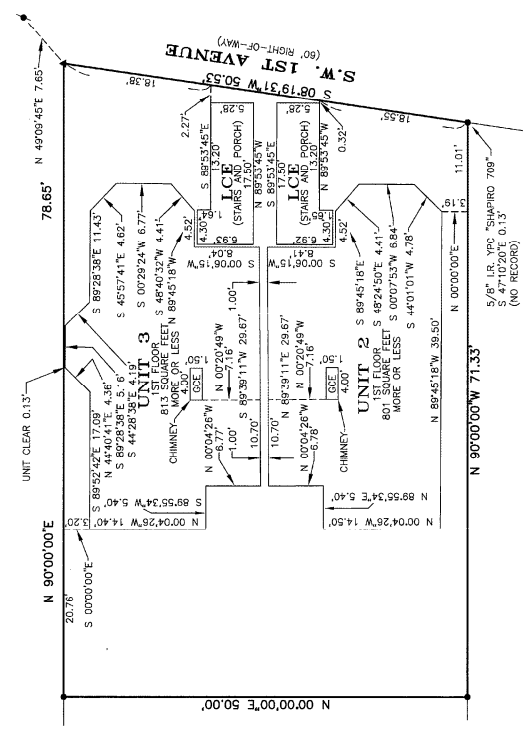


FOR BASIS OF BEARINGS AND BOUNDARY RESOLUTION  
SEE SURVEY NO. 60831

Surveyor:  
Needle Surveying, Inc.  
6950 S.W. Hampton Street  
Tigard, Oregon 97123  
Ph. (503) 595-8702  
Fax: (503) 595-8705

S.W. WOODS STREET  
(60' RIGHT-OF-WAY)



A REPLAT OF A PORTION OF LOT 1, BLOCK 108, AND A PORTION OF VACATED 1ST AVENUE, LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON.

DATE: MAY 7, 2008



- LEGEND**
- FOUND BRASS SCREW IN CONCRETE PER SURVEY NO. 45913, MULTNOMAH COUNTY SURVEY RECORDS.
  - FOUND 5/8" IRON ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58633" SET IN SURVEY NO. 60831.
  - ▲ FOUND BRASS DISK STAMPED "LS 58833" SET IN SURVEY NO. 60831.
- FF = FINISHED FLOOR ELEVATION.  
GCE = GENERAL COMMON ELEMENT.  
LR = IRON ROD.  
LCE = LIMITED COMMON ELEMENT.  
SQ. FT. = SQUARE FEET.  
YPC = YELLOW PLASTIC CAP STAMPED AS NOTED.

**DECLARATION**

KNOW ALL PERSONS BY THESE PRESENTS, THAT RESTORATION CONDO, LLC IS THE OWNER OF THE LANDS DESCRIBED IN THE SURVEYORS CERTIFICATE AND DEPICTED ON THE ANNEKED MAP AND HEREBY COMITS SAID LANCES TO THE OPERATION OF THE CONDOMINIUM LAW AS Laid OUT CHAPTER 330, OREGON REVISED STATUTES. THE PROPERTY DEPICTED ON THE ANNEKED MAP IS SUBJECT TO THE PROVISIONS OF ORS 103.050 TO 103.060.

ROBERT M. BARNETT  
DIRECTOR  
RESTORATION CONDO, LLC



**ACKNOWLEDGEMENT**

STATE OF OREGON }  
COUNTY OF MULTNOMAH }

THIS IS TO CERTIFY THAT ON THIS 22nd DAY OF MAY 2008, BEFORE ME APPEARED ROBERT M. BARNETT WHO AFTER BEING DULY SWORN, DID SAY THAT HE IS A MEMBER OF RESTORATION CONDO, LLC, AND ACKNOWLEDGES THAT HE HAS DEPOSITED SAID INSTRUMENT FREELY AND VOLUNTARILY.

NOTARY SIGNATURE  
*Dave Lee*  
DAVE LEE  
NOTARY PUBLIC - OREGON (PRINTED)  
COMMISSION NO. 396642  
EXPIRES: OCTOBER 04, 2009

RENEWAL DATE: DECEMBER 31, 2009

**APPROVALS**

APPROVED THIS 29th DAY OF May 2008.  
COUNTY SURVEYOR  
MULTNOMAH COUNTY, OREGON

BY: *Robert A. Harkin*

ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES AS PROVIDED BY ORS 92.095 HAVE BEEN PAID AS OF June 2nd 2008.  
DIRECTOR,  
DIVISION OF ASSESSMENT AND TAXATION,  
MULTNOMAH COUNTY, OREGON.

BY: *John J. ...*

STATE OF OREGON }  
COUNTY OF MULTNOMAH }  
I, DO HEREBY CERTIFY THAT THE ATTACHED CONDOMINIUM PLAT WAS RECEIVED FOR RECORD AND RECORDED

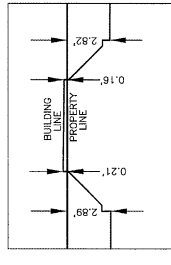
JUNE 2, 2008 AT 4:05 P.M.  
IN BOOK 1294 ON PAGE 63-64  
COUNTY RECORDS OFFICE

BY: *V.M. Cantelmo*  
DEPUTY

DOCUMENT NO. 2008-0833346

**ENCROACHMENT DETAIL**

NOT TO SCALE



**REFERENCES**

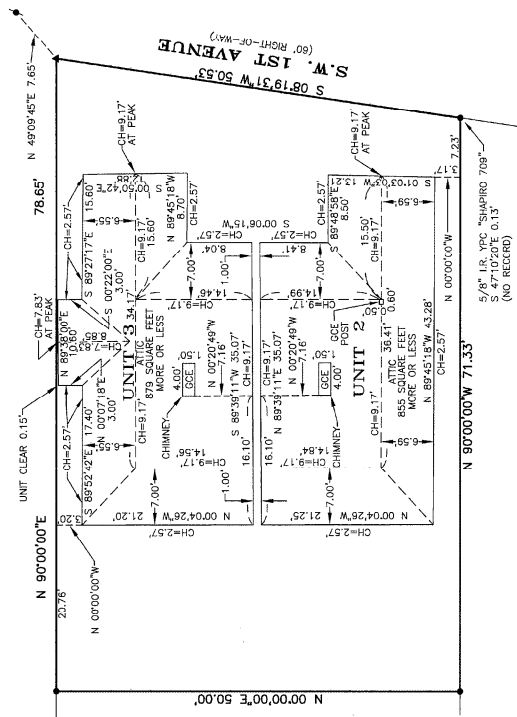
SURVEY NO. 60831, MULTNOMAH COUNTY SURVEY RECORDS

SHEET 1 OF 2

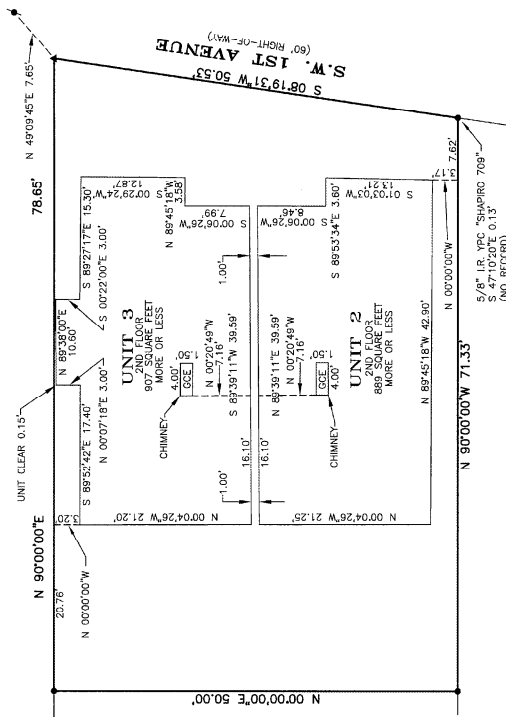
JOB #3987CPC

**FOR BASIS OF BEARINGS AND BOUNDARY RESOLUTION  
SEE SURVEY NO. 60831**

**S.W. WOODS STREET**  
(60° RIGHT-OF-WAY)



**S.W. WOODS STREET**  
(60° RIGHT-OF-WAY)



Surveyor:  
Weddle Surveying, Inc.  
6950 S.W. Hampton Street  
Suite 170  
Tigard, Oregon 97223  
Ph: (503) 595-8702  
Fax: (503) 595-8705



