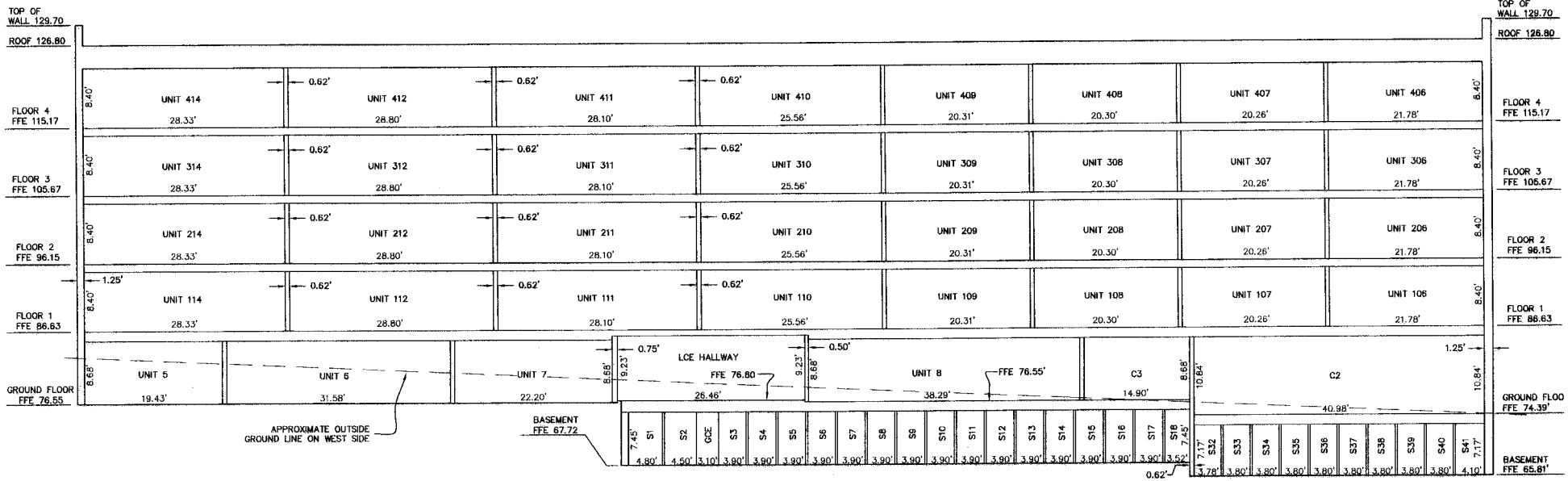
SHEET 4 OF 6

JOB NO. JBE1315
TETSUKA ASSOCIATES, INC.
LAND SURVEY CONSULTING
27 SW ARTHUR ST.
PORTLAND, OR 97201
503.517.0882 FAX: 503.445.1300

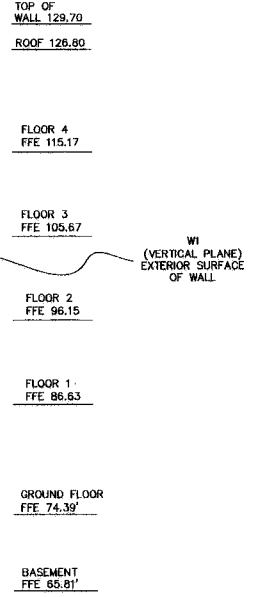


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 RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND,
 MULTNOMAH COUNTY, OREGON
 DATE: JULY 9, 2006



SECTION B
 SCALE: 1"=10'



SECTION A
 SCALE: 1"=10'

NOTES

1. ALL BUILDING WALL AND LCE AREA ANGLES ARE 90° UNLESS NOTED OTHERWISE.
2. ALL WALLS ON THE BASEMENT LEVEL DEPICTED ON SECTION A ARE 0.30' WIDE UNLESS NOTED OTHERWISE.
3. ALL WALLS ON THE GROUND FLOOR DEPICTED ON SECTION A ARE 0.62' WIDE UNLESS NOTED OTHERWISE.
4. ALL WALLS ON FLOORS 1 THROUGH 4 DEPICTED ON SECTION A ARE 0.57' WIDE UNLESS NOTED OTHERWISE.
5. ALL WALLS ON FLOORS 1 THROUGH 4 DEPICTED ON SECTION B ARE 0.42' WIDE UNLESS NOTED OTHERWISE.
6. UNIT W1 IS A 2 DIMENSIONAL WALL UNIT FOR ADVERTISEMENT PURPOSES SITUATED AS A VERTICAL PLANE 17.94' WIDE AND 55.31' HIGH LOCATED ON THE EXTERIOR SURFACE OF THE EAST WALL OF THE BUILDING AS SHOWN AND EXTENDING FROM AN ELEVATION OF 74.39 AT THE BOTTOM TO AN ELEVATION OF 129.70 AT THE TOP.
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I HEREBY CERTIFY THAT THIS IS A TRUE AND EXACT COPY OF THE PLAT OF "EMPRESS CONDOMINIUMS".

SHEET 5 OF 6

JOB NO. JBE1316
TETSUKA ASSOCIATES, INC.
 LAND SURVEY CONSULTING
 27 SW ARTHUR ST.
 PORTLAND, OR 97201
 503.517.0682 FAX: 503.445.1300

MULTNOMAH COUNTY APPROVALS

APPROVED THIS 6th DAY OF November, 2006
COUNTY SURVEYOR
MULTNOMAH COUNTY, OREGON

BY: Robert A. Hovden

ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES
AS PROVIDED BY O.R.S. 100.110 HAVE BEEN PAID AS OF

November 9 2006

DIRECTOR, DIVISION OF ASSESSMENT AND TAXATION
MULTNOMAH COUNTY, OREGON

BY: William A. Adams
DEPUTY

STATE OF OREGON }
COUNTY OF MULTNOMAH } SS

I DO HEREBY CERTIFY THAT THE ATTACHED CONDOMINIUM PLAT
WAS RECEIVED FOR RECORD AND RECORDED
November 9, 2006, AT 4:43 O'CLOCK P. M.

IN BOOK 1280 ON PAGES 4-9
COUNTY RECORDERS OFFICE

BY: K. Monahan
DEPUTY

DOCUMENT NUMBER: 2006-209273

EMPRESS CONDOMINIUMS

THE WEST HALF OF LOTS 2, 3, 6 AND 7, BLOCK 105, "COUCH'S ADDITION", LOCATED IN
THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 1 NORTH, RANGE 1 EAST,
WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON

JULY 9, 2006

SURVEYOR'S CERTIFICATE

I, KEVIN WILLIAMS, DO HEREBY CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH PROPER
MONUMENTS THE LAND REPRESENTED ON THE ATTACHED MAP OF "EMPRESS CONDOMINIUMS", BEING THE WEST
HALF OF LOTS 2, 3, 6, AND 7, BLOCK 105, "COUCH'S ADDITION", LOCATED IN THE SOUTHEAST QUARTER OF
SECTION 33, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH
COUNTY, OREGON, THE BOUNDARY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A 5/8" IRON ROD WITH YELLOW PLASTIC CAP MARKED "TETSUKA
ASSOC., INC." FOUND AT THE SOUTHEAST CORNER OF SAID WEST HALF, FROM WHICH A 1" BRASS DISK MARKED
"TETSUKA ASSOC., INC." FOUND AT THE SOUTHWEST CORNER OF SAID BLOCK 105 BEARS S90°00'00"W, A
DISTANCE OF 50.00 FEET;

THENCE S90°00'00"W, ALONG THE SOUTH LINE OF SAID BLOCK 105, A DISTANCE OF 50.00 FEET TO SAID 1"
BRASS DISK MARKED "TETSUKA ASSOC., INC." FOUND AT THE SOUTHWEST CORNER OF SAID BLOCK 105;

THENCE N00°00'00"E, ALONG THE WEST LINE OF SAID BLOCK 105, A DISTANCE OF 200.00 FEET TO A 1" BRASS
DISK MARKED "TETSUKA ASSOC., INC." FOUND AT THE NORTHWEST CORNER OF SAID BLOCK 105;

THENCE N00°00'00"E, ALONG THE NORTH LINE OF SAID BLOCK 105, A DISTANCE OF 50.00 FEET TO A 1" BRASS
DISK MARKED "TETSUKA ASSOC., INC." FOUND AT THE NORTHEAST CORNER OF SAID WEST HALF;

THENCE, S00°00'00"W, ALONG THE EAST LINE OF SAID WEST HALF, A DISTANCE OF 200.00 FEET TO THE INITIAL
POINT;

CONTAINING 10,000 SQUARE FEET MORE OR LESS.

SURVEYOR'S CERTIFICATE OF COMPLETION

I, KEVIN WILLIAMS, A REGISTERED PROFESSIONAL LAND SURVEYOR, HEREBY CERTIFY THAT THE PLAT OF
"EMPRESS CONDOMINIUMS", FULLY AND ACCURATELY DEPICTS THE BOUNDARIES OF THE UNITS AND OF THE
BUILDING AND THAT CONSTRUCTION OF THE UNITS AND BUILDING AS DEPICTED ON THE PLAT HAS BEEN
COMPLETED.

EXECUTED THIS 15th DAY OF OCTOBER, 2006

Kevin Williams
KEVIN WILLIAMS LS 2650

NOTE

"EMPRESS CONDOMINIUMS" SHALL BE SUBJECT TO THE DECLARATION OF CONDOMINIUM
OWNERSHIP RECORDED AS
DOCUMENT NUMBER 2006-209274
MULTNOMAH COUNTY DEED RECORDS.

DECLARATION

KNOW ALL MEN BY THESE PRESENTS, THAT EMPRESS DEVELOPMENT CORPORATION, AN
OREGON CORPORATION, DOES HEREBY MAKE, ESTABLISH AND DECLARE THE ANNEXED MAP
OF "EMPRESS CONDOMINIUMS" TO BE A TRUE AND CORRECT MAP OF THE LANDS OWNED
AND LAID OUT BY THEM AS A CONDOMINIUM, SAID LAND BEING DESCRIBED IN THE
SURVEYOR'S CERTIFICATE HERETO ANNEXED, AND THEY DO HEREBY COMMIT SAID LAND TO
THE OPERATION OF THE OREGON CONDOMINIUM ACT AS DESCRIBED IN CHAPTER 100 OF
THE OREGON REVISED STATUTES AND THAT THE PROPERTY AND IMPROVEMENTS DESCRIBED
AND DEPICTED ON THE PLAT ARE SUBJECT TO THE PROVISIONS OF O.R.S. 100.005 TO
100.025.

EMPRESS DEVELOPMENT CORPORATION, AN OREGON CORPORATION

BY: Jeff Minchett
JEFF MINCHETT, PRESIDENT

ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Multnomah) SS

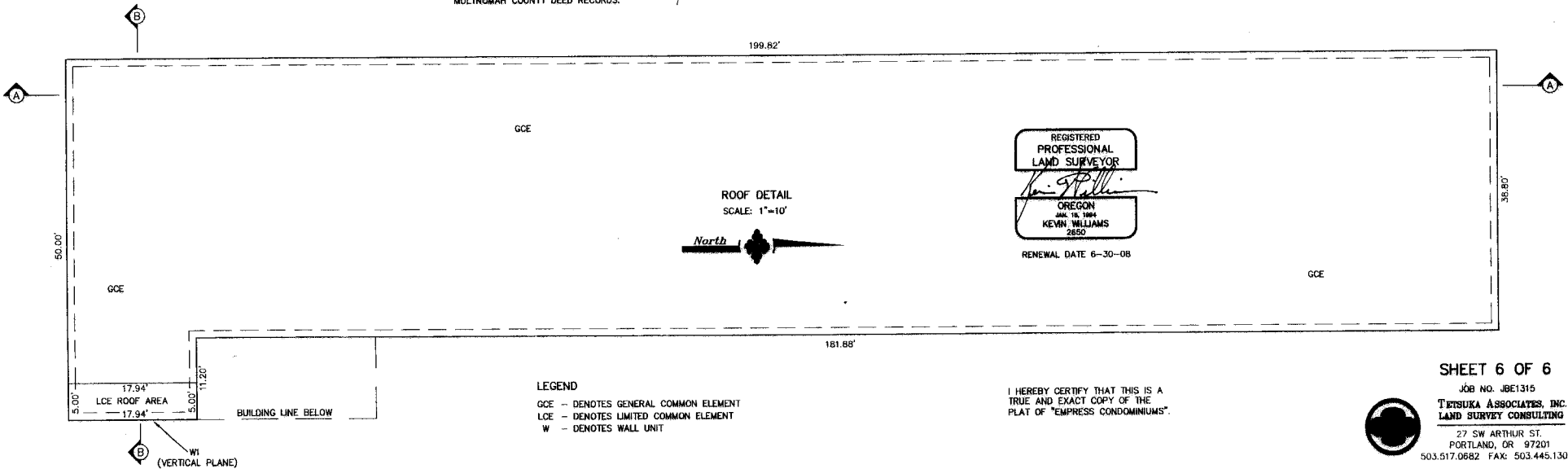
THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 18th DAY OF OCTOBER, 2006, BY
JEFF MINCHETT, PRESIDENT OF EMPRESS DEVELOPMENT CORPORATION, AN OREGON CORPORATION, ON
ITS BEHALF.