SCALE: 1" = 10'

**NARRATIVE**

THE PURPOSE OF THIS SURVEY WAS TO PLAT THE UNITS, BUILDING ELEVATIONS AND COMMON ELEMENTS LOCATED ON THIS CERTAIN TRACT OF LAND AS DESCRIBED IN DOCUMENT NUMBER 2005-07718, AND AS DESCRIBED IN DOCUMENT NUMBER 2005-07718, FOR THE OREGON CONDOMINIUM BANK CHAPTER 100, OREGON REVISED STATUTES.

1. FOR THE BASIS OF BEARINGS AND BOUNDARY RESOLUTION SEE SURVEY NO. 60831, MULTINOMAH COUNTY SURVEY RECORDS.

2. NO MONUMENTS WERE SET IN THIS SURVEY.

**NOTES**

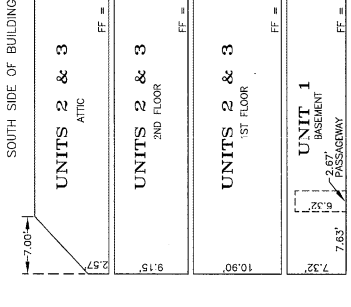
- GENERAL AND LIMITED COMMON ELEMENT BOUNDARY LINES ARE PERPENDICULAR AND PARALLEL AS SHOWN HEREON UNLESS OTHERWISE NOTED.
- ELEVATION DATUM: CITY OF PORTLAND BENCH MARK NO. 1657 FOUND AT THE SOUTHWEST CORNER OF PARCEL 2, PARTITION PLAT NO. 1982-157, MULTINOMAH COUNTY PLAT RECORDS. THEREIN NORTH 90°00'00" EAST SOUTH RIGHT-OF-WAY LINE, 78.65 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE, 50.53 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF SAID LOT 1, FROM WHICH BEARS SOUTH 47°10'20" WEST, 0.13 FEET, A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "SHAPED 708". THENCE LEAVES SAID WESTERLY RIGHT-OF-WAY LINE ALONG SAID ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58833"; THENCE NORTH 07°00'00" EAST A DISTANCE OF 50.00 FEET TO THE INITIAL POINT, CONTAINING THEREIN 0.888 ACRES, MORE OR LESS.
- UNIT DIMENSIONS SHOWN HEREON ARE TO THE UNFINISHED INTERIOR SURFACES.
- BUILDING TIES SHOWN HEREON ARE TO THE UNFINISHED INTERIOR SURFACE.

**REFERENCES**

SURVEY NO. 60831, MULTINOMAH COUNTY SURVEY RECORDS.

**BUILDING ELEVATIONS**

SCALE 1" = 10'



BOOK 1294 PAGE 64

**LAIR HILL HISTORICAL CONDOMINIUM**

A REPLAT OF A PORTION OF LOT 1, BLOCK 108, CARUTHER'S ADDITION, AND A PORTION OF VACATED 1ST AVENUE, LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP SOUTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTINOMAH COUNTY, OREGON.

DATE: MAY 7, 2008

**LEGEND**

- = FOUND BRASS SCREW IN CONCRETE PER SURVEY NO. 49813, MULTINOMAH COUNTY SURVEY RECORDS.
- = FOUND 5/8" IRON ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58833" SET IN SURVEY NO. 60831.
- ▲ = FOUND 1" BRASS DISK STAMPED "LS 58833" SET IN SURVEY NO. 60831.
- CH = CEILING HEIGHT.
- FF = FINISHED FLOOR ELEVATION.
- GCE = GENERAL COMMON AREA.
- IR = IRON ROD.
- LCE = LIMITED COMMON AREA.
- SC. FT. = SQUARE FEET.
- YFC = YELLOW PLASTIC CAP STAMPED AS NOTED.

**SURVEYOR'S CERTIFICATE**

I, ANTHONY B. RYAN, A REGISTERED PROFESSIONAL SURVEYOR IN THE STATE OF OREGON, HEREBY CERTIFY THAT I AM THE REGISTERED PROFESSIONAL SURVEYOR WHO HAS CONDUCTED THIS SURVEY AND THAT THE HILL HISTORICAL CONDOMINIUM BEANS A PORTION OF LOT 1, BLOCK 108, CARUTHER'S ADDITION AND A PORTION OF VACATED 1ST AVENUE, LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP SOUTH, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTINOMAH COUNTY, OREGON, THE BOUNDARY OF WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, A 5/8" IRON ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58833" FOUND ON FEET AND NORTH 90°00'00" EAST 78.65 FEET FROM A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "REPTO LS 857" FOUND AT THE SOUTHWEST CORNER OF PARCEL 2, PARTITION PLAT NO. 1982-157, MULTINOMAH COUNTY PLAT RECORDS. THENCE NORTH 90°00'00" EAST SOUTH RIGHT-OF-WAY LINE, 78.65 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE, 50.53 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF SAID LOT 1, FROM WHICH BEARS SOUTH 47°10'20" WEST, 0.13 FEET, A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "SHAPED 708". THENCE LEAVES SAID WESTERLY RIGHT-OF-WAY LINE ALONG SAID ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58833"; THENCE NORTH 07°00'00" EAST A DISTANCE OF 50.00 FEET TO THE INITIAL POINT, CONTAINING THEREIN 0.888 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THE ACCOMPANYING PLAT ACCURATELY DEPICTS THE ABOVE DESCRIBED TRACT, IS DRAWN TO SCALE AND ALL POINTS ARE MONUMENTED IN ACCORDANCE WITH OREGON SURVEY LAW. I FURTHER CERTIFY THAT THE CONSTRUCTION OF THE UNITS AND BUILDINGS AS DEPICTED ON THE PLAT HAVE BEEN COMPLETED.

ANTHONY B. RYAN, LS 58833

DATED THIS 21<sup>ST</sup> DAY OF MAY, 2008

REGISTERED PROFESSIONAL LAND SURVEYOR

ANTHONY B. RYAN  
LICENSE NO. LS 58833  
RENEWAL DATE: DECEMBER 31, 2008

SHEET 2 OF 2

JOB #5887CFC

AFTER RECORDING, RETURN TO:  
J. David Zehntbauer  
Dunn Carney Allen Higgins & Tongue LLP  
851 S.W. Sixth Avenue, Suite 1500  
Portland, Oregon 97204

Multnomah County Official Records  
C Swick, Deputy Clerk

2008-083337



00337281200800833370580586

\$306.00

06/02/2008 04:05:38 PM

1R-CONDODEC  
\$290.00 \$11.00 \$5.00

Cnt=1 Stn=11 RECCASH2

**DECLARATION SUBMITTING  
LAIR HILL HISTORICAL CONDOMINIUM  
TO CONDOMINIUM OWNERSHIP**

**RESTORATION CONDO, LLC**

**DECLARANT**

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**DECLARATION SUBMITTING  
LAIR HILL HISTORICAL CONDOMINIUM  
TO CONDOMINIUM OWNERSHIP**

THIS DECLARATION, pursuant to the provisions of the Oregon Condominium Act, ORS 100.005 to 100.990 (as amended from time to time, the "Act") is made and executed this \_\_\_ day of \_\_\_\_\_, 2008, by RESTORATION CONDO, LLC, an Oregon limited liability company (the "Declarant").

A. Declarant owns the land located in the City of Portland, Multnomah County, Oregon described in the attached Exhibit A (the "Land"), together with the improvements located on such land (the "Improvements").

B. Declarant wishes to submit the Land and Improvements to the condominium form of ownership and use in the manner provided by the Act.

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

**ARTICLE 1**

**DEFINITIONS**

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

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

1.2 "**Bylaws**" means the Bylaws of the Lair Hill Historical Condominium Owners Association adopted pursuant to section 14.4 below as the same may be amended from time to time.

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

1.4 "**Declarant**" means Restoration Condo, LLC, an Oregon limited liability company.

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

1.6 "**Mortgage**" and "**Mortgagee**." "Mortgage" shall mean a recorded mortgage, trust deed or contract of sale which creates a lien against a unit. "Mortgagee" shall mean: (a) a mortgagee under a mortgage, (b) a beneficiary under a trust deed, (c) the vendor under a land sale contract, provided however, such mortgagee, holder, beneficiary, or vendor must notify the Association in writing of the existence of such mortgage and give the current name and mailing address of such mortgagee, holder, beneficiary, or vendor to be considered a Mortgagee.

1.7 “**Owner**” means the owner or owners of a Unit, but does not include a Mortgagee unless such Mortgagee is in possession of a Unit.

1.8 “**Plat**” means the plat of Lair Hill Historical Condominium recorded simultaneously with the recording of this Declaration.

1.9 “**Prohibited Use**” means any improper, immoral, or objectionable purpose or any use that is inconsistent with the operation of an urban office and residential mixed-use development.

1.10 “**Unit**” means that part of the Condominium identified in Article 4 as such, and includes the Commercial Unit and the Residential Units, each as fully described in Article 4.

1.11 “**Incorporation by Reference**”. Except as otherwise provided in this Declaration, each of the terms defined in ORS 100.005 of the Act shall have the meanings set forth in such section.

## ARTICLE 2

### SUBMISSION OF PROPERTY TO CONDOMINIUM STATUTE

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

## ARTICLE 3

### NAME OF CONDOMINIUM

The name by which the Condominium shall be known is “Lair Hill Historical Condominium.”

## ARTICLE 4

### UNITS

4.1 **General Description of Building.** The Land contains one building with two above-ground floors, an attic, and one daylight basement floor (the “Building”). The Building is of wood-frame construction with wood siding and a composite shingle roof.

4.2 **General Description, Location and Designation of Units.** The Condominium consists of one (1) commercial unit (the “Commercial Unit”) and two (2) residential units (each a “Residential Unit” and together, the “Residential Units”). The vertical and horizontal boundaries and dimensions, designation and location of each Unit are shown in the Plat, which is made a



part of this Declaration as if fully set forth herein. The designation and approximate area of each Unit is set forth below:

<u>Type</u>	<u>Unit</u>	<u>Area (sq. ft.)</u>
Commercial Unit	1	1635
Residential Units	2	2545
	3	2599

4.3 **Boundaries of Units.** The Commercial Unit and each Residential Unit shall each be bounded by the interior surfaces of such Unit's perimeter and bearing walls, floors, ceilings, the glazing and screening of windows and unit access doors, interior doors, and shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of its finished surfaces, except those portions of the walls, floors, or ceilings that materially contribute to the structural or shear capacity of the Condominium. In addition, the Commercial Unit and each Residential Unit shall include all spaces, nonbearing interior partitions, and all other fixtures and improvements within the boundaries of the unit and the outlet of all utility and communications service lines, including but not limited to electricity, water, sewer, gas, hot and cold water, heating, refrigeration, air conditioning, cable television and telephone, within the boundaries of the Unit, but does not include any part of such lines or ducts themselves.

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

**ARTICLE 5**

**GENERAL COMMON ELEMENTS**

The general common elements consist of all portions of the Condominium not part of a Unit or a limited common element (the "General Common Elements"), including but not limited to the following:

5.1 The Land, including any landscaping;

5.2 The foundation, columns, girders, posts, beams, supports, bearing and shear walls, windows, except glazing and screening, unit access doors, except glazing and screening, main walls, exterior walls, chimneys, halls, corridors, lobbies, stairs, fire escapes, entrances and exits of the Building, any trash and laundry facilities, and roof of the Building;

5.3 Installations of central services, such as power, light, gas, hot and cold water, heating, and waste disposal, cable television, up to the outlets within any Units;

5.4 In general, all apparatus and installations existing for common use; and

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

## ARTICLE 6

### LIMITED COMMON ELEMENTS

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

- (a) the stairs leading to the front and back door of each Residential Unit are limited common elements appertaining to the Residential Unit to which they adjoin;
- (b) the front and back porches of each Residential Unit are limited common elements appertaining to the Units to which they adjoin; and
- (c) the back yards of each Residential Unit are limited common elements appertaining to the Units to which they adjoin.

## ARTICLE 7

### ALLOCATION OF UNDIVIDED INTERESTS IN COMMON ELEMENTS

7.1 Allocation of Undivided Interests in General Common Elements. Each Unit will be entitled to an undivided interest in the General Common Elements as follows:

<u>Unit</u>	<u>Square Footage</u>	<u>Percentage Interest in General Common Elements</u>
Commercial 1	1,635	24.12%
Residential 2	2,545	37.54%
Residential 3	<u>2,599</u>	<u>38.34%</u>
	Total: 6,779	Total: 100.00%

The allocation to each Unit of an undivided interest in the General Common Elements was determined by dividing the total square footage of all Units into the floor space of each respective Unit.

7.2 Nature of Interests in Common Elements. Each Unit's interest in the common elements, both general and limited, shall be inseparable from the Unit and any conveyance, encumbrance, judicial sale, or other transfer, voluntary or involuntary, of an undivided interest in the common elements shall be void unless the Unit to which that interest is allocated is also transferred.

## ARTICLE 8

### **COMMON PROFITS AND EXPENSES, VOTING**

8.1 **Allocation of Common Profits.** The common profits of the Condominium shall be allocated to the Owner of each Unit according to their interests set forth in Section 7.1. As used in this Declaration, “common profits” means profits arising from the General Common Elements. Except upon termination of the Condominium or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any such common profits shall be used solely for the purpose of maintaining, repairing and replacing the General Common Elements or for other expenses or reserves of the Association.

8.2 **Allocation of Common Expenses.** The common expenses, including reserves for such expenses, of the Condominium shall be allocated to the Owner of each Unit as follows:

(a) All expenses of operating, maintaining, repairing or replacing any part of a Unit or a limited common element appertaining exclusively to such Unit shall be paid by the Owner of such Unit.

(b) All expenses of operating, maintaining, repairing, or replacing any part of the General Common Elements shall be allocated to the Owners according to their interests as set forth in section 7.1.

(c) All costs of using, maintaining, repairing or replacing any utilities or utility lines or services which serve only one Unit or which lie within the boundaries of one Unit shall be paid by the Owner of such Unit.