Jeff Minchett
NOTARY SIGNATURE

K. L. Seimann
NOTARY PUBLIC - OREGON (PRINT NAME)

COMMISSION NO. 407915

MY COMMISSION EXPIRES July 02, 2010



SHEET 6 OF 6

JOB NO. JBE1315
TETSUKA ASSOCIATES, INC.
LAND SURVEY CONSULTING
27 SW ARTHUR ST.
PORTLAND, OR 97201
503.517.0682 FAX: 503.445.1300

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

Recorded in MULTNOMAH COUNTY, OREGON
C. Swick, Deputy Clerk
E41 86
Total : 446.00
ATKLM
2006-209274 11/09/2006 04:43:35pm

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
EMPRESS CONDOMINIUMS**

Dated: August 23, 2006

Declarant: Empress Development Corporation, an Oregon corporation

86

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

This Declaration, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this ____ day of August, 2006 by Empress Development Corporation, an Oregon corporation (“Declarant”).

Declarant proposes to create a condominium located in the City of Portland, Multnomah County, Oregon, to be known as Empress Condominiums, composed of 75 Primary Units, 47 Storage Units and one (1) Wall Unit. The Primary Units will consist of 72 Residential Units and three (3) Commercial Units. The purpose of this Declaration is to submit the Property (as defined below) to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation.

1.1 Definitions. As used in this Declaration, the Articles of Incorporation of the Empress Condominiums Owners’ Association, its Bylaws, its Rules and Regulations, and any exhibits thereto, unless the context shall otherwise require, the following definitions shall be applied:

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

1.1.2 Association shall mean the nonprofit corporate entity responsible for the administration, management and operation of the Condominium.

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

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

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

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

1.1.7 Commercial Unit shall mean a Primary Unit designated for commercial use as provided in Section 4.2.

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

1.1.9 Declaration shall mean this Declaration of Condominium Ownership for Empress Condominiums and any amendments thereto.

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

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

1.1.12 Limited Common Elements shall mean those Common Elements designated in Section 6.

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

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

1.1.15 Mortgagee shall mean a holder of a Mortgage and shall include a deed of trust beneficiary and a vendor under a contract for the sale of real estate.

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

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

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

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

1.1.20 Residential Unit shall mean a Primary Unit designated for residential use as provided in Section 4.2.

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

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

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

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

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

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

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

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

1.5 Original Owner of Units. Declarant is the original Owner of all Units and will continue to be deemed the Owner of each Unit until conveyances or other documents changing the ownership of specifically described Units are filed of record.

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

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

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

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

4. Units.

4.1 General Description of Buildings. The Condominium shall consist of one building (the "Building"), with a ground level, four stories above ground level, and a basement level. The Building was built in approximately 1927 and is a poured in place concrete structure with brick and stucco veneer and a built-up roof.

4.2 General Description, Location, and Designation of Units. The Condominium shall consist of a total of 75 Primary Units, 47 Storage Units, and one (1) Wall Unit located on a sloping site as shown on the Plans. The Primary Units will be designated for residential or commercial use in accordance with Section 9 below. The Residential Units are composed of studios, 1-bedroom and 2-bedroom units and are designated numerically as 1 through 8, inclusive, located on the ground level, 101 through 112, inclusive, and 114 through 117, inclusive, located on the first floor above ground level, 201 through 212, inclusive, and 214 through 217, inclusive located on second floor above ground level, 301 through 312, inclusive, and 314 through 317, inclusive, located on the third floor above ground level, and 401 through 412, inclusive, and 414 through 417, inclusive, located on the fourth floor above ground level, all as shown on the Plans. The three Commercial Units are located on the ground level and are designated as C1, C2 and C3, as shown on the Plans. The Storage Units are designated as S1 through S47 and are located in the basement of the Building, as shown on the Plans. The Wall Unit is designated as the W1 and is located on the surface of the exterior eastern wall of the Building, as shown on the Plans. The square footage of the Units is set forth on the attached Exhibit B and as shown on the Plans.

4.3 Boundaries of Units.

4.3.1 Primary Units. Each Primary Unit shall be bounded by the interior surfaces of its perimeter and demising stud walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or similar material and the underside of the finished floor) and the air space so encompassed and shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural shear capacity of the Condominium. In addition, each Primary Unit shall include the outlet of any utility service lines, including water, sewer, electricity, or cable television, and of ventilating or air conditioning ducts, but shall not include any part of such lines or ducts themselves.

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

4.3.3 Wall Unit. The Wall Unit identified on the Plans as the W1 shall consist of the surface of a portion of the eastern outer wall of the Building, as shown on the Plans, and two horizontal planes at the boundary, as shown on the Plans.

5. Owner's Interest in Common Elements; General Common Elements. Each Owner shall be entitled to an undivided percentage ownership interest in the Common Elements,

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

5.1 All floor and ceiling slabs; foundations; exterior windows and window frames, exterior doors; furnace room; electrical rooms; crawl spaces; roof (except as provided in Section 6); columns; beams; girders; supports; and bearing walls.

5.2 Common corridor, hallways, lobbies, and stairways located in the basement.

5.3 Pipes, ducts, conduits, wires, and other utility installations, in each case to their respective outlets.

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

6. Limited Common Elements. The Limited Common Elements shall consist of the Common Elements described in this Section 6. The dimensions, designation, and location of the Limited Common Elements are shown on the Plans.

6.1 Residential Units. The following are Limited Common Elements, the use of which is reserved on an equal and exclusive basis for the Owners of Residential Units: (i) the elevator, as shown on the Plans; (ii) the common corridor, laundry rooms, and foyer, located on the ground level, as shown on the Plans; (iii) the interior stairwells located on the ground level leading to the upper floors of the Condominium, as shown on the Plans; and (iv) the interior stairwell and common corridors located on the first through fourth floors above ground level of the Condominium, as shown on the Plans.

6.2 Commercial Units. The following are Limited Common Elements, the use of which is reserved on an equal and exclusive basis for the Owners of the Commercial Units: the storage space, bathroom, hallway and stairs located adjacent to the Commercial Units on the ground level, as shown on the Plans.

6.3 Wall Unit. A portion of the roof of the Building adjacent to the Wall Unit, as shown on the Plans, is a Limited Common Element, the use of which is reserved on an exclusive basis for the Wall Unit.

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

7.1 Method of Allocation. The common profits of the Property shall be distributed among the Owners of the Primary Units in proportion to the respective undivided interests in the Common Elements pertaining to their Primary Units, without regard to the

interest in their Storage Units, as set forth in Exhibit C. The Owner of the Wall Unit shall not share in the common profits or common expenses of the Property. The common expenses shall be divided into residential expenses, including any reserve assessments allocated to Owners of Residential Units pursuant to Section 5.2 of the Bylaws, (the "Residential Expenses"), as shown on Exhibit D1; and commercial expenses, including any reserve assessments allocated to the Owners of the Commercial Units pursuant to Section 5.2 of the Bylaws (the "Commercial Expenses"), as shown on Exhibit D2. The Residential Expenses shall be charged to the Owners of the Residential Units according to the percentage determined by the ratio which the area of each Residential Unit bears to the total area of all Residential Units. The allocation of the Residential Expenses is set forth on Exhibit D3. The Commercial Expenses shall be charged to the Owners of the Commercial Units according to the percentage determined by the ratio which the area of each Commercial Unit bears to the total area of all Commercial Units. The allocation of the Commercial Expenses is set forth on Exhibit D4. Any costs or expenses incurred by the Association (including, without limitation, capital improvements and maintenance, upkeep, and repair of Association Property) that are not assessable to an Owner pursuant to Section 5.7 of the Bylaws and not shown on Exhibit D shall be allocated among the Residential Expenses and Commercial Expenses in a proportion that reasonably and equitably reflects the benefit realized as a result of such cost or expense by the Owners of the Residential Units and Commercial Units, respectively. The allocation described in the preceding sentence shall be determined and approved by: (i) the director elected by the Owners of the Commercial Units and Wall Unit, and (ii) the directors elected by the Owners of the Residential Units. In the event the director elected by the Owners of the Commercial Units and Wall Unit, or the directors elected by the Owners of the Residential Units are unable to reach agreement on and approve an allocation within thirty (30) days following written notice given to all directors of the cost or expense requiring allocation, the issue shall be submitted to arbitration in accordance with Section 25.5 and the allocation shall be determined conclusively by the arbitrator.

Assessments of common expenses shall commence upon closing of the first sale of a Unit provided that Declarant may elect to defer the commencement of assessment of common expenses (other than assessments for reserves pursuant to Section 5.2 of the Bylaws) for a period of sixth (60) days following such initial closing. Assessments for reserves pursuant to Section 5.2 of the Bylaws shall commence upon closing of the first sale of a Unit, subject to the right of Declarant to defer the payment of assessments for reserves pursuant to Section 5.2 of the Bylaws. Declarant shall give not less than ten (10) days' written notice to all Owners of the commencement of assessments of all common expenses. Until the commencement of assessments for all common expenses, Declarant shall be responsible for payment of all common expenses of the Association (other than assessment for reserves pursuant to Section 5.2 of the Bylaws). Except to the extent provided in the Bylaws, the common expenses of the Property shall be assessed on a monthly basis.

7.2 No Exception. No Owner may claim exemption from liability for contribution toward the common expenses by waiver by the Owner of the use or enjoyment of any of the Common Elements or by abandonment by the Owner of the Owner's Unit, except as expressly set forth in Section 7.1. No Owner may claim an offset against an assessment for common expenses for failure of the Board of Directors or Association to perform its obligations.

7.3 Default in Payment of Common Expenses. In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments) or any other amounts owing to the Association, such Owner shall be obligated to pay interest on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. No interest or late charges will be assessed on common expenses paid within thirty (30) days after the due date therefor. Delinquent payments of common expense assessments shall bear interest from the date thereof at a rate equal to 18 percent per annum, but in no event higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments, if the charge imposed is based upon a resolution adopted by the Board of Directors that is delivered to each Unit, mailed to the mailing address of each Unit, or mailed to the mailing addresses designated by the Owners in writing. If the assessment is not paid within 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 and may terminate the right to receive utility services paid for out of assessments or the right of access to and use of recreational and service facilities of the Condominium until assessments have been brought current. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Board of Directors shall have upon such Owner's Units with respect to all such obligations.

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

7.5 First Mortgages; Liability of Subsequent Purchaser. Any lien of the Association against a Unit or Units for assessments or charges shall be subordinate to tax and assessment liens and any first Mortgage of record, unless there has been compliance with all requirements of Section 100.450(7) of the Act. Where the purchaser or Mortgagee of a Unit or Units obtains title to the Unit or Units as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee, his or her successors and assigns shall not be liable for any of the common expenses chargeable to such Unit or Units which became due prior to the acquisition of title to such Unit or Units by such purchaser or Mortgagee except to the extent provided in Section 100.475(2) of the Act; provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of Section 100.465(1) of the Act; and provided further, that any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit or Units from the lien of, any common expenses thereafter becoming due. In a voluntary conveyance of a Unit or Units (subject to the restrictions of this Declaration), the grantee shall be jointly and severally liable

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

8. Voting Rights. Subject to the provisions of Section 19 of the Declaration and Section 2.8 of the Bylaws, one (1) vote shall be allocated to each Primary Unit and one (1) vote shall be allocated to the Wall Unit. No voting rights shall be allocated to the Storage Units.

9. Use. The Residential Units are intended for residential use, as described in Section 7.2 of the Bylaws. The Commercial Units are intended for commercial use, as described in Section 7.3 of the Bylaws. The Storage Units shall be limited to storing items associated with a Primary Unit. The Wall Unit shall be limited to the display of advertising as described in Section 7.4 of the Bylaws.

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

11. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) and (6) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 11 shall first be approved by Owners holding at least 75 percent of the voting power of the Association, unless otherwise allowed to be approved by the Board under ORS 100.405(6)(a)(B).

12. No Restrictions on Alienation. This Declaration and the Bylaws impose no restrictions on the alienation of any Primary Unit or Wall Unit. No person or entity may own or shall be entitled to acquire a Storage Unit unless such person or entity owns or shall simultaneously acquire a Primary Unit. Notwithstanding the foregoing, Declarant or its successors and assigns may own unsold Storage Units even if it has conveyed all Primary Units. Any conveyance, transfer, or other disposition ("Transfer") of a Storage Unit to a person or entity who does not own or who is not acquiring a Primary Unit is prohibited. In the case of a Transfer or attempted Transfer of a Storage Unit in violation of this Section 12, in addition to the Association's other rights under this Section 12, the person or entity making or attempting such Transfer shall indemnify and hold harmless the Association and its members from all cost, liability, and damage that the Association or its members may incur (including, without limitation, attorneys' fees and expenses) as a result of such Transfer or attempted Transfer. In the event a person or entity engages or attempts to engage in a Transfer of a Storage Unit in violation of this Section 12, the Association acting through the Board may, in its sole discretion, fine the offending person or entity in such amounts as it may determine to be appropriate, in

addition to any other rights or remedies available to the Association under this Declaration, the Bylaws or applicable law or in equity including, without limitation, the remedies of specific performance and injunction.