(d) Any taxes assessed against the Condominium not included in each Unit’s ad valorem real property taxes and assessments shall be allocated among the Units on the basis of the relative valuation of the Units for ad valorem real property taxes.

8.3 **Allocation of Voting Rights.** The Owner of the Commercial Unit and of each Residential Unit shall be entitled to one vote per Unit. “Majority” or “Majority of Unit Owners” shall mean the Owners of more than 50 percent of the voting rights allocated to the Units by this Declaration. The exercise of voting rights shall be controlled by Article 4 of the Bylaws.

## ARTICLE 9

### **SERVICE OF PROCESS**

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

## ARTICLE 10

### USE OF PROPERTY

10.1 **Use of the Commercial Unit.** The Commercial Unit shall be used for any lawful use related to the business of any commercial tenant of the Commercial Unit, provided that: 1) such use is not a Prohibited Use, and 2) no overnight sleeping or similar residential-type use shall be made of the Commercial Unit.

10.2 **Use of the Residential Units.** The Residential Units may be used for single family residential purposes on an ownership, rental or lease basis, provided that leases of Residential Units shall be in writing, and shall require the prior consent of notice to the Association; and provided further that for a period of one year following the recording of this Declaration, neither Residential Unit may be rented by such Unit's Owner. The Residential Units may be used for social, recreational and other reasonable activities normally incident to such use, including use as a "home office" or similar use, subject to certain limitations as specified in the Bylaws. Residential Units may not be used exclusively for office use even if the use would comply with home office restrictions and may not be used for a Prohibited Use. Timesharing of Units or any other use of Units not specifically allowed in this Declaration is prohibited.

10.3 **Additional Restrictions on Use.** Additional restrictions, limitations, and rules regarding the use of each Unit are contained in the Bylaws and any rules and regulations adopted pursuant to the Bylaws. Each Unit Owner shall be bound by each of such documents.

## ARTICLE 11

### MAINTENANCE OF COMMON ELEMENTS

11.1 **Responsibility for Maintenance.** Except as otherwise provided in this Declaration, the Association shall perform or cause to be performed the necessary work to maintain, repair or replace any common elements, both general and limited, and shall carry out such duties as provided in the Bylaws. The maintenance, repair and replacement of any part of a Unit shall be the responsibility of the Owner of the Unit. The Association shall be responsible for cleaning, sweeping, clearing, maintaining and repairing the sidewalk adjacent to the Commercial Unit.

11.2 **Cost of Maintenance.** All costs and expenses of operating, maintaining, repairing, or replacing a limited common element appertaining to a Unit or Units shall be promptly reimbursed to the Association by the Owner of such Unit or Units as provided in section 8.2(a).

11.3 **Mortgagee's Rights Upon Failure to Maintain.** If a mortgagee of any Unit determines that the board of directors is not providing an adequate maintenance, repair and replacement program for the common elements, such mortgagee, at its option, may give a notice to the board of directors by delivering same to the registered agent, setting forth the particular defect which exists in the maintenance, repair and replacement program. If the specified defects

are not corrected within 90 days subsequent to receipt of such notice, then the mortgagee, upon written notice to the registered agent that it is exercising its proxy rights, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a mortgage and in which a defect exists as to the maintenance and repair of the unit on all business coming before such meeting. Such proxy rights shall continue until the defects listed on the notice are corrected.

## ARTICLE 12

### EASEMENTS

12.1 **In General.** Each Unit and all the common elements are specifically subject to easements as required for the electrical wiring, plumbing and other service elements, and for reasonable access required to effectuate and continue proper operation of the Condominium. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common elements reserved by law. Each Unit Owner has an unrestricted right of ingress and egress to its Unit. All Residential Units are benefited by an access easement for use of the stairwell for ingress and egress to such Residential Units. This right is perpetual and passes with the ownership of the Unit.

12.2 **Encroachments.** Each Unit has an easement over the other Units and common elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and common elements so long as the encroachments shall exist, and the rights and obligations of owners shall not be altered in any way by the encroachment. This provision does not relieve a Unit Owner of liability in the case of willful misconduct of the Unit Owner, or relieve Declarant or any contractor, subcontractor or materialman from any liability as a result of failure to adhere to the Plat. The encroachments described in this section 12.2 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

12.3 **Granting of Easements by Association.** The Association, upon prior approval of a Majority of the board of directors, may grant, execute, acknowledge, deliver and record on behalf of the Unit Owners for terms of two years or less, leases, easements, rights-of-way, licenses, and similar interests affecting the common elements, or more than two years if granted to a public body, as defined in ORS 174.109, or to a utility or a communications company for underground installation and maintenance of power, gas, electric, water or other utility and communication lines. Terms longer than two years that do not fit within the above description in this section 12.3 shall require the approval of 75% of the Unit owners. Consent to vacation of roadways within and adjacent to the Condominium shall require approval of a Majority of the Unit owners. Unit owner approval may be solicited by any means the board of directors determines is reasonable and need not be at a meeting of the Association. Any such instrument shall be executed by the chairman and secretary of the Association. No such interest may be granted with regard to a limited common element unless the Owners and mortgagees of the Units having the right to use such limited common element consent to and join in the instrument granting the interest.

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

## ARTICLE 13

### **MORTGAGEES**

13.1 **Notice of Action.** Upon written request to the Association identifying the name and address of the Mortgagee, and the Unit number or address, any Mortgagee will be entitled to timely notice of:

13.1.1 Any condemnation loss or any casualty loss that affects a material portion of the Condominium or any Unit on which there is a mortgage held, insured, or guaranteed by such Mortgagee;

13.1.2 Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a mortgage held, insured, or guaranteed by such Mortgagee, which remains uncured for a period of 60 days;

13.1.3 Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

13.1.4 Any proposed action that would require the consent of a specified portion of Mortgagees as set forth in this section 13.

13.2 **Mortgagee Exempt from Certain Restrictions.** Any mortgagee that comes into possession of the Unit pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal" or other restriction on the sale or rental of the mortgaged Unit, including but not limited to, restrictions on the age of Unit occupants and restrictions on the posting of signs pertaining to the sale or rental of the Unit.

13.3 **Subordination of Association Lien to Mortgage/Discharge of Lien upon Foreclosure.** The lien of the Association shall be subordinate to any mortgage. Any mortgagee that comes into possession of the Unit pursuant to the remedies provided in the mortgage, by foreclosure of the mortgage, or by deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit that accrue prior to the time such mortgagee comes into possession of the Unit (except for claims for

a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units, including the mortgaged Unit).

13.4 **Professional Management.** After the Turnover Meeting (as described in Section 3 of the Bylaws), upon written request of the mortgagees holding at least 51% of the mortgages on Units in the condominium, the board of directors may in its sole discretion employ a professional manager to manage the affairs of the Association. Any agreement for professional management shall provide that the management contract may be terminated without cause on 30 days' written notice. After such mortgagees' request, the Association may not terminate professional management and assume self-management of the condominium without the prior written approval of the mortgagees holding 51% of the mortgages on Units in the condominium. Additionally, if professional management has previously been required by any mortgagee, any such decision to establish self-management shall require prior consent of the owners of Units to which 51% of the votes in the Association are allocated.

13.5 **Consent of Mortgagees to Change Percentage Ownership in Common Elements.** The Owners may not reallocate the percentage interest in the common elements attributable to any Unit without prior approval of mortgagees holding 51% of the mortgages on Units in respect to which the percentage ownership is proposed to be altered. Nothing in this section 13.5 shall be construed to give the Owners, the Association, or the board of directors any specific authority to alter such percentage ownership, and if any attempt is made to do so, full compliance shall be made with this Declaration, any applicable supplemental condominium declaration, the bylaws, and the Oregon Condominium Act.

13.6 **Consent of Mortgagees Required to Terminate Project.** With respect to termination of the Condominium as a result of substantial destruction or condemnation, any termination of the Condominium shall require the approval of mortgagees holding at least 51% of the mortgages on Units in the Condominium. Termination of the Condominium for other reasons shall require the approval of mortgagees holding at least 67% of the mortgages on Units in the Condominium. Additionally, any such terminations shall be carried out by the Owners pursuant to provisions of the Declaration, any applicable supplemental Condominium Declaration, Bylaws, and the Oregon Condominium Act, and only after vote of the Owners as provided therein.

13.7 **Limited Right of Amendment.** Except upon the approval of mortgagees who hold 51% of the mortgages on Units in the Condominium, no amendments may be made to the Declaration or Bylaws which add to or amend any material provision of the Declaration or Bylaws which establish, provide for, govern, or regulate any of the following:

13.7.1 Voting;

13.7.2 Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or subordination of liens;

13.7.3 Reductions in reserves for maintenance, repair, and replacement of the common elements (or Units, if applicable);

- 13.7.4 Insurance or fidelity insurance requirements;
- 13.7.5 Rights to use of the common elements;
- 13.7.6 Responsibility for maintenance and repair of the several portions of the Condominium;
- 13.7.7 Redefinition of the boundaries of any Unit;
- 13.7.8 Reallocation of the interests in the general or limited common elements or rights to their use;
- 13.7.9 Convertibility of Units into common elements, or of common elements into Units;
- 13.7.10 Imposition of any restrictions on the leasing of Units;
- 13.7.11 Imposition of any right of first refusal or similar restriction on the right of a Unit owner to sell, transfer, or otherwise convey his or her Unit;
- 13.7.12 Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than specified herein; and
- 13.7.13 Any provisions that are for the express benefit of mortgagees.

The provisions of this paragraph are intended only to be a limitation on the right of the Owners, board of directors, and Association to amend the Declaration and Bylaws, and are not intended to give any such parties any specific rights to effect any amendments. Any such amendments to the Declaration or Bylaws shall be made only upon full compliance with the provisions of the Declaration or Bylaws of the Condominium and the Oregon Condominium Act relating to the procedure and percentage of votes required for such amendment. An addition or amendment to the Declaration or Bylaws shall not be considered material so as to require the consent or approval of mortgagees, if it is for the purpose of correcting technical errors or if it is for clarification only.

13.8 **Request for Approval of Mortgagees.** Any mortgagee who receives a written request to approve additions or amendments to the declaration or bylaws, or to any other action to be taken by the board of directors, Association, or Unit owners, shall be considered to have given such approval unless a negative response is delivered or posted by such mortgagee within 60 days after such request is received, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

13.9 **Proxy Held by Mortgagee in Certain Cases.** A mortgagee may attend a meeting of the Association of Unit owners and may cast the vote of the mortgagor of that Unit for the purpose of voting to paint or otherwise maintain the common elements, including the imposition of any special assessment necessary to pay the cost of such painting or repair; provided, however, that such right shall arise only in the event the mortgagee reasonably believes



that the Association of Unit owners has failed to maintain the common elements in sufficient manner to prevent excessive wear and tear.

13.10 **Right to Examine Documents.** The Association shall make available to Unit Owners and lenders and to mortgagees current copies of the Declaration, Bylaws, other rules concerning the Condominium, and the books, records, and financial statements of the Association. The Association shall have the right to impose a reasonable charge for any copies requested by owners, lenders, and mortgagees.

13.11 **Right to Annual Reports.** Any holder of a mortgage on a Unit in the Condominium shall be entitled to have an audited financial statement prepared at their expense if such statement is not otherwise available. The Association, its officers and directors, and manager (if any), shall cooperate with such mortgage holder and their auditors to facilitate the necessary auditing and review process. Such financial statement shall be furnished within a reasonable time following request.

13.12 **Right to Receive Written Notice of Meetings.** Upon request, the Association shall give all mortgagees written notice of all meetings of the Association, and such mortgagees shall be permitted to designate a representative to attend all such meetings.

13.13 **List of Mortgagees.** The Association shall maintain at all times a list of mortgagees, their names, addresses, the Units and mortgagors affected, and the matters with respect to which such mortgagees have requested notice, provided that such information has been furnished to the Association by the owners or their mortgagees.

## ARTICLE 14

### **ASSOCIATION OF UNIT OWNERS**

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

14.2 **Membership, Board of Directors.** Each Owner of a Residential Unit and the Owner of the Commercial Unit shall be a member of the Association. The affairs of the Association shall be governed by a board of directors as provided in the Bylaws.

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

14.4 **Adoption of Bylaws.** Upon the execution and the recording of this Declaration, Declarant shall adopt Bylaws for the Association, which Bylaws are attached hereto as **Exhibit B.**

14.5 **Common Element Maintenance by the Association.** The Association shall maintain all common elements, both general and limited, in a clean and attractive manner. Should the Association fail to do so, Declarant may perform such maintenance at the expense of the Association until the expiration of Declarant's special rights reserved in Article 15.

## ARTICLE 15

### **DECLARANT'S SPECIAL RIGHTS**

Declarant shall have the following special rights:

15.1 **"For Sale" Signs.** Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Condominium property.

15.2 **No Capital Assessments Without Consent.** Neither the Association nor the board of directors shall make any assessments for new construction, acquisition, or otherwise without the prior written consent of Declarant, as long as Declarant owns the greater of two units or 67 percent of the voting rights as allocated in this Declaration. Nothing contained in this section 15.2 shall be construed as a limitation on Declarant's obligation to pay assessments for common expenses on Units owned by Declarant pursuant to requirements of the Act.

15.3 **Amendments to Declaration.** No amendment to the Declaration shall be effective unless and until Declarant consents in writing to such amendment.

15.4 **Declarant's Easements.** Declarant, its agents, and employees shall have an easement on and over the common elements for the completion of any portion of the Condominium, including the furnishing and decoration of any unit, and the right to store materials on the common elements at reasonable places and for reasonable lengths of time.

15.5 **Other Declarant Rights.** The rights reserved to Declarant in this Article 15 shall in no way limit any other special declarant rights that Declarant may have, whether pursuant to the Act or otherwise. Upon the expiration of any or all special declarant rights, Declarant will have the same rights as any other Owner in the Condominium in respect to such ownership.

15.6 **Assignment of Declarant's Rights.** Declarant shall have the right to assign any and all of its rights, including without limitation Declarant's special rights as set forth in Article 15 hereof, or to share such rights with one or more other persons exclusively, simultaneously, or consecutively.

15.7 **Expiration of Declarant's Special Rights.** Unless otherwise provided, Declarant's special rights reserved in this Article 15 shall expire upon the earlier to occur of: (i) conveyance by Declarant of 67 percent of voting rights in the Condominium to persons other than Declarant; and (ii) three years after the date of conveyance of the first Unit in the Condominium.

## ARTICLE 16

### DISPUTE RESOLUTION

All disputes arising from this Declaration shall be settled by binding arbitration in the City of Portland, Oregon, in accordance with the then current commercial arbitration rules of the Arbitration Service of Portland, or its successor, by one neutral arbitrator appointed in the manner provided for in said rules which arbitrator shall have experience in the management and operation of mixed use projects. All parties shall be entitled to limited discovery as permitted by the arbitrator and in compliance with Oregon law governing the same. The arbitrator shall not have the power to amend this Declaration or to substitute his/her judgment for the judgment of a party, but may determine whether a party is acting reasonably if a party is bound to act reasonably by this Declaration. The arbitrator shall order a schedule for completion of arbitration that is reasonable to expeditiously resolve the issue presented. The award in such arbitration may be enforced on the application of any party thereto by the order of judgment of a court of competent jurisdiction.