13. Rights of Access and Use.

13.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each other Unit and the Common Elements as may be required for ingress and egress to and from such Owner's Unit or Units; for the support of such Owner's Unit or Units; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Units, including, but not limited to, water, natural gas, air conditioning, cable television, electrical power and wiring, light, or plumbing serving a Primary Unit. The Owner shall use the foregoing rights only as necessary and shall exercise all due care in the exercise of such right and shall be responsible for and indemnify, defend and hold harmless the other Owners from any harm or damage resulting from the exercise of the Owner's rights under this Section 13.1. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

13.2 Water Intrusion and Mold Inspection. The Board, acting on behalf of the Association, may authorize entry into any Owner's Unit or Units to conduct a periodic inspection of the Owner's Unit for water intrusion into the Unit and/or the appearance of mold or mildew within such Unit. Such inspection shall be made by an agent of the Association appointed by the Board of Directors and shall occur at such time as is reasonably convenient to the Owner (or Owner's tenant or occupant) and the inspector. Nothing contained within this Section 13.2 is intended to modify the maintenance and repair obligations of any party as provided in the Bylaws and this Declaration. The Owner of such Unit shall be required to remediate any mold or mildew within the Unit itself.

13.3 Additional Rights Created by Association. The Association, upon prior approval of Owners holding at least 75 percent of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the General Common Elements. No such right may be granted with respect to a Limited Common Element unless the Owners and Mortgagees of the Primary Units having the right to use such Limited Common Elements consent to the creation of such a right. Nothing in this Section 13.3 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

13.4 Right of Entry. In addition to the rights granted to the Association elsewhere in this Declaration, the Bylaws, or by the Act, the Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter any Owner's Unit(s) and Limited Common Element(s) in the case of any emergency or property damage originating in or threatening such Unit(s), Limited Common Element(s) or other Units, Common Elements or Association Property or requiring repairs in such Unit(s), Limited Common Element(s) to protect public safety, whether or not the Owner is present at the time. Each Owner shall also permit such persons to enter the Owner's Unit(s) or Limited Common Element(s) for the purpose of performing installations, alterations, maintenance, cleaning, or repairs to any Common Element, preventing damage to the Common

Elements, Association Property or another Unit, performing the Association's inspection and maintenance obligations, or inspecting the Unit(s) or Limited Common Element(s) to verify that the Owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the Rules and Regulations, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. For a period of 10 years following recording of this Declaration, Declarant shall have a right to inspect the Common Elements of the Condominium and the Association's records regarding inspections and maintenance of the Condominium.

13.5 Right of Access and Use for Declarant. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements for the purpose of (i) planning, designing, renovating, developing, constructing, inspecting, maintaining, repairing or selling all or any part of on the Property, to the extent Declarant is required or authorized to conduct such activities (a) pursuant to this Declaration, the Bylaws, or the Plans, (b) under contracts of sale with purchasers of Units, (c) satisfying any repair obligation of Declarant, (d) inspecting the Property for defects or to verify appropriate maintenance is being performed, or (e) under applicable law or regulations, and (ii) carrying out sales activities reasonably necessary for the sale of Units, including, without limitation, the right to use the Units owned by Declarant as model Units, the right to post "for sale" and "for rent" signs, and the right to use a Primary Unit owned by Declarant or a portion of the Common Elements as a sales office, until all Units have been conveyed to persons other than Declarant; provided, however, that Declarant shall restore the portions of the Property which it accesses or uses pursuant to this Section 13.5 to substantially the same condition that existed prior to such access or use (except to the extent Declarant has constructed improvements contemplated by this Section 13.5). Declarant is expressly authorized to complete renovation of all parts of the Condominium, including Common Elements and Units, until Declarant has conveyed all Units to other persons. The right of entry and inspection provided in this Section 13.5 shall not in any way obligate the Declarant or Declarant's agents, successors and assigns to make such an inspection, and the decision on whether to inspect Units and the frequency of such inspections, if any, shall be solely within the discretion of the Declarant or its successors and assigns.

14. Encroachments.

14.1 Each Unit and all Common Elements shall have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection 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 a valid easement for the maintenance of the encroaching Units and Common Elements so long as the encroachment shall exist and, except as otherwise provided in Section 14.2, the rights and obligations of Owners shall not be altered in any way by the encroachment.

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

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

15. Notices to Mortgagees. The Association shall provide timely written notice of the following matters to any Mortgagee, or any mortgage insurer or guarantor, who makes a written request therefor to the Association:

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

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

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

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

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

17. Managing Agent. Subject to the rights of the Association to terminate such agreement entered into prior to the Turnover Meeting without penalty or cause upon not less than thirty (30) days' written notice given at any time, the Board shall have the authority, on behalf of the Association, to enter into a management agreement with respect to the Condominium prior to the Turnover Meeting for a term not to exceed three (3) years. On behalf of the Association, the

Board may, after the Turnover Meeting, employ or contract for a managing agent or manager in accordance with the Bylaws at a compensation to be established by the Board. Any such management agreement shall be terminable by the Association upon not more than 90 days' nor less than 30 days' written notice thereof. The Board may delegate to the managing agent or manager such duties and powers as the Board may authorize. In the absence of such appointment, the Board shall act as manager of the Condominium.

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

19. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, Declarant reserves control until the earlier to occur of the date that is three (3) years after the date on which the first Primary Unit is conveyed or the date at which 75 percent of all 120 Units planned for the Condominium have been conveyed to persons other than the Declarant, during which time:

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

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

19.3 Declarant shall have the right to exercise all powers of the Association, the Board, or the Condominium officers under this Declaration, the Bylaws, and the Act, except that Declarant may not bind the Association to any management agreement, service contract, employment contract, lease of recreational areas or facilities, or contract or lease (other than a ground lease) to which Declarant is a party, which is made prior to the Turnover Meeting unless the Association or the Board is granted therein a right of termination thereof which is exercisable without cause or penalty upon not less than 30 days' written notice given to the other party thereto not later than 60 days after the Turnover Meeting except as otherwise provided in Section 17.

20. Casualty.

20.1 Responsibility of Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the Common Elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the Units. Each Owner shall be responsible for the repairing, reconstructing, or rebuilding of his or her Primary Unit and Storage Unit to the extent not covered by the Association's insurance and to the extent of any deductible under the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements, and, to the extent of the Association's insurance coverage, of the Units, so that the Property is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless Owners of at least 75 percent of the Primary Units and 75 percent of all first Mortgagees of Primary Units agree that the Property shall not be rebuilt or restored. The Association shall represent the Owners in any proceeding, negotiation, settlement,

or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the Property is to be rebuilt and restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all Owners as a common expense. If the required number of Owners of Primary Units and first Mortgagees agree that the Property shall not be rebuilt and restored, the Property shall be considered removed from the provisions of the Act in accordance with Section 100.605 thereof, and any proceeds resulting from such removal shall be distributed in accordance with Section 100.615 of the Act.

20.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his or her family or his or her household pet or of a guest, servant, invitee, employee or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit owned by others, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, to the extent not covered by the Association's insurance, including specifically the Association's deductible.

21. Condemnation.

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

21.2 Partial Condemnation. In the event of a partial condemnation of the Condominium which includes some Units and/or Limited Common Elements, each Owner whose Unit or Units or associated Limited Common Elements are condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such Unit or Units or Limited Common Elements shall be paid to such Owner (or the Mortgagee of that Owner's Unit). The Association shall negotiate compensation relating to any General Common Elements (except as provided above). The cost, if any, of restoring the balance of the Condominium so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure and shall, unless the Condominium is terminated within 30 days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

22. Fidelity Bond. The Board of Directors shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, shall furnish a fidelity bond as the Board of Directors deems adequate under this Section 22. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three months of common expense assessments on all Units. Any such bond shall include a provision requiring not less than ten days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof and each servicer on behalf of the Federal National Mortgage Association ("Fannie Mae") before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the professional manager.

23. Amendment.

23.1 Approval by Owners. Amendments to the Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding 30 percent or more of the voting rights. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by Owners holding at least 75 percent of the voting power of the Association and the consent of Declarant, for so long as Declarant owns a Unit or for 10 years from the date of the Turnover Meeting, whichever is latest. The unanimous consent of all Owners of Primary Units shall be required for amendments of Sections 13.3 and 15 of this Declaration. In addition to 75 percent vote of all Primary Units, the consent of the majority of Owners of Commercial Units is required for any amendment of Section 9 that limits or restricts the use for commercial purposes. Except as otherwise provided in the Act, no amendment may change the size, location, allocation of undivided interest in the Common Elements, method for determining liability for common expenses, the method of determining the right to common profits, or the method of determining the voting rights of or with respect to any Unit unless such amendment has been approved by the Owners of the affected Units. Voting on any amendment to this Declaration shall be without regard to Declarant's enhanced voting power under Section 19.2, except for an amendment to approve a plat amendment, or to correct any provision of or exhibit to this Declaration, whether such correction is required due to a surveyor's error, factual error, miscalculation, omission or to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for condominiums or to comply with the Act. For a period of 10 years after the date of the Turnover Meeting, the Bylaws, the Rules and Regulations, and this Declaration may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted

therein or herein to Declarant or its designee, or otherwise so as adversely to affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

23.2 Approval by Mortgagees. Except when a greater percent is required by the Declaration or Bylaws, or a greater or lesser percent is required by the Oregon Condominium Act, the consent of the Owners of Primary Units holding at least 67 percent of the voting rights and the approval of Mortgagees holding first mortgages on Units that have at least 51 percent of the voting rights of the Primary Units subject to Mortgagee Mortgages shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws that changes any of the provisions of such documents governing the following shall constitute a material changes:

23.2.1 Voting Rights;

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

23.2.3 Reduction in reserves for maintenance, repair and replacement of the Common Elements;

23.2.4 Responsibility for maintenance and repairs;

23.2.5 Reallocation of interests in the General or Limited Common Elements, or rights to their use;

23.2.6 The boundaries of any Unit;

23.2.7 Convertibility of Units into Common Elements or of Common Elements into Units;

23.2.8 Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

23.2.9 Hazard or fidelity insurance requirements;

23.2.10 Imposition of any restrictions on the leasing of Units;

23.2.11 Imposition of any restriction on the right of an Owner to sell or transfer his or her Unit;

23.2.12 A decision by the Association to establish self-management when professional management had been required previously by this Declaration, the Bylaws or a Mortgagee of a first Mortgage;

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

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

23.2.15 Any provisions that expressly benefit Mortgage holders, insurers or guarantors.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the size, location, allocation of undivided interest in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the holders of any Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 23 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Declaration within 60 days after it receives notice of such proposal by certified or registered mail, return receipt requested.

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

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

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

25. Dispute Resolution.

25.1 Required Procedure. Except as provided in this Section 25 below, to the fullest extent allowed by law, if a dispute arises, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, this Declaration or the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded

from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to Section 5.6 of the Bylaws prior to summary abatement and removal of a structure or other condition that violates this Declaration, the Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.9 of the Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

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

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

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

25.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 25.2, 25.3 and 25.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by and pursuant to the then effective arbitration rules of the American Arbitration Association, or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

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

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

26. Waiver; Time Limitation.

26.1 RELEASE AND WAIVER OF ALL PAST, PRESENT, AND FUTURE CLAIMS REGARDING CONDITION OF PROPERTY. ACKNOWLEDGING THAT SALES FROM DECLARANT ARE ON AN "AS IS BASIS", TO THE FULLEST EXTENT ALLOWED BY LAW, EACH PURCHASER OF A UNIT, THE ASSOCIATION AND ALL SUCCESSOR OWNERS AND OCCUPANTS, RELEASE AND WAIVE ANY CLAIM WHENEVER ARISING AGAINST DECLARANT OR ITS AGENTS, BROKERS, SUCCESSORS, EMPLOYEES, AFFILIATES, CONTRACTORS, REPRESENTATIVES, OFFICERS, DIRECTORS AND MEMBERS OR AGAINST THE ASSOCIATION OR ANY BOARD MEMBER THEREOF (COLLECTIVELY, THE "DECLARANT PARTIES"), RELATING TO OR ARISING FROM THE CONDITION OF THE CONDOMINIUM PROPERTY AT ANY TIME. THE WAIVER IS ABSOLUTE AND UNCONDITIONAL, AND THIS RELEASE AND WAIVER APPLIES WHETHER OR NOT THE PURCHASER HAD KNOWLEDGE OF ANY POTENTIAL CAUSE OF ACTION FOR SUCH CLAIMS. THE WAIVER APPLIES TO CLAIMS UNDER ANY LEGAL THEORY, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, NEGLIGENCE PER SE, NEGLIGENT OR INTENTIONAL MISREPRESENTATION, DEFECTIVE CONSTRUCTION, BREACH OF CONTRACT, UNLAWFUL TRADE PRACTICE, BREACH OF FIDUCIARY DUTY, STRICT LIABILITY, NUISANCE, TRESPASS OR ANY OTHER THEORY, WHETHER ARISING FROM STATUTE, CONTRACT, TORT OR OTHERWISE. THIS WAIVER INCLUDES, WITHOUT LIMITATION, CLAIMS RELATING TO CONSTRUCTION DEFECTS, WATER INTRUSION, MOLD, MILDEW, FUNGUS AND/OR ODORS IN THE UNIT OR COMMON ELEMENTS; PRODUCTS OR CONDITIONS IN THE UNIT OR COMMON ELEMENTS, INCLUDING FOR EXAMPLE CARBON MONOXIDE, RADON OR CARPET GLUE; NOISE OR SOUND TRANSMISSION; LOSS OF USE; EMOTIONAL DISTRESS; INCIDENTAL OR CONSEQUENTIAL DAMAGES; ATTORNEY FEES AND COSTS; OR RELOCATION EXPENSES (TEMPORARY OR OTHERWISE). IT IS ACKNOWLEDGED THAT DECLARANT WOULD HAVE REQUIRED A SIGNIFICANTLY HIGHER PURCHASE PRICE FOR THE UNITS IF THE PURCHASERS REFUSED TO ACCEPT THE PROPERTY ON AN "AS IS" BASIS, REQUIRED ANY WARRANTY, OR DECLINED TO PROVIDE THIS RELEASE AND WAIVER. THIS SECTION 26.1 SERVES AS NOTICE OF RECORD THAT THE RELEASE AND WAIVER SHALL BE BINDING UPON SUCH

PURCHASERS, ALL SUCCESSOR OWNERS OR OCCUPANTS OF THE UNIT, THE ASSOCIATION, AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, PROPERTY MANAGERS, BROKERS, HEIRS, SUCCESSORS, ASSIGNS, GUESTS AND INVITEES. CLAIMS OF THE ASSOCIATION ARE DERIVATIVE OF CLAIMS OF UNIT OWNERS AND THE ASSOCIATION SHALL BE BOUND BY THE WAIVER. THE WAIVER ACTS AS A COMPLETE BAR AND DEFENSE AGAINST ANY RELEASED OR WAIVED CLAIM.

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

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

27. Relocation of Boundaries.

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

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

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

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

28.2 Creating Additional Units from the Commercial Unit. Pursuant to, and in accordance with the processes set forth in, ORS 100.625, the Owner of the Commercial Unit may divide and create the Commercial Unit as two (2) Units. The maximum number of Units into which each Commercial Unit may be divided is two (2). Any Units so created shall be used for commercial purposes, as required prior to such creation. In the event of such division and creation, the interest in the Common Elements reserved for the divided Commercial Unit as of the date of this Declaration shall be reallocated by taking the total interest in the Common Elements reserved for the divided Commercial Unit and allocating it among the newly created Units on the basis of the ratio of the square footage of each newly created Commercial Unit bears to the square footage of all newly created Commercial Units, such that there shall be no reallocation of the Commercial Unit's interest in the Common Elements to unaffected Primary Units. The Limited Common Elements serving the divided Commercial Unit, if any, shall continue to serve the Units created from such Commercial Unit and be used for the same purposes. Commercial Expenses assigned to the divided Commercial Unit as of the date of this Declaration shall be allocated among all of the newly created Units of the former Commercial Unit on the basis of the ratio by which the square footage of each newly created Unit bears to the square footage of all newly created Units, such that there shall be no reallocation of Residential Expenses. Common profits assigned to the Commercial Unit then being divided as of the date of recordation of this Declaration shall be reallocated among all of the newly created Commercial Units on the basis of the ratio by which the square footage of each newly created Commercial Unit bears to the square footage of all newly created Commercial Units, such that there shall be no reallocation of common profits assigned to Residential Units. Voting rights shall be allocated

by assuming that a vote allocated to the original Commercial Unit is allocated to the newly created Units based on the ratio of the area of each newly created Commercial Unit to the total area of all newly created Commercial Units. For purposes of this Section 28.2, the square footage of the newly created Commercial Units shall be measured to the centerpoint of the newly established boundary walls between newly created Commercial Units, such that the total square footage of all newly created Commercial Units equals the total square footage of the former Commercial Unit.

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

29.1 Completion of Improvements. Declarant and its agents, employees, and contractors shall have the right to complete improvements and otherwise perform work that is: (i) authorized by this Declaration; (ii) indicated on the Plans; (iii) authorized by building permits; (iv) provided for under any unit sales agreement between Declarant and a Unit purchaser; (v) necessary to satisfy any express or implied warranty obligation of Declarant; or (vi) otherwise authorized or required by law.

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

29.3 Termination of Declarant Rights. Except as otherwise provided in this Declaration, the special Declarant rights set forth in this Section 29.3 shall continue for so long as (i) Declarant is completing improvements which are within or may be added to this Condominium or (ii) Declarant owns any Units or any of the Additional Property; *provided*, that Declarant may voluntarily terminate any or all of such rights at any time by recording an amendment to this Declaration, which amendment specifies which right is thereby terminated.

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

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

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

30. Miscellaneous.

30.1 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.

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

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

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

30.5 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to this Declaration and the Bylaws, neither the Association nor the Board nor Declarant shall be liable for: (i) any failure of any utility or other service to be obtained and paid for by the Board; (ii) injury or damage to person or property caused by the elements, or (iii) inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

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

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

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

30.9 Mold Disclosure. Each Owner acknowledges that mold is a commonly occurring natural substance that can grow in the Unit and the Common Elements where water infiltration and humidity exist. Each Owner also acknowledges that there is controversy regarding whether and to what extent certain types of mold are toxic to humans. Each Owner understands and agrees that Declarant will not be liable for any property damage or bodily injury suffered by the Unit's occupants and resulting from the presence of mold. Each Owner is hereby advised to regularly cause the Unit and the Common Elements to be inspected for mold or any other dangerous condition. Each Owner should take prompt action to remedy underlying water infiltration and humidity conditions that are causing any mold discovered and thereby avoid any possibility of damage or injury from long-term exposure to mold. Each Owner also acknowledges that Storage Units consist of enclosed, unheated and unventilated spaces, that temperatures and humidity levels will vary in the Storage Units, and that certain items stored in the Storage Units may be sensitive to the temperature variations and the lack of ventilation which may lead to those stored items developing mold or other fungal growth. Each Owner is responsible for monitoring such Owner's Storage Unit and removing or refraining from placing items in such Storage Unit that may have such sensitivity to the conditions in the Storage Unit.

30.10 Bed Bug Disclosure. Each Owner acknowledges that bed bugs were discovered in the Condominium in 2004. Service providers treated bed bugs and no evidence of bug infestation was found by such providers as of the date of this Declaration since November 29, 2005. at the Condominium. Seller makes no warranty relating to the bed bug infestation. Each Owner acknowledges and accepts the possibility that additional treatments could be required.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 23rd day of August, 2006.

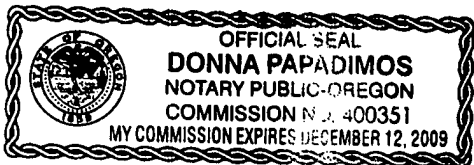
EMPRESS DEVELOPMENT CORPORATION, an Oregon corporation

By: *Jeff Mincheff*
Jeff Mincheff
Its: President

STATE OF OREGON)
) ss.
County of Multnomah)


This instrument was acknowledged before me on August 23, 2006, by Jeff Mincheff, the President of Empress Development Corporation, an Oregon corporation, on behalf of and as the act and deed of said corporation.


Donna Papadimos
Notary Public for Oregon
My Commission Expires: _____



The foregoing Declaration is approved pursuant to ORS 100.110 this 30th day of October, 2006, and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

SCOTT W. TAYLOR
Oregon Real Estate Commissioner

By: 
Laurie Skillman

By:  11-9-06
County Assessor

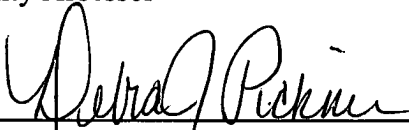
 11/9/06
County Tax Collector

EXHIBIT A

Property Description

The premises are in MULTNOMAH County and are described as follows:

"EMPRESS CONDOMINIUMS", being the West half of Lots 2, 3, 6 and 7, Block 105, "COUCH'S ADDITION". located in the Southeast quarter of Section 33, Township 1 North, Range 1 East, Willamette Meridian, City of Portland, Multnomah County, Oregon, the boundary being more particularly described as follows:

Beginning at the initial point, being a 5/8" iron rod with a yellow plastic cap marked "Tetsuka Assoc., Inc.", found at the Southeast corner of said West half, from which a 1" brass disk marked "Tetsuka Assoc., Inc." found at the Southwest corner of said Block 105 bears S 90°00'00" W, a distance of 50.00 feet; thence S 90°00'00" W, along the South line of said block 105, a distance of 50.00 feet to said 1" brass disk marked "Tetsuka Assoc., Inc." found at the Southwest corner of said Block 105; thence N 00°00'00" E, along the West line of said Block 105, a distance of 200 feet to a 1" brass disk marked "Tetsuka Assoc., Inc." found at the Northwest corner of said Block 105; thence N 90°00'00" E, along the North line of said Block 105, a distance of 50.00 feet to a 1" brass disk marked "Tetsuka Assoc., Inc." found at the Northeast corner of said West half; thence S 00°00'00" W, along the East line of said West half, a distance of 200.00 feet to the initial point.

EXHIBIT B

Area of Units and Allocation of Interest in Common Elements

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
<i>Primary:</i>		
1	208	0.73%
2	252	0.89%
3	304	1.08%
4	721	2.55%
5	474	1.68%
6	379	1.34%
7	382	1.35%
8	558	1.97%
C1	487	1.72%
C2	1104	3.90%
C3	291	1.03%
101	308	1.09%
102	310	1.10%
103	314	1.11%
104	302	1.07%
105	367	1.30%
106	335	1.18%
107	312	1.10%
108	313	1.11%
109	313	1.11%
110	394	1.39%
111	433	1.53%
112	444	1.57%
114	436	1.54%
115	390	1.38%
116	388	1.37%
117	389	1.38%
201	308	1.09%
202	310	1.10%
203	314	1.11%
204	302	1.07%
205	367	1.30%
206	335	1.18%
207	312	1.10%
208	313	1.11%

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
209	313	1.11%
210	394	1.39%
211	433	1.53%
212	444	1.57%
214	436	1.54%
215	390	1.38%
216	388	1.37%
217	389	1.38%
301	308	1.09%
302	310	1.10%
303	314	1.11%
304	302	1.07%
305	367	1.30%
306	335	1.18%
307	312	1.10%
308	313	1.11%
309	313	1.11%
310	394	1.39%
311	433	1.53%
312	444	1.57%
314	436	1.54%
315	390	1.38%
316	388	1.37%
317	389	1.38%
401	308	1.09%
402	310	1.10%
403	314	1.11%
404	302	1.07%
405	367	1.30%
406	335	1.18%
407	312	1.10%
408	313	1.11%
409	313	1.11%
410	394	1.39%
411	433	1.53%
412	444	1.57%
414	436	1.54%
415	390	1.38%
416	388	1.37%
417	389	1.38%

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
<i>Storage:</i>		
S1	38	0.01%
S2	36	0.01%
S3	31	0.01%
S4	31	0.01%
S5	31	0.01%
S6	31	0.01%
S7	31	0.01%
S8	31	0.01%
S9	31	0.01%
S10	31	0.01%
S11	31	0.01%
S12	31	0.01%
S13	31	0.01%
S14	31	0.01%
S15	31	0.01%
S16	31	0.01%
S17	31	0.01%
S18	28	0.01%
S19	35	0.01%
S20	34	0.01%
S21	34	0.01%
S22	34	0.01%
S23	34	0.01%
S24	34	0.01%
S25	34	0.01%
S26	34	0.01%
S27	34	0.01%
S28	34	0.01%
S29	20	0.01%
S30	20	0.01%
S31	20	0.01%
S32	25	0.01%
S33	25	0.01%
S34	25	0.01%
S35	25	0.01%
S36	25	0.01%
S37	25	0.01%
S38	25	0.01%
S39	25	0.01%

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
S40	25	0.01%
S41	27	0.01%
S42	28	0.01%
S43	28	0.01%
S44	28	0.01%
S45	28	0.01%
S46	744	0.01%
S47	523	0.01%
Wall:		
W1	0	<u>0.01%</u>
Total:		100.00%

EXHIBIT C

Allocation of Common Profits

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
1	208	0.74%
2	252	0.90%
3	304	1.08%
4	721	2.56%
5	474	1.68%
6	379	1.35%
7	382	1.36%
8	558	1.98%
C1	487	1.73%
C2	1104	3.92%
C3	291	1.03%
101	308	1.09%
102	310	1.10%
103	314	1.12%
104	302	1.07%
105	367	1.30%
106	335	1.19%
107	312	1.11%
108	313	1.11%
109	313	1.11%
110	394	1.40%
111	433	1.54%
112	444	1.58%
114	436	1.55%
115	390	1.39%
116	388	1.38%
117	389	1.38%
201	308	1.09%
202	310	1.10%
203	314	1.12%
204	302	1.07%
205	367	1.30%
206	335	1.19%
207	312	1.11%
208	313	1.11%