## ARTICLE 17

### AMENDMENT

17.1 **How Proposed.** Amendments to the Declaration shall be proposed by either a member of the board of directors or by a Unit Owner. 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.

17.2 **Approval Required.** Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by Unit Owners holding 75 percent or more of the voting rights as otherwise set forth in this Declaration; provided that an amendment may not change the allocation of undivided interests in the general common elements, the method of determining liability for common expenses, the method of determining the right to common profits, or the method of determining voting rights of any Unit unless such amendment has been approved by the Owners of the affected Units; and provided further that no amendment to this Declaration reducing or eliminating the right of any mortgagee shall be made without the prior written consent of all such mortgagees; and provided further that no amendment to this Declaration changing a "Prohibited Use" shall be made without the prior written consent of the holders of 100% of the voting rights.

17.3 **Recordation.** The amendment shall be effective upon recordation in the Deed Records of Multnomah County, Oregon, of the Declaration as amended or of the amendment thereto, certified to by the chairman and secretary of the Association as being adopted in accordance with this Declaration and the provisions of the Act, and approved by the county assessor and the Real Estate Commissioner if such approvals are required by the Act.

**ARTICLE 18**

**SEVERABILITY**

Each provision of this Declaration and the Bylaws shall be deemed independent and severable, and the validity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws.

**ARTICLE 19**

**APPLICABILITY**

Each Unit Owner, including the Declarant as to any unconveyed Unit, shall be subject to all of the rights and duties assigned to Unit Owners under the terms of the Declaration and Bylaws.

**ARTICLE 20**

**COSTS AND ATTORNEY FEES**

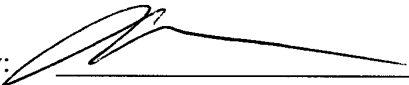
In any proceeding arising because of an alleged failure of a Unit Owner to comply with the terms and provisions of this Declaration (as amended or supplemented), the Bylaws (as amended), rules and regulations adopted under the Bylaws, or the Act, the prevailing party is entitled to recover the cost of the proceedings and such reasonable attorney fees as may be determined by the trial court in any trial or by the appellate court in any appeal. In addition, the Association is entitled to recover costs and attorney fees incurred by it to collect delinquent assessments or fines, or to enforce the terms of the Declaration, Articles of Incorporation, Bylaws or any rules or regulations promulgated thereunder whether or not any collection or foreclosure action or suit is filed.

**[Signatures on next page]**

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the day and year first set forth above.

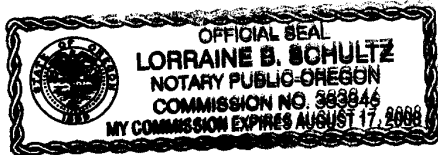
**DECLARANT:**

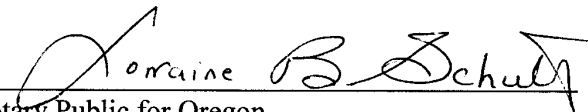
**RESTORATION CONDO, LLC**, an Oregon limited liability company

By:   
Robert M. Barnett, Member

STATE OF OREGON )  
County of Multnomah ) ss.

The foregoing instrument was acknowledged before me this 18<sup>th</sup> day of March, 2008, by Robert M. Barnett, Member of Restoration Condo, LLC, an Oregon limited Liability company, on behalf of the company.



  
Notary Public for Oregon  
My commission expires: 8-17-08

Commission No. 383846

**ASSESSOR AND TAX COLLECTOR**

The foregoing Declaration is approved this 2<sup>nd</sup> day of June, 2008.

**ASSESSOR AND TAX COLLECTOR  
FOR MULTNOMAH COUNTY**

By: \_\_\_\_\_

*Frank J. Henderson*

**REAL ESTATE COMMISSIONER**

The foregoing Declaration is approved pursuant to ORS 100.100 this 14<sup>th</sup> day of May, 2008, and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two years from this date.

**REAL ESTATE COMMISSIONER**

By: Laurie Skillman  
Laurie Skillman

**EXHIBIT A**

**The Land**

BEING A PORTION OF LOT 1, BLOCK 108, "CARUTHER'S ADDITION" AND A PORTION OF VACATED SW 1ST AVENUE, LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON, THE BOUNDARY OF WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, A 5/8" IRON ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58833" FOUND ON THE SOUTH RIGHT-OF-WAY LINE OF S.W. WOODS STREET, SAID IRON ROD BEARS NORTH 00°00'00" EAST 100.00 FEET AND NORTH 90°00'00" EAST 79.98 FEET FROM A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "REPPETO LS 657" FOUND AT THE SOUTHWEST CORNER OF PARCEL 2, PARTITION PLAT NO. 1992-157, MULTNOMAH COUNTY PLAT RECORDS; THENCE NORTH 90°00'00" EAST ALONG SAID SOUTH RIGHT-OF-WAY LINE, 78.65 FEET TO A 1" BRASS DISK STAMPED "LS 58833" ON THE WESTERLY RIGHT-OF-WAY LINE OF S.W. FIRST AVENUE; THENCE SOUTH 08°19'31" WEST ALONG SAID WESTERLY RIGHT-OF-WAY LINE, 50.53 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF SAID LOT 1, FROM WHICH BEARS SOUTH 47°10'20" WEST, 0.13 FEET, A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "SHAPIRO 709"; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY LINE ALONG SAID SOUTHERLY EXTENSION AND THE SOUTH LINE OF SAID LOT 1 NORTH 90°00'00" WEST, 71.33 FEET TO A 5/8" IRON ROD WITH RED PLASTIC CAP STAMPED "RYAN LS 58833"; THENCE NORTH 00°00'00" EAST A DISTANCE OF 50.00 FEET TO THE INITIAL POINT.



**EXHIBIT B**

**Bylaws**

**BYLAWS  
OF  
LAIR HILL HISTORICAL CONDOMINIUM**

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**BYLAWS OF  
LAIR HILL HISTORICAL CONDOMINIUM**

**Whereas, Restoration Condo, LLC**, an Oregon limited liability company (hereinafter referred to as “Declarant”), is the owner of certain real property in Multnomah County, Oregon, and

**Whereas**, these bylaws are Exhibit B to that certain Declaration titled Declaration Submitting Lair Hill Historical Condominium to Condominium Ownership (the “Declaration”) submitting land, buildings, improvement, structures thereon, and all easements, rights, and appurtenances belonging thereon together with all improvements constructed thereon (hereinafter referred to as the “Condominium”), to the provisions, restrictions, and limitations of the Oregon Condominium Act, ORS 100.005 through ORS 100.910 (as amended from time to time, the “Act”),

**Now, Therefore**, Declarant approves and adopts these Bylaws that shall govern the operation of the Condominium and annexes the same to the Declaration. These Bylaws shall run with the land and shall be binding on and for the benefit of Declarant and its successors and assigns, acting as the present Association of Unit Owners, and its successors and assigns, and on all subsequent Unit owners, and their mortgagees, tenants, occupants, employees, and others who may use the Condominium.

1. **DEFINITIONS.**

As used in these Bylaws, the terms:

**A. Association.** “**Association**” means the Lair Hill Historical Condominium Owners Association, an Oregon nonprofit corporation.