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
209	313	1.11%
210	394	1.40%
211	433	1.54%
212	444	1.58%
214	436	1.55%
215	390	1.39%
216	388	1.38%
217	389	1.38%
301	308	1.09%
302	310	1.10%
303	314	1.12%
304	302	1.07%
305	367	1.30%
306	335	1.19%
307	312	1.11%
308	313	1.11%
309	313	1.11%
310	394	1.40%
311	433	1.54%
312	444	1.58%
314	436	1.55%
315	390	1.39%
316	388	1.38%
317	389	1.38%
401	308	1.09%
402	310	1.10%
403	314	1.12%
404	302	1.07%
405	367	1.30%
406	335	1.19%
407	312	1.11%
408	313	1.11%
409	313	1.11%
410	394	1.40%
411	433	1.54%
412	444	1.58%
414	436	1.55%
415	390	1.39%
416	388	1.38%

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
417	<u>389</u>	<u>1.38%</u>
Total:	28,152	100.00%

EXHIBIT D1

Residential Expenses

Administrative

94% of Annual Corporation Report Filing
94% of Annual Financial Review
94% of Insurance
80% of Licenses and Permits
94% of Office Supplies/Postage/Printing
94% of Professional Management
94% of Reserve Study Update
94% of Tax Return Preparation

Maintenance and Repairs

94% of Backflow Testing
Carpet Cleaning
Elevator Maintenance and Monitoring
94% of Fire Alarm Monitoring
94% of General Repairs and Supplies
62.5% of Janitorial and Supplies
94% of Landscape-Maintenance
94% of Plumbing Repairs
94% of Roof Maintenance

Utilities

94% of Electricity-Common
94% of Gas-Common
Telephone-Elevator
94% of Telephone-Fire Alarm
94% of Trash Service
94% of Water and Sewer

EXHIBIT D2

Commercial Expenses

Administrative

6% of Annual Corporation Report Filing
6% of Annual Financial Review
6% of Insurance
20% of Licenses and Permits
6% of Office Supplies/Postage/Printing
6% of Professional Management
6% of Reserve Study Update
6% of Tax Return Preparation

Maintenance and Repairs

6% of Backflow Testing
6% of Fire Alarm Monitoring
6% of General Repairs and Supplies
37.5% of Janitorial and Supplies
6% of Landscape-Maintenance
6% of Plumbing Repairs
6% of Roof Maintenance

Utilities

6% of Electricity-Common
6% of Gas-Common
6% of Telephone-Fire Alarm
6% of Trash Service
6% of Water and Sewer

EXHIBIT D3

Allocation of Residential Expenses

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
1	208	0.79%
2	252	0.96%
3	304	1.16%
4	721	2.74%
5	474	1.80%
6	379	1.44%
7	382	1.45%
8	558	2.12%
101	308	1.17%
102	310	1.18%
103	314	1.20%
104	302	1.15%
105	367	1.40%
106	335	1.28%
107	312	1.19%
108	313	1.19%
109	313	1.19%
110	394	1.50%
111	433	1.65%
112	444	1.69%
114	436	1.66%
115	390	1.48%
116	388	1.48%
117	389	1.48%
201	308	1.17%
202	310	1.18%
203	314	1.20%
204	302	1.15%
205	367	1.40%
206	335	1.28%
207	312	1.19%
208	313	1.19%
209	313	1.19%
210	394	1.50%
211	433	1.65%

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
212	444	1.69%
214	436	1.66%
215	390	1.48%
216	388	1.48%
217	389	1.48%
301	308	1.17%
302	310	1.18%
303	314	1.20%
304	302	1.15%
305	367	1.40%
306	335	1.28%
307	312	1.19%
308	313	1.19%
309	313	1.19%
310	394	1.50%
311	433	1.65%
312	444	1.69%
314	436	1.66%
315	390	1.48%
316	388	1.48%
317	389	1.48%
401	308	1.17%
402	310	1.18%
403	314	1.20%
404	302	1.15%
405	367	1.40%
406	335	1.28%
407	312	1.19%
408	313	1.19%
409	313	1.19%
410	394	1.50%
411	433	1.65%
412	444	1.69%
414	436	1.66%
415	390	1.48%
416	388	1.48%
417	<u>389</u>	<u>1.48%</u>
Total:	26,270	100.00%

EXHIBIT D4

Allocation of Commercial Expenses

<u>Unit No.</u>	<u>Area (Sq. Ft.)</u>	<u>Allocation</u>
C1	487	25.88%
C2	1104	58.66%
C3	<u>291</u>	<u>15.46%</u>
Total:	1,882	100.00%

EXHIBIT E

Bylaws of Empress Condominiums Owners' Association

**BYLAWS
OF
EMPRESS CONDOMINIUMS OWNERS' ASSOCIATION**

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BYLAWS
OF
EMPRESS CONDOMINIUMS OWNERS' ASSOCIATION

1. GENERAL PROVISIONS.

1.1 Identity. Empress Condominiums Owners' Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Office of the Oregon Corporation Commissioner on the ____ day of August, 2006 (the "Association"), has been organized for the purpose of administering the operation and management of Empress Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Empress Development Corporation, an Oregon corporation (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in Multnomah County, Oregon, as more particularly described in the Declaration of Condominium Ownership for Empress Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the records of Multnomah County, Oregon.

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

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

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

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

2. MEETINGS OF OWNERS.

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

2.2 Transitional Committee. Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners within 60 days after the conveyance to persons other than the Declarant of 50 percent of all 120 Units. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least 10 but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional

committee (the “Transitional Committee”), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory only and shall consist of two or more members selected by Owners other than the Declarant and shall not include more than one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records that the Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within 90 days of the expiration of the period of Declarant’s administrative control described in Section 19 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least 10 but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting, the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control; the Owners shall elect a board of directors as set forth in these Bylaws; and the Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three-month period following the Turnover Meeting, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5)(3) of the Act. If the Declarant has complied with the terms of Section 100.210 of the Act, then, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and the Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner for any unsold Unit.

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

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

2.6 Special Meetings. It shall be the duty of the Chairperson to call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed and presented to the secretary of the Association (the "Secretary") by the Owners of not less than 35 percent of the Primary Units stating the purpose of the meeting. The notice of any special meeting shall state the purpose, time, and place of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice. The Chairperson or Secretary shall give written notice of each meeting of the Association, at least 10 days but not more than 50 days prior to the date set for such meeting, stating the purpose, time, and place of the meeting and the items on the agenda (including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or proposal to remove a director or officer of the Association), to each Owner of record (and to any first Mortgagee of record requesting such notice), at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the Chairperson or Secretary at least 10 days prior to the giving of such notice by the Chairperson or Secretary. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery, shall be given by the affidavit of the person giving the notice. For a period of 10 years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Owners, and Declarant or a representative of Declarant shall be entitled to attend such meetings. Notice of a meeting may be waived by any Owner before or after a meeting. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.8 Voting. The total number of votes of all Owners shall be 76, which is equal to the total number of Primary Units and the Wall Unit in the Condominium, and each Owner shall be entitled, subject to the provisions of Section 19 of the Declaration (which grants Declarant five times the votes for each Primary Unit owned by it prior to the expiration of Declarant's administrative control described in Section 19 of the Declaration) and to Section 3.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of votes allocated to the Primary Units and the Wall Unit owned by such Owner. No voting rights shall be allocated to Storage Units. The Declarant shall be entitled to vote as the Owner of any Primary Units and Wall Unit retained by the Declarant, and the Board shall be entitled to vote on behalf of any Primary Unit or Wall Unit that has been acquired by or on behalf of the Association; provided, however, that the Board shall not be entitled to vote such Primary Units or Wall Unit in any election of Directors. Notwithstanding the foregoing, the approval of a majority of the Owners of the Commercial Units shall be required in order to pass a vote on a matter adversely impacting the rights or privileges of the Owners of the Commercial Units and the approval of the Wall Unit shall be required in order to pass a vote on a matter adversely impacting the rights or privileges of the Owner of the Wall Unit.

2.8.2 If an Owner is in default under a first Mortgage on its Unit for 60 consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special

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

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

2.9 Proxies. A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of a Primary Unit by its Owner. An Owner may revoke such Owner's proxy only as provided in ORS 100.427. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee 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.

2.10 Fiduciary, Corporate and Joint Owners. An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Owners with respect to any Primary Unit owned or held by him in such capacity, whether or not the same shall have been transferred to his or her name; provided, however, that he or she shall satisfy the Secretary that he or she is the executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Primary Unit or Wall Unit owned by a corporation or other entity shall provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof. Unless a valid court order establishes the authority of a co-Owner to vote, whenever any Primary Unit or the Wall Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such Unit may be exercised by any of the Owners then present, in the absence of protest by a co-Owner. In the event of disagreement among the co-Owners, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to the matter voted upon.

2.11 Quorum. At any meeting of the Association, other than the Turnover meeting, the presence, in person or by proxy, of a number of Owners holding 34 percent or more of the voting power of the Association shall constitute a quorum. For purposes of the Turnover meeting, the number of Owners in attendance shall constitute a quorum; provided that the Owners may not take any action (i) adversely affecting the Commercial Units unless a majority of the affected Owners thereof are present at such meeting and approve of such action, or (ii) adversely affecting the Wall Unit unless the Owners of the Wall Unit is present at such meeting and approves of such action. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute

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

2.12 Binding Vote. The vote of more than 50 percent of the voting power present (whether in person or by proxy) at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

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

2.13.1 Calling of the roll and certifying of proxies;

2.13.2 Proof of notice of meeting or waiver of notice;

2.13.3 Reading of minutes of preceding meeting;

2.13.4 Reports of officers;

2.13.5 Reports of committees, if any;

2.13.6 Election of directors;

2.13.7 Unfinished business;

2.13.8 New business; and

2.13.9 Adjournment.

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

3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of from one to three persons prior to the Turnover Meeting and three persons after the Turnover Meeting. Until the Turnover Meeting (as provided for in Section 2.3 of these Bylaws) shall have been held, the Board of Directors shall consist of the Director or Directors named in the Articles of Incorporation of the Association, subject to the appointment and removal powers of the Declarant described in Section 19 of the Declaration. At the Turnover Meeting, two (2) Directors shall be elected by Owners of the Residential Units (the "Residential Owners"), and one Director shall be elected by the Owners of the Commercial Units and Wall Unit, if any (the "Commercial Owners"), to serve until the first annual meeting of the Association. At the first annual meeting of the Association, two Directors

shall be elected by the Residential Owners, and one Director shall be elected by the Commercial Owners. The Director with the highest vote totals elected by the Residential Owners shall serve for a term of two years, the Director with the lowest vote totals elected by the Residential Owners shall serve for a term of one year, and the Director elected by the Commercial Owners shall serve for a term of two years. Election by the Owners shall be by plurality. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, his or her successor shall be elected as provided in this Section 3.1 to serve for a term of two years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board of Directors after he or she ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, the members or managers, employees or designees of any limited liability company which owns a Primary Unit shall be considered co-Owners of any such Unit.

3.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts that by or under law, the Declaration or these Bylaws may not be performed by the Board of Directors or delegated to the Board of Directors by the Owners. The Board of Directors shall be governed by ORS 100.417 and applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property, as required by the Maintenance Plan, Declaration, these Bylaws, and by the Act. The Board shall prepare contemporaneous written documentation of the foregoing activities which shall be made available to Owners and Declarant upon request.

3.2.2 Determination of the amounts required for operation, inspection, maintenance and other affairs of the Association, and the making of such expenditures.

3.2.3 Annually conducting a reserve study, or review and update any existing study, of the Common Elements to determine the reserve fund requirements, in accordance with ORS 100.175(4).

3.2.4 Collection of the common expenses from the Owners.

3.2.5 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the maintenance, inspection, upkeep and repair of the Common Elements and Association Property; engagement of or contracting for the services of others; and making purchases for the inspection, maintenance, repair, replacement, administration, management and operation of the Condominium in accordance with Section 8 of these Bylaws and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); provided, however, that any management agreement, service

contract, or employee contract entered into before the Turnover Meeting shall not be in excess of three years, and shall be terminable by the Association without penalty upon not less than 30 days written notice to the other party given at any time after the Turnover Meeting; and provided further, that any agreement for management services entered into after the Turnover Meeting on behalf of the Association must be terminable by the Association for cause upon not more than 30 days' notice, must have a reasonable term not exceeding three years, and must be renewable with the consent of the Board of Directors and the manager. If a first Mortgagee had previously required professional management, the Board of Directors may not terminate professional management and assume self-management unless the decision to do so is approved by at least one hundred percent (100%) of the total voting power of the Association, and approved by Mortgagees holding first Mortgages on Units which have at least fifty-one percent (51%) of the voting rights of the Units subject to first Mortgage Mortgages.

3.2.6 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.21 hereof.

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

3.2.8 Purchasing, leasing or otherwise acquiring, in the name of the Association or its designee, corporate or otherwise, on behalf of the Owners, Units offered for sale or lease or surrendered by their Owners to the Association.

3.2.9 Bidding for and purchasing Units at foreclosure sales (judicial or non-judicial) or other judicial or execution sales, in the name of the Association or its designee, corporate or otherwise, on behalf of all Owners upon the consent or approval of the Owners of not less than 75 percent of the voting power of the Association.

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

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

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

3.2.13 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof or to work that is urgently needed for life, safety or structural integrity reasons.

3.2.14 Making additions and improvements to, or alterations of, the Common Elements; provided, however, that no such project of a non-structural or non-capital

nature may be undertaken by the Board of Directors if the total cost will exceed the amount of Five Thousand Dollars (\$5,000), unless the Owners have enacted a resolution authorizing the project by a vote of Owners holding at least 75 percent of the voting power of the Association, present in person or by proxy at a meeting of the Owners. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.2.1.

3.2.15 After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations, in addition to exercising any other rights or remedies provided for in the foregoing documents, based on a resolution of the Board of Directors that is delivered to each Unit, mailed to the mailing addresses designated in writing by the Owners, or mailed to the mailing address for each Unit.

3.2.16 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements and Association Property; provided, however, that (i) the consent of Owners holding at least 75 percent of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements and Association Property, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Owner of such Unit.

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

3.2.18 Filing all appropriate income tax returns.

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

3.2.20 Charging and collecting a fee in connection with moving in to or out of a Primary Unit.

3.2.21 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce violations.

3.2.22 In conjunction with preparation and updating of the reserve study, establish, periodically update, and implement a 30-year "Maintenance Plan" that identifies those components of the Common Elements and Association Property requiring periodic maintenance, including a maintenance plan defining how and when such maintenance should be performed, setting forth the estimated cost of such maintenance and including information about warranties. The Maintenance Plan shall comply with ORS 100.175 and shall provide for not less than annual inspections of the Property for evidence of water intrusion or other needed repairs by a

knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. The Maintenance Plan shall be appropriate for the size and complexity of the Common Elements and Association Property. For a period of 10 years following recording of the Declaration, Declarant shall be notified prior to the inspections, shall have a right for Declarant or its employees or contractors to be present during the inspections and have a right to receive a copy of the inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

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

3.3 Organizational Meeting. Within 30 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 organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.4 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 Chairperson 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 facsimile at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. For a period of 10 years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Directors. All meetings of the Board of Directors shall be open to the Owners except that the following matters and any other matters permitted by the Act may be considered in executive session: (a) consulting with legal counsel regarding the rights and duties of the Association in connection with existing or potential litigation, or criminal matters; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiation of contracts with third parties; and (d) collection of unpaid assessments pursuant to the Act. Except in the event of an emergency, the Board of Directors shall vote in an open meeting on whether to meet in executive session. If the Board of Directors votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. Such meetings

may be conducted by telephonic communication or by other means authorized under ORS 100.420(2), except that if a majority of the Primary Units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication or in a manner permitted by the Act. The meeting and notice requirements in ORS 100.420(1) may not be circumvented by chance or social meetings or by any other means, including, without limitation, e-mail communication. For purposes of this Section, "meeting" shall have the definition provided in Section 100.420(5) of the Act. Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Board of Directors shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.5 Waiver of Notice. Any member of the Board of Directors 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 member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of notice of the time and place thereof, except where a Director attends the meeting for the sole purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all the members of the Board of Directors are present at any meeting of the Board of Directors, however, no notice to Directors shall be required and any business may be transacted at such meeting.

3.6 Quorum. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the act of the Board of Directors; provided that the Board can not take any action adversely affecting the Commercial Units or the Wall Unit unless the Director elected by the Commercial Owners is present. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

3.7 Removal. At any regular or special meeting of the Owners, any one or more of the members of the Board of Directors elected by the Residential Owners may be removed with or without cause, but only by approval of at least a majority of the Residential Owners, notwithstanding the quorum provisions of Section 2.11, and a successor may then and there or thereafter be elected 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. The Director elected by the Commercial Owners may be removed with or without cause at a meeting called by at least one of the Commercial Owners by the majority vote of the Commercial Owners, notwithstanding any quorum requirement, and a successor may then and there or promptly thereafter be elected to fill the vacancy thus created by a majority vote of the Commercial Owners. The notice of any such meeting shall state that such removal is to be considered, and any Director elected by the

Commercial Owners whose removal has been proposed shall be given an opportunity to be heard at the meeting.

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

3.9 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a member pursuant to Section 3.7 shall, in the case of a vacancy relating to a Director elected by the Residential Owners, be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Any vacancy relating to a Director elected by the Commercial Owners shall be filled by the majority vote of the Commercial Owners conducted at a meeting of the Commercial Owners held promptly after the occurrence of the vacancy. Each person so elected or appointed shall be a member of the Board of Directors for the remainder of the term of the member whose position was vacated and until a successor shall be elected by the majority vote of the Commercial Owners at the next annual meeting of the Owners.

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

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

3.12 Insurance. The Board of Directors shall comply with the insurance requirements contained in Article 9 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, the Board of Directors or the Owners.

3.13 Special Committees. The Board of Directors by resolution may designate one or more special committees, each committee to consist of three or more Owners that, to the extent provided in such resolution, shall have and may exercise the powers set forth in such resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. Such special committee shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such special committee or committees designated shall be appointed

by the Board of Directors or the Chairperson. The Board of Directors or the Chairperson may appoint Owners to fill vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

4. OFFICERS.

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

4.2 Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected and qualified. 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. Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his or her 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 Chairperson. The Chairperson shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Owners and of the Board of Directors. He or she shall have all of the general powers and duties that are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he or she may in his or her discretion decide are appropriate to assist in the conduct of the affairs of the Association.

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

4.6 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 Owners and Directors and other notices required by law. He or she shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice Chairperson, taking the place of the Vice Chairperson and performing his or her duties whenever

the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

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

4.8 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors, including the execution of checks of up to Five Thousand Dollars (\$5,000) by the professional property management company for the Condominium, and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the Chairperson. All checks in excess of Five Thousand Dollars (\$5,000) shall be signed by the Treasurer, or in his or her absence or disability, by the Chairperson or any duly elected Assistant Treasurer. Notwithstanding the foregoing, all checks in excess of Five Thousand Dollars (\$5,000) shall require the signatures of at least two authorized signatories.

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

5. BUDGET, EXPENSES, ASSESSMENTS AND RESERVE FUND.

5.1 Budget. The Board of Directors shall from time to time, 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 Owner in the manner set forth in the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be maintained, repaired or replaced on a periodic basis by the Association in accordance with Section 5.2 of these Bylaws. If the Director elected by the Commercial Unit Owners objects to the budget, such Director shall present the basis for the objection to the Board of Directors, who shall consider the objection and prepare a revised budget. If the objecting Director rejects the revised budget, the Board shall submit the matter to arbitration, as provided in Section 25.5 of the Declaration. The decision of the arbitrator shall be final and conclusive. The Board of Directors shall advise each Owner in writing of the amount of common expenses payable by him or her, and furnish a summary of each budget and amended budget on which such common expenses are based to all Owners and, if requested, to their Mortgagees, within 30 days after adoption of the budget. Failure to deliver a summary of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion,

levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 19 of the Declaration shall be based on Declarant's reserve study, but such projection may vary substantially from the actual requirements of the Association for such period. **The reserve study assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to these Bylaws, the Maintenance Plan and the Act. If the Board fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** After the Turnover Meeting, the Board of Directors shall be responsible, in its sole discretion, for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 3.2.22.

5.2 Reserve Fund for Replacing Common Elements. Declarant shall conduct a reserve study as required by the Act and shall establish in the name of the Association a reserve fund for replacement of Common Elements that will normally require replacement in more than three and fewer than 30 years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 3.2.22 above, and exterior painting of Common Elements, if any. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements that will normally require replacement in more than three and fewer than 30 years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 3.2.22 above, and exterior painting of Common Elements, if any, such that the reserve fund is reasonably expected to provide sufficient funds for replacement of such Common Elements. Declarant in establishing the reserve fund shall obtain and rely on a reserve study Common Elements assessments, but such projection may vary substantially from the actual requirements of the Association. Declarant may elect to defer payment of the assessments for the reserve fund with respect to a Unit until the time of conveyance of the Unit; provided that Declarant may not defer payment of such reserve assessments beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association. The Board of Directors shall administer the reserve fund and shall adjust at regular intervals, but no less than annually, the amount of the periodic payments into it to reflect changes in current replacement costs over time. The Board of Directors shall annually conduct a reserve study or review and update an existing reserve study of the Common Elements to determine reserve account requirements. The reserve study shall include all information required by the Act. Following the second year after the Turnover Meeting, the Association may by an affirmative vote of at least 75 percent of the Owners elect to reduce or increase future assessments for the reserve funds. In addition the Board of Directors' authority to do so, after the Turnover Meeting, the Association may, on an annual basis by unanimous vote of the Owners, elect not to fund the reserve account. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve fund shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for replacement of the Common Elements that will normally require replacement in more than three and fewer than 30 years, for significant future maintenance items as required by the Maintenance Plan established

pursuant to Section 3.2.22 above, and for the painting of exterior painted surfaces of Common Elements, if any, and is to be kept separate from the assessments described in Section 5.4 of the Bylaws. After the Turnover Meeting, however, the Board of Directors may borrow amounts from the reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other unexpected increases in expenses that will later be paid from special or regular assessments, if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a repayment plan providing for repayment of the borrowed funds within a reasonable period. Repayment of such amounts borrowed from the reserve fund shall include any interest that would otherwise have been earned on such amounts. Assessments under this Section 5.2 shall be allocated as described in Section 7.1 of the Declaration.

5.3 Determination of Common Expenses. Common expenses shall include:

5.3.1 Expenses of administration.

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

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

5.3.4 Reserve for replacements and deferred maintenance and the cost of the reserve study, or its review and update.

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

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

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

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

5.3.9 Professional management services, landscaping, snow removal, waste removal (subject to the provisions of these Bylaws relating thereto), painting, cleaning, outside window washing and inspection, maintenance, repair and replacement of the exterior of the structures within the Condominium and inspection, maintenance, decorating, repair and replacement of the Common Elements by the Association (but not including interior surfaces of Units, doors that provide the means of ingress and egress to and from a Primary Unit, which the respective Owners of such Primary Units shall paint, clean, decorate, maintain, and repair) and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper, which the Board of Directors shall have the exclusive right and duty to acquire for the Common Elements.

5.3.10 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments that the Board of Directors is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or that in its opinion shall be necessary or proper for the inspection, maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and that the Board of Directors determines should be assessed to the Owners under Section 5.4.

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

5.3.12 Inspection, maintenance and repair of any Unit, Association Property or Common Element if the Board of Directors determines that such inspection, maintenance or repair is necessary to protect the Common Elements or any other portion of the Property, and the Owner of such Unit (or the Owner responsible for maintenance of such Common Element, as applicable) has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board of Directors to such Owner, provided that the Board of Directors shall levy a special assessment against such Owner for the cost of such maintenance or repair.

5.3.13 Any other items properly chargeable as an expense of the Association, including, without limitation, those items described in the exhibits to the Declaration.

5.4 Assessment of Common Expenses.

5.4.1 All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws; provided, however, that such reserve assessments may be collected on a monthly, quarterly, or biannual basis, and at least annually, and may be assessed prospectively or in arrears. Assessments shall be allocated in accordance with Section 7.1 of the Declaration. Assessments may not be waived due to limited use or nonuse of Common Elements. Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 7.1 of the Declaration. At the time of closing of the initial and each subsequent sale of each Primary Unit, the purchaser shall make the contribution described in Section 5.5.3 to the working capital fund. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due that remains unpaid by him or her for more than 30 days from the due date for its payment (except as provided above for the Declarant).

5.5 Special Assessments. 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 Owners, and the proceeds of which shall be used only for the special capital improvements described in the resolution.

5.5.2 Other Reserve Trust Funds. The Board of Directors may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 5.2 of these Bylaws. Extraordinary expenditures not originally included in the annual estimate that may become necessary during the year may also be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed to the Owners as provided in Section 7.1 of the Declaration. The Board of Directors shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses that is due more than 30 days after the delivery or mailing of such notice of further assessment.

5.5.3 Working Capital Fund. Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in Section 5.4. At the time of closing of each sale of each Primary Unit, the purchaser of such Unit shall make an initial contribution to the working capital fund equal to two months of Association assessments for such Unit, but, in any event, not less than the amount that may have been contributed to the working capital fund on behalf of such Unit (or Units) by Declarant under this Section 5.5.3. At or prior to the Turnover Meeting, Declarant shall make a contribution to the working capital fund equal to two months of Association assessments for all Primary Units then existing but not yet conveyed to persons other than Declarant; provided, however, that the contribution by the initial purchaser of a Primary Unit described in the preceding sentence shall be paid to Declarant at the closing of such purchase in reimbursement of contributions made to the working capital fund by Declarant. At or prior to the Turnover Meeting, Declarant shall transfer the amount of the working capital fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.5.2. During the period of administrative control described in Section 19 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

5.6 Violation by Owners; Remedies. The violation of any Rule or Regulation or other determination duly adopted by the Board of Directors, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Association the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Association, or its agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Association must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Association in connection with such

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

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

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

5.9 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments regarding a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

6. RECORDS AND AUDITS.

6.1 General Records. The Board 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 and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Declaration, these Bylaws, the Rules and Regulations, the recorded plat(s) and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5 hereof; (iii) the current operating budget of the Association and reserve study; and (iv) all documents, information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for inspection within the State of Oregon and upon written request, available for duplication by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours. The Board of Directors shall retain the documents required by 100.480(1) for the time period required by such statute. Records kept by or on behalf of the Association may be withheld from examination as permitted by the Act.