**B. Majority of the Unit Owners.** “Majority of the Unit Owners” means the owners of more than 50 percent of the voting rights as provided in the Declaration. Whenever a percentage of the Unit owners is specified, percentage means a percentage of voting rights.

All other capitalized terms not defined herein shall have the meaning assigned in the Declaration.

2. **ORGANIZATION OF ASSOCIATION.**

The initial meeting of the Association shall be held within 30 days following the recording of these Bylaws. Declarant shall give at least 10 but not more than 50 days’ written notice of the initial meeting to all persons who are Unit owners on the date of mailing of the notice.

3. **UNIT OWNERS’ MEETINGS.**

**A. Turnover Meeting.** No later than 90 days after the expiration of the period of Declarant’s control of the Association reserved in Article 15 of the Declaration, Declarant shall call a turnover meeting. Declarant shall give notice to each Unit owner at least 10 but not more than 50 days prior to the meeting. The notice shall state the purpose of the meeting and the time and place at which the meeting is to be held. At the turnover meeting:

(i) Declarant shall relinquish control of the administration of the Association and the Unit owners shall assume the control.

(ii) If a quorum of the Unit owners is present, the Unit owners shall elect not fewer than the number of directors sufficient to constitute a quorum of the board of directors as provided in section 4.B of these Bylaws, provided however, if the Unit owners fail to fill vacancies on the board of directors sufficient to constitute a quorum in

accordance with section 4.B of these Bylaws, a Unit owner or a first mortgagee of a Unit may request the circuit court of Multnomah County to appoint a receiver under ORCP 80 to manage the affairs of the Association, and

(iii) Declarant shall deliver to the Association all relevant business records of the Association, including without limitation records relating to the reserve account described in Section 16, the maintenance plan, and any other information required by the Act to be delivered.

If Declarant fails to call the turnover meeting within the time specified above, the meeting may be called and notice given by any Unit owner or any first mortgagee of a Unit.

**B. Annual Meetings.** The annual meetings of the Association shall be held on the first Saturday in May of each year. At such meetings, the Association shall, by ballot, elect directors and transact such other business as may come before the meeting. If the election of directors shall not be held on the date designated herein for any annual meeting of the Unit owners or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the Association as soon thereafter as conveniently may be, not more than 60 days after said time, by proper notice designating the meeting as the annual meeting.

**C. Special Meetings.** Special meetings of the Association for any purpose or purposes may be called by the Chairperson or a majority of the board of directors and shall be called by the Chairperson at the written request of not less than 50 percent of the Unit owners entitled to vote at the meeting.

**D. Place of Meeting.** Such place as the board of directors may designate shall be the place of meeting for all annual and special meetings of the Unit owners, subject to the provisions of section 3E below.

**E. Notice of Meeting.** Written or printed notice stating the place, date, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail at the discretion of the Chairperson, the Secretary, or the officer or persons calling the meeting, to each Unit owner entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Unit owner at his last known address on the records of the Association, with postage thereon prepaid. If the Unit owners request a special meeting and the Association does not give notice of the special meeting within thirty (30) days after the written request is delivered to the chairperson or secretary, any one of the Unit owners who signed the request may set the time and place of the meeting and give notice thereof.

**F. Quorum and Voting of Unit Owners.** At any meeting of the Association, Unit owners present at the beginning of a meeting owning more than 33 percent of the voting rights, present in person, by proxy, or by absentee ballot, if absentee ballots are permitted by the board of directors, shall constitute a quorum; and the concurring vote of a majority of such Unit owners present and constituting a quorum shall be valid and binding upon the Association, except as otherwise provided by law, these Bylaws, or the Declaration. If any meeting of the Association of Unit owners cannot be organized because of a lack of a quorum, the Unit owners who are present, either in person or by proxy, may adjourn the meeting. The quorum for a subsequent meeting shall be 25 percent of the voting rights present in person, by proxy, or by absentee ballot, if absentee ballots are permitted by the board of directors. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noted. The Unit owners

present at a duly organized meeting may continue to transact business until adjournment, notwithstanding withdrawals of enough Unit owners to leave less than a quorum.

If a voting owner owns or represents more than one Unit, he shall have votes corresponding with each Unit which he owns or represents. In the event the owner or owners have pledged their votes regarding special matters to a mortgagee under a duly recorded mortgage and notice thereof has been given to the Secretary or Manager of the Association, only the vote of the mortgagee will be recognized in regard to the special matters upon which the votes are so pledged.

An administrator, executor, guardian, or trustee may vote or grant consent with respect to any Unit owned or held by him in such capacity, whether or not specific right shall have been transferred to his name; provided that he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such Unit in such capacity. Whenever any Unit is owned by two or more persons jointly, according to the records of the Association, a vote thereof may be exercised by any one of the owners then present, in the absence of protest by a co-owner unless a valid court order establishes the authority of a co-owner to vote. In the event of protest by a co-owner or a valid court order establishing the authority of a co-owner to vote, the vote shall be divided by the number of co-owners, and each co-owner shall cast an equal fractional vote.

**G. Proxies.** At all meetings of the Unit owners, a Unit owner may vote by proxy executed in writing by the Unit owner or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting, shall be dated, and shall not purport to be revocable without notice.

4. **BOARD OF DIRECTORS.**



**A. Appointment, Number, and Term.** The number of directors of the Association shall be three. One director shall be appointed by the owner of the Commercial Unit and one director shall be appointed by the owner of each Residential Unit. The initial term of office for each director shall be three years. At the expiration of the initial term of office of each director, a successor shall be appointed to a term of three years. Any Residential Unit Director must be a Unit owner.

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

(a) Operation, care, upkeep, maintenance, repair, and replacement of the general and limited common elements and Association property and payment for the expense thereof.

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

(c) Preparation and adoption of budgets (which shall include moneys to be allocated to the reserve account), preparation, review, and update of reserve studies and assessment and collection of the common expenses, all in accordance with the provisions of these bylaws.

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

(e) Employment of legal, accounting, or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association. To the extent required by the Act, the board shall notify the owners prior to instituting litigation or administrative proceedings, and shall comply with the dispute resolution procedures set forth in ORS 100.405(11). With regard to any pending litigation involving the Association, the board shall periodically report to the Unit owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the board to disclose any privileged communication between the Association and its counsel.

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

(g) Preparation and distribution of annual financial statements in accordance with these bylaws and annual preparation and filing of all required income tax returns or forms for the Association.

(h) Preparation, adoption, and enforcement of rules and regulations for use of the common elements.

(i) Maintenance of a current mailing address in the name of the Association.

(j) Maintenance of the information required to enable the Association to comply with ORS 100.480(7).

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

(l) Making additions and improvements to, or alterations of, the common elements.

(m) Modifying, removing, or eliminating all or any portion of any common element landscaping.

(n) Designating one or more committees which shall report to the board of directors and may make recommendations to the board. At least one member of each committee shall be a member of the board of directors.

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

(p) Imposition of reasonable fines for violations of the Declaration, these Bylaws, or the rules and regulations of the Association after giving written notice and an opportunity to be heard as to the violation, provided that the fine is based on a resolution adopted by the board of directors and a copy of such violation is delivered to each Unit.

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

C. **Regular Meetings.** A regular meeting of the board of directors shall be held without notice other than this Bylaw immediately after and at the same place as the annual meeting of Unit owners. The board of directors may provide by resolution the time and place for the holding of additional regular meetings without notice other than such resolution. The initial organization meeting shall be held immediately following the organization meeting of the Association. Until the initial meeting of the board, its rights, duties, and functions shall be exercised by Declarant.