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 Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

6.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books 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 Five Thousand Dollars (\$5,000) signed by the Chairperson, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of Five Thousand Dollars (\$5,000) shall require the signature of the Chairperson and one other officer of the Association.

6.5 Reports and Audits. An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board of Directors to all Owners, and to all Mortgagees of Primary Units who have requested the same, within 90 days after the end of each fiscal year. The Board shall have the financial statement reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the requirements of ORS 100.480(4) within 180 days after the end of the fiscal year. At any time any Owner or Mortgagee of a Primary Unit may, at his own expense, cause an audit or inspection to be made of the books and records of the Association. Pursuant to ORS 100.480(6), the Association may elect on an annual basis not to

comply with ORS 100.480(4) by an affirmative vote of at least 60 percent of the Owners, not including the votes of the Declarant with respect to Units owned by the Declarant. Upon written request, any holder, insurer or guarantor of a first Mortgage shall be entitled to a copy of the financial statement for the immediately preceding fiscal year at the expense of the Association and shall be made available within 120 days after the end of such fiscal year. In addition, the Board shall not less than annually provide each Owner and the Declarant, its successors and assigns a written report regarding the Association's compliance with the Maintenance Plan.

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

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

7. OCCUPATION AND USE.

7.1 Rental. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1. "Leasing or Renting" a Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), whether in exchange for the payment of rent (that is, money, property or other goods or services of value) or not; but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. With the exception of a lender in possession of a Unit following a default in a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his or her Unit for hotel or transient purposes, which shall be defined as Renting for any period less than 30 days.

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

7.1.2 Written Leases. All Leasing, Rental or other occupancy agreements shall be in writing and be subject to the Declaration and these Bylaws (with a default by the tenant or occupant in complying with this Declaration and/or Bylaws constituting a default under the Lease, Rental or occupancy agreements).

7.1.3 Payments by Tenant or Lessee to Association. If a Unit is Rented by its Owner, the Board may collect, and the tenant, lessee or occupant shall pay over to the Board, any amounts due to the Association hereunder for such Unit, plus interest and costs if the same are in default over 30 days. The renter, lessee or occupant shall not have the right to question payment over to the Board. Such payment will discharge the lessee's, renter's or

occupant's duty of payment to the Owner for rent, to the extent such payment is made to the Association, but will not discharge the liability of the Owner and the Unit under the Declaration or these Bylaws for assessments and charges, or operate as an approval of the lease or occupancy agreement. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner, nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

7.1.4 Identification of Tenants. Each Owner electing to rent or grant occupancy of his or her Unit shall, within 30 days after the rental or occupancy of such Unit, submit to the Board in writing the identity of and contact information for such tenant or occupant.

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

7.1.6 Declarant's Activities. The restrictions contained in this Section 7.1 shall not apply to the Leasing or Renting of Units owned by the Declarant.

7.2 Residential Use. Except as expressly permitted in these Bylaws or the Declaration, or as otherwise permitted by Board approval (with such conditions as the Board may establish), each Residential Unit shall be occupied and used only as a private residence and for no other purpose. Without the prior consent of the Board of Directors, no more persons may live in a Residential Unit on a permanent basis than is permitted by applicable law. Nothing contained in the Declaration or Bylaws shall preclude an Owner from having a "home office" from which the Owner conducts some of his or her business affairs, so long as the Residential Unit is not generally open to the public and its use is limited to occasional visits by appointment-only customers, clients, or trade vendors. Except as permitted by the foregoing, no industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted in any Unit (other than as set forth in Section 7.3). Nothing contained in this Section 7.2 shall prevent the Declarant or Declarant's successors and assigns from completing the Units and the building they are in, maintaining Units as models for display purposes, and otherwise maintaining construction or sales offices displays and signs. Notwithstanding the other provisions of this Section 7.2, the Commercial Units may be used for commercial purposes subject to the Declaration, as it may be supplemented or amended, and the other provisions of these Bylaws (including, without limitation, Section 7.3).

7.3 Commercial Use.

7.3.1 Authority to Determine Allowed Commercial Use. The Commercial Units may be used for commercial purposes in accordance with Section 7.3. Declarant shall have the sole authority, in its complete and absolute discretion, to determine whether a particular commercial use of a Commercial Unit shall be permitted under the Declaration and these Bylaws, subject only to the other provisions of this Article 7. Upon the sale of all Commercial Units by Declarant, the Board shall have the authority to determine whether a particular commercial use complies with the terms of Section 7.3.3. The Owners may call a special meeting for the purpose of reviewing the propriety of such decision pursuant to Section 2.6 and at that meeting, providing a quorum is certified, may overturn the Board's decision if at least 50 percent of Owners present in person or by proxy vote to overturn the

decision of the Board of Directors, in which case the written determination of the Owners at such meeting shall be final and conclusive.

7.3.2 Standards for Commercial Use. The Board shall use the standards set forth in this Section 7.3.2 in evaluating the commercial use of a Commercial Unit. Commercial use of the Commercial Units is permitted only if it (i) is conducted in accordance with applicable zoning, building or land use regulations and other applicable laws, if any, (ii) does not cause objectionable noise to emanate out of or arise from such Units, (iii) does not produce objectionable odors, (iv) does not involve the storage of material amounts of highly combustible materials or other materials that would pose an unreasonable threat to the Condominium or well-being of the Owners, (v) is not an adult entertainment, adult studio, adult arcade or any other type of adult business. For purposes of construing the foregoing provisions, the term “objectionable noise” shall mean, without limitation and for the purpose of illustration, persistent loud noises made by (i) machinery or equipment or (ii) a gathering of disorderly persons; and the term “objectionable odors” shall mean, without limitation and for the purpose of illustration, persistent and offensive odors such as odors produced by (i) gas-powered or diesel-powered machinery or equipment, (ii) refuse or garbage, or (iii) any number of chemicals or solvents. The word “objectionable” shall be construed in every instance in accordance with the sensibilities of an ordinary and reasonable person residing in attached condominiums with associated restaurant use in an urban environment. For purposes of construing the foregoing provisions, “adult” shall mean, without limitation and for purposes of illustration, pornographic or sexual items or activities. In no event shall a dry cleaning plant be permitted in the Condominium.Limitation of Liability. No person having the right of approval for a proposed commercial use as provided in Section 7.3.1 shall be liable for any act involving the exercise of that right, except to the extent that the person acted with malicious disregard for the provisions of these Bylaws. Neither the Declarant, nor a subsequent Owner of one or more Commercial Units, nor the Association, shall be responsible or liable to any Owner, occupant or contractor with respect to any loss, liability, claim or expense arising by reason of approval or disapproval of a proposed commercial use.

7.4 Display of Advertising. The Wall Unit may be used for the display of advertising in accordance with Section 7.4. The Owner of the Wall Unit shall have the sole authority, in such Owner’s complete and absolute discretion, to determine whether a particular advertisement is permissible under the Declaration and these Bylaws, subject only to the other provisions of this Article 7.

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

7.6 Alterations. Except as otherwise permitted by these Bylaws or the Declaration, no Owner except for Declarant shall make or allow any structural alterations in or to any of his or her Units, or make or allow any change to the Common Elements, or maintain, decorate, paint, alter or repair any part of the Common Elements or allow others to do so, without the prior consent in writing of the Board of Directors. The Board of Directors shall consider the granting of such consent only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board of Directors shall deem

appropriate. The Board shall provide a copy of such submission materials to the Declarant upon receipt. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board of Directors, for such professional review. During the course of construction and after completion of same, the Board of Directors shall cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board of Directors, upon demand. The Board shall provide reasonable advance notice to Declarant of its inspection to Declarant and Declarant or its contractors or agents may, but shall not be obligated to, inspect the work concurrently with the Board's professional advisors. Prior to commencement of construction, the Owner shall provide the Board of Directors with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. Except as otherwise permitted by Section 7.15, no signage or graffiti visible from the exterior of a Unit, window display, window attachment, or lighting directed from a Unit to its exterior shall be permitted without the prior written approval of the Board of Directors; provided that this sentence shall not apply to draperies, blinds, and similar window coverings. An Owner may have removed by the Association, at such Owner's expense, a part of the partition wall separating contiguous Primary Units owned by an Owner provided that (i) such removal shall not interfere with any structural support elements or loadbearing partitions or columns or with any pipes, wires, cables, conduits or ducts or other mechanical systems and (ii) such Owner agrees in writing to have the Association restore such wall at such Owner's expense in the event that the ownership of the Units is subsequently divided. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board of Directors so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board of Directors, each in the amount of at least 125 percent of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association. With respect to Commercial Units, the provisions of this Section 7.6 shall apply only to structural alterations that would impact the structural or acoustical integrity of the building, except there shall be no bond required as provided in the immediately prior sentence.

7.7 Occupants of Corporate Unit. Whenever a Residential Unit is owned in whole or in part by a partnership, corporation, trust, or other entity, such an entity shall designate at the closing of the acquisition of its ownership interest particular persons which shall be entitled to use the Unit. Only such designated persons, their servants and non-paying guests and invitees may use such Unit. A different person or persons may be so designated as the named user of a Unit by written notice to the Association.

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

7.9 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board of Directors or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. The determination of acceptable commercial uses within the Condominium shall be made in accordance with Section 7.3. Primary Unit Owners, occupants and their guests shall exercise

extreme care not to make or allow noises that may disturb other occupants or guests, including the use of musical instruments, radios, televisions, speakers and amplifiers. Televisions and speakers for audio equipment may not be mounted on or against perimeter walls or on floors of a Primary Unit without an adequate sound barrier to prevent vibration and transmission of bass sounds outside the Unit. Road noise, noise from mechanical systems of the Condominium, elevator, air compressors and other incidental noises from a multi-family building shall not be considered nuisances. Owners shall not discard or throw, or allow to be discarded or thrown, intentionally or otherwise, any items from the windows, including, without limitation, cigarettes or ashes. Owners shall not allow the storage or use of hazardous substances in their Units other than normal cleaning materials stored and used in accordance with applicable law. Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents or employees, or vendors.

7.10 Unlawful or Improper Activities. No unlawful use shall be made of the Condominium or any part thereof, and all Legal Requirements shall be strictly complied with. Compliance with any Legal Requirements shall be accomplished by and at the sole expense of the Owner or Association, as the case may be, whichever shall have the obligation to maintain and repair the portion of the Condominium affected by any such Legal Requirement. Each Owner shall give prompt notice to the Board of Directors of any written notice received of the violation of any Legal Requirement affecting the Owner's Unit or Units or the Condominium. Notwithstanding the foregoing provisions, an Owner may, at such Owner's expense, defer compliance with and contest, by appropriate proceedings prosecuted diligently and in good faith, the validity or applicability of any Legal Requirement affecting any portion of the Condominium that such Owner is obligated to maintain and repair, and the Board of Directors shall cooperate with such Owner in such proceedings, provided that:

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

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

7.10.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 7.3 of the Declaration.

7.11 Contested Legal Requirements. An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.10, provided that noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or

otherwise by reason of such contest. The Board of Directors may also contest any Legal Requirement without being subject to the conditions described in Section 7.10 as to the contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.10 as to deferral of compliance by an Owner, and the costs and expenses of any contest by the Board of Directors shall be a common expense.

7.12 Improper Discharge. No Owner or occupant shall discharge, or permit to be discharged, anything into water lines, vents or flues of the Condominium that may violate applicable laws or regulations or might reasonably be anticipated to cause damage thereto or reduce the life expectancy thereof (excepting normal wear and tear), spread odors or otherwise be harmful or offensive.

7.13 Limitation on Storage Areas. Other than items placed by the Declarant or the Association, no furniture, packages or objects of any kind shall be placed in the public halls or stairways, or any other part of the Common Elements, except as allowed in Section 7. The lobbies, public halls, and stairs shall be used only for normal passage. The provisions hereof shall not apply to the Declarant until such time as all Primary Units have been initially sold and conveyed by the Declarant; however, the Declarant shall not use the Common Elements in such a manner as will unreasonably interfere with the use of the Primary Units for dwelling purposes.

7.14 Animals. No animals or fowl shall be raised, kept or permitted within the Condominium, except domestic dogs, cats, or other household pets, kept within a Residential Unit. No such dogs, cats or household pets shall be permitted to run at large or be kept, bred or raised for commercial purposes or in excess of two per Primary Unit (other than fish). Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective Owners thereof. All dogs, cats or other permitted household pets (other than fish) shall be carried or maintained on a leash while within the confines of a Common Element. An 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. No animals of any kind shall be permitted to be kept within Storage Units.

7.15 Signs and Displays. All signage displayed to public view, whether from a Unit or Common Element, except for signage for Commercial Units, shall be subject to Rules and Regulations thereon adopted by the Board of Directors pursuant to Section 7.21. In no event shall any "for sale," "for rent" or "for lease" or similar sign be placed in a window that is displayed to public view or any sign be placed on or in the vicinity of a common entry door of the Condominium, other than signs used by the Declarant to advertise Units for sale or lease, without the prior written approval of the Board of Directors. Subject to the foregoing sentence, the Owners of the Commercial Unit may, and may allow their tenants to, post signs advertising their business operating within the Unit, on the exterior of the ground floor of, on stanchions or pylons on the Condominium, if any, or within each of their Primary Units, subject only to the requirements of applicable laws and ordinances.

7.16 Trash. No part of any Unit or the Common Elements shall be used or maintained as a dumping area for rubbish, trash, garbage or other waste, other than designated common trash disposal areas. No such items shall be kept or maintained excepting sanitary containers in areas designated therefor.

7.17 Auctions or Open House. No Owner shall, when attempting to sell, lease or otherwise dispose of his or her Unit, or any personal property located therein, hold an “open house” or “auction” without the prior written approval of the Board of Directors of an access security management plan for the event. The Board shall approve any reasonable access security management plan.

7.18 Overloading. No Owner shall do anything to overload any part of a Unit or any part of the Common Elements.

7.19 Utilities and Antennae. No sewer, drainage, utility lines, wires, satellite dishes, or other devices for the communication or transmission of electric current, power, or signals (including telephone, television, microwave, or radio signals) shall be constructed, placed, or maintained anywhere in or upon the Condominium other than within the building or other structures unless contained in conduits or placed or maintained underground or concealed in or under the building or other structures, without the prior written approval of the Board. No device for the transmission or reception of telephone, television, microwave, or radio signals will be allowed within the Condominium unless the antenna is located and screened so as not to be visible from neighboring buildings and streets. The Association shall also provide to Owners a designated space on the roof of the building for the installation of satellite dishes and other communications equipment. Nothing contained in this Section 7.19 shall be construed to prohibit the erection or use of temporary power or telephone facilities during construction or repair of Improvements nor shall it apply to construction activities of Declarant. Nothing in this Section 7.19 shall prohibit the use of the portion of the roof that is designated as a Limited Common Element for the exclusive use of the Wall Unit. The restrictions contained in this Section 7.19 shall be effective only to the extent permissible under applicable laws and regulations.

7.20 Roof Access. No access to the roof of any building within the Condominium shall be permitted without the prior authorization of the Board of Directors or the management company. Neither the Board of Directors nor the management company shall unreasonably withhold or delay consent to access to the roof to the Owner of the Wall Unit and its agents for access to the portion of the roof that is designated as a Limited Common Element for the exclusive use of the Wall Unit.

7.21 Association Rules and Regulations. In addition to the foregoing requirements, 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, Association Property and the Common Elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium including, without limitation, establishment of reasonable administrative fees, such as fees for new owner set-up and owner’s packet, move-in and move-out fees, etc. Any rules or regulations affecting the commercial use of the Commercial Units must be approved by the Owners of a majority of the Commercial Units. Any such Rules and Regulations may be amended, modified or revoked by the Owners in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

7.22 Activities of Declarant. Nothing in this Article 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of Declarant pursuant to the Declaration with respect to the planning, designing, developing, constructing, and sale of improvements on the Property.

8. MAINTENANCE OF CONDOMINIUM PROPERTY; CONDEMNATION.

8.1 Maintenance and Repair. Except as otherwise provided in the Declaration for damage or destruction caused by casualty:

8.1.1 Units. All maintenance of and repairs to any Primary 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 maintenance activities which at any time may be necessary to maintain the good appearance and condition of his Unit or Units, subject to the provisions of the Bylaws. In addition, each Owner of a Primary Unit shall be responsible for the maintenance, repair, or replacement of interior doors and any plumbing, heating fixtures, telephones, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in his or her Primary Unit. In conducting such maintenance, the Owner must coordinate in advance repair, maintenance and replacement activities to equipment located on the roof with the managing agent or manager for the Association. Each Owner shall maintain the interior doors which provide the means of ingress and egress to and from his or her Primary Unit (including the repair of any damage thereto). Each Owner of a Storage Unit shall be responsible for the maintenance, repair, and replacement of the exterior doorway or face panel of its Storage Unit and any fixtures thereon, such as knobs, handles, and hinges, the interior surfaces of the Storage Unit, and any lighting fixtures or other fixtures located within, or attached to the interior of, the Storage Unit.

8.1.2 Common Elements and Association Property. The necessary work to inspect, maintain, repair, or replace the Common Elements and Association Property, including the exterior surfaces of Storage Units (except the door thereto), and the surface of the Wall Unit in good condition and in accordance with the Maintenance Plan shall be the responsibility of the Association and shall be carried out as provided in these Bylaws and in accordance with the Maintenance Plan. All such work shall be charged to the Owners as a Commercial Expense or Residential Expense, as applicable, in accordance with Section 7.1 of the Declaration, as such Declaration may be amended or supplemented, provided, that if such maintenance, repairs or replacement have been necessitated by acts or omissions of an Owner by reason of which the Owner is responsible under applicable law or under these Bylaws for all or a portion of the costs thereof, such costs shall be charged solely to the Owner so responsible, and provided further, that the Owners of the Commercial Units, and each of them, shall be jointly and severally responsible, at their expense, for keeping those portions sidewalks within 40 feet of entrance ways free of debris or trash associated with commercial activity. However, should actual collection of such costs from the responsible Owner within a reasonable period of time prove impossible after reasonable collection efforts, the uncollected portion may be charged as a common expense in accordance with Section 7.1 of the Declaration, as such Declaration may be amended or supplemented, subject to reimbursement of any amounts later collected from the responsible Owner. Without limitation of the foregoing, the Association shall be responsible for the inspection, painting, staining, repair and replacement of the exterior surfaces of all Units (including, without limitation, the inspection, repair and replacement of the roof, exterior doors

and door frames, windows and window frames); cleaning of the exterior surfaces of all window and door glass; and the cutting, pruning, trimming, and watering of all landscaping, if any. The Association is responsible for maintaining warranties in effect for all portions of the Common Elements and Association Property, to the fullest extent possible. If the Mortgagee of any Primary Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Primary Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.1.3 Repairs by Association. The Association may make repairs that an Owner is obligated to make and that he or she does not make within a reasonable time. If such repairs are of an emergency nature (in that the repairs must be promptly made to prevent further or imminent potential damage to the Unit involved, other Units or any Common Element), the Association may make such repairs immediately, without notice to the Owner, if he or she is not available for reasonable notification within the time frame that the nature of the emergency shall reasonably afford. The Association shall indemnify its agents, employees and other of its representatives from any and all liability to any Owner incurred by reason of any reasonable exercise of the right of entry afforded in the Declaration or these Bylaws to effect emergency repairs. The Association shall have no liability to an Owner for any use of its right of entry or right to make emergency repairs if it shall have reasonable cause to believe that such action is required. An Owner shall be deemed to have consented to having such repairs done to his or her Unit by the Association. An Owner shall reimburse the Association in full for the cost of such repairs, except to the extent covered by insurance proceeds received by the Association, including any legal or collection costs incurred by the Association in order to collect the costs of such repairs. All such sums of money shall bear interest from the due date therefor at the rate provided in Section 5.7. The Association may collect all such sums of money in such installments as the Board of Directors may determine, which installments shall be added to the monthly contributions towards the common expenses of such Owner, after the Owner's receipt of notice thereof. All such payments are deemed to be additional contributions towards the common expenses and recoverable as such.

8.2 Failure to Follow Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 3.2.22 above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the Maintenance Plan and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure.

9. INSURANCE.

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

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

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

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

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

9.1.5 Fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a manager, such manager shall

maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be at the expense of the Association, provided that the cost of such insurance for the manager shall be paid for by the manager. 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. Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium,) without at least ten (10) days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

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

9.2.1 All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon acceptable to FannieMae which falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports – International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency rating or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability in Standard and Poor's *International Confidential Rating Service*.

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

9.2.3 Each Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his or her Unit or Units, the value of which is in excess of One Thousand Dollars (\$1,000.00). Nothing in this Section shall permit an Owner to make improvements without first obtaining the approval of this Board of Directors pursuant to Section 8.2 hereof.

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

9.2.5 Notwithstanding the provisions of these Bylaws, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement,

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

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

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

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

9.2.9 Each 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 these Bylaws.

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

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

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

9.3.3 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors or the manager without prior demand in writing that the Board of Directors or manager cure the defect;

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

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

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

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

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

9.3.9 An “inflation guard” endorsement;

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

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

9.4 Additional Requirements. Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least 75 percent of the Primary Units so requires, or at such other times as the Board of Directors may deem advisable, the Board of Directors shall obtain an appraisal from an independent qualified appraiser, of the “full replacement cost” of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Section 9.1.1, and the cost of such appraisal shall be a common expense to be allocated in accordance with Section 7.1 of the Declaration; provided, however, that the full replacement cost of the Condominium for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the Declarant.

9.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby

prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Section 9.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

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

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

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

9.5.1 Insurance on any additions or improvements made by the Owner to his or her Unit or Units shall be purchased and maintained for the full insurable value thereof, unless the Owner presents in writing to the Board of Directors evidence that the additions or improvements made by the Owner to his or her Unit are insurable under the insurance issued pursuant to Section 9.1.1 and the Board of Directors, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Section 9.1.1. Insurance also shall be purchased for furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his or her Unit or Units, and his or her personal property and chattels stored elsewhere on the Property, including his or her automobile or automobiles, and for loss of use and occupancy of his or her Unit or Units in the event of damage. Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least 30 days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.5.2 Public liability insurance in the amount reasonably set by the Board of Directors no more often than every three years, covering any liability of any Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment, or personal property under the custody, care, or control of the Owner; provided that

the Board of Directors may require the Owners of Commercial Units to maintain public liability insurance in an amount greater than the amount required of the Owners of the other Units.

9.5.3 In the case of the Commercial Units, such other insurance coverages as are customarily maintained by owners of businesses comparable to those operated within such Unit.

9.6 Fannie Mae and GNMA Requirements. Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by FannieMae 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 FannieMae or Government National Mortgage Association. FannieMae or FannieMae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

10. AMENDMENTS TO BYLAWS.

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

10.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Owners and may be approved by a majority of the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by at least a majority of the Owners, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Primary Unit and limitations on leasing or rental of Primary Units shall be approved by at least 75 percent of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. Notwithstanding the foregoing, these Bylaws may not be amended in a manner that eliminates or impairs rights or privileges granted herein to the Commercial Owners without the approval of a majority of the Commercial Owners. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51 percent (51%) of those holders of first Mortgages on Primary Units (based upon one vote for each first Mortgage held): (i) Section 8.1, which addresses maintenance and repair; (ii) Article 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 10.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within 60 days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as Declarant remains the owner of one or more Primary Units, the Bylaws may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise

adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

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

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

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

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

11.3 Mediation. Prior to initiating litigation, arbitration or an administrative proceeding in which the Association and a Unit Owner have an adversarial relationship, all claims shall first be submitted to mediation within Multnomah County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

11.4 Limitations on Actions. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend or commit to expend in excess of \$2,500 for attorneys' fees and costs for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$20,000 unless first approved by at least 75 percent of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or these Bylaws, for

actions initiated by the Association during Declarant's period of administrative control pursuant to Section 19 of the Declaration; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 5.9 of these Bylaws; actions to summarily abate and remove a structure or condition that violates the Declaration or these Bylaws; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

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

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

11.7 Initial Dispute Resolution Procedures. In the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595, if applicable. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 11.7 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

12. MISCELLANEOUS 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 by written notice thereof to each Owner. All notices to any 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 Primary Unit.

12.2 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.

12.3 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 remainder 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.

12.4 Action Without a Meeting. Any action that the Act, the Declaration or the Bylaws require or permit the Owners 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 entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners, shall be filed in the records of minutes of the Association. For votes of the Owners by written ballot, the Board of Directors shall provide Owners with at least 10 days' notice before written ballots are mailed or otherwise delivered. The notice shall state the general subject matter of the vote by written ballot, the right of Owners to request secrecy procedures specified in ORS 100.425, the date after which ballots may be distributed, the date and time by which any petition must be received by the Board requesting secrecy procedures, and the address where such a petition may be delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for mailing and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. Notwithstanding the foregoing, action by written ballot may not substitute for the Turnover Meeting or the annual meeting of the Association.

12.5 Conflicts. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and Declaration shall control over these Bylaws, any amendments hereto or any Rules and Regulations adopted hereunder.

12.6 Liability Survives Termination. The sale or other disposition of his or her Unit or Units shall not relieve or release any former Owner from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies that the Association may have against such former Owner arising out of or in any way connected with such ownership and the covenants and obligations incident thereto.

12.7 Indexing. Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2006 as the base year.

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

[SIGNATURE PAGE TO FOLLOW]

Dated at Portland, Oregon, this 23rd day of August, 2006, being hereby adopted by the undersigned Declarant on behalf of the Association.

EMPRESS DEVELOPMENT CORPORATION, an Oregon corporation

By: 
Jeff Mincheff
Its: President