**D. Special Meetings.** Special meetings of the board of directors may be called by or at the request of the Chairperson of the board of directors or any one director. The person or persons authorized to call special meetings of the board of directors may fix the place for holding any special meeting called by them.

**E. Notice of Special Meetings.** Notice of any special meeting shall be given at least 72 hours previous thereto by written notice delivered personally or mailed to each director at his or her residence or business. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because a meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting. If at any time a majority of the Units are occupied as principal residences, notice of meetings shall be posted at a place on the Condominium at least three days prior to the meeting.

**F. Quorum of Directors.** A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the board of directors; but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. Each director shall have one vote.

**G. Manner of Directors Acting.** The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

**H. Vacancies on Board of Directors.** Any vacancy occurring on the board of directors may be filled by the affirmative vote of a majority of the remaining directors even if there exists less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of predecessor in office. Any directorship to be filled by reason of an increase in the number of directors or by reason of the removal of one or more directors shall be filled by election at an annual meeting or at a special meeting of the Unit owners called for that purpose.

**I. Presumption of Assent.** A director who is present at a meeting of the board of directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary immediately after the adjournment of the meeting. All votes must be recorded in the meeting minutes and may not be by proxy or secret ballot. Such right to dissent shall not apply to a director who voted in favor of such action.

**J. Removal of Directors.** The director appointed by the owner of the Commercial Unit may be removed with or without cause at any time by the Owner of the Commercial Unit or by vote of a majority of the Directors and a new director appointed pursuant to Section 4.A. Either or both of the directors appointed by the Residential Unit owners may be removed with or without cause at any time by the appointing Residential Unit Owner or by vote of a majority of the Directors and a new director appointed pursuant to Section 4.A.; provided, however, that no removal hereunder shall be effective if it would result in the inability to appoint

a Residential Unit Director from each residential Unit as provided in Section 4.A. Any Residential Unit Director who ceases to be a Residential Unit owner shall cease to be a director.

**K. Reimbursement of Directors.** The directors shall not receive compensation but shall be reimbursed for their reasonable expenses related to attendance at meetings of the directors.

**L. Directors May Engage Manager.** The board of directors may retain the services of an individual or firm to act as Manager or Managing Agent to manage the affairs of the Association and may employ, or instruct such Manager or Managing Agent to employ, such other persons as may be necessary from time to time for the maintenance, upkeep, and repair of the common elements, provided that such persons shall, if required by any applicable regulations, be licensed with the Oregon Real Estate Agency. All such agreements shall provide for a term of not more than three years and may be terminated, with or without cause, upon 90 days' notice to all parties affected.

**M. Directors to Adopt Administrative Rules and Regulations.** The administrative rules and regulations shall be adopted by Declarant and shall be binding as though they are a part hereof.

The board of directors shall have the power to amend such administrative rules and regulations as may be necessary or desirable to govern the details of the operation and use of the Units and common elements, including such rules as are desirable to prevent unreasonable interference with the use of their respective Units and of the common elements by the several Unit owners.

**N. Attendance by Unit Owners.** All meetings of the board of directors of the Association shall be open to Unit owners except, at the discretion of the board, certain

matters may be discussed in executive session as permitted under ORS 100.420(1) in accordance with the provisions of that statute.

5. **OFFICERS.**

A. **Number.** The officers of the Association shall be a Chairperson, a Secretary, and a Treasurer, each of whom shall be elected by the board of directors. There must be at least two officers holding the three offices, but two offices may be held by the same person. Officers shall not be required to be Unit owners.

B. **Election and Term of Office.** The officers shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the Unit owners and may be elected by secret ballot. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner herein provided.

C. **Removal.** Any officer elected or agent designated by the board of directors may be removed by the board of directors whenever, in its judgment, the best interests of the Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the persons so removed.

D. **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be filled by the board of directors for the unexpired portion of a term.

E. **Chairperson.** The Chairperson shall have all the powers and duties of a chairperson under the Act. The Chairperson shall, when present, preside at all meetings of the Unit owners and the board of directors and shall perform all duties incident to such office and

such other duties as may be prescribed by the board of directors from time to time. He or she shall be the principal executive officer of the Association and subject to the control of the board of directors. He or she shall, in general, supervise and control all the business and affairs of the Association and sign with the Secretary, or any other proper officer of the Association authorized by the board of directors, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

**F. Secretary.** The Secretary shall (i) keep the minutes of the meetings of Unit owners and the board of directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; (iii) be custodial of the Association records; and (iv) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Chairperson or the board of directors.

**G. Treasurer.** The Treasurer shall (i) have charge and custody of and be responsible for all funds of the Association; (ii) receive and give receipts for moneys due and payable to the Association from any source whatsoever; (iii) deposit all moneys in the name of the Association in such banks, trust companies, or other depositories as shall be selected by the board of directors; (iv) approve payment vouchers; (v) prepare or cause to be prepared and filed any required income tax return or forms for the Association; and (vi) in general, perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be



assigned to him by the Chairperson or by the board of directors, including approving payment vouchers for maintenance and repair of the common elements.

6. **FINANCIAL RECORDS.**

The Association shall keep all records required to be kept in accordance with ORS 100.480, and shall keep financial records sufficient for proper accounting purposes. Such records shall be located within the State of Oregon. Within 90 days after the end of each fiscal year, the board of directors shall cause to be prepared an annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year, and shall distribute to each Unit owner a copy of the annual financial statement. Upon receipt of a written request made in good faith for a proper purpose, the Association shall make available to Unit owners and any mortgagee of a Unit, for their inspection or duplication during normal business hours or under other reasonable circumstances, current copies together with any amendments thereto of the Declaration, Bylaws, the recorded Plat, if feasible, and other rules concerning the Condominium, and the books, records, and financial statements of the Association. The Association shall provide, within ten (10) business days of receipt of a written request from an owner, a written statement that provides (i) 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, and late payment charges; (ii) the percentage rate of which interest accrues on assessments that are not paid when due; and (iii) the percentage rate used to calculate the charges for a late payment or the amount of a fixed charge for the late payment; provided, however, that the Association is not required to comply with the above provisions if the Association has commenced litigation by filing a complaint against the Unit owner and the litigation is pending when the statement would otherwise be due; and provided further that

records kept by or on behalf of the Association may be withheld under the circumstances set forth in ORS 100.480(5)(b). Upon written request of a prospective purchaser, the Association shall make the foregoing information available for examination and duplication during reasonable hours. The Association may charge a reasonable fee for furnishing any documents, information, or records described in this paragraph 8.

The board of directors at least annually shall prepare and adopt a budget, which includes amounts for reserves, for the Association. A summary of the budget shall be distributed to all Unit owners within 30 days following adoption. If the board of directors fails to adopt an annual budget, the last adopted budget will continue in effect.

7. **CONTRACTS.**

The board of directors may authorize any officer or director, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association; and such authority may be general or confined to specific instances. The board shall have the right to make additions, alterations, or improvements to the common elements and to pay for the same out of the reserve fund established by the board, or to specifically assess the several Units therefor as a common expense.

8. **LOANS.**

No loan shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors and approved by the unanimous affirmative vote of the owners of 100 percent of the voting rights. Such authority may be general or confined to specific instances.

9. **CHECKS, DRAFTS, AND VOUCHERS.**

All checks, drafts, vouchers, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by the resolution of the board of directors.

10. **DEPOSITS.**

All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings and loan associations, or other depositories located within the State of Oregon as the board of directors may select. All assessments shall be deposited in a separate bank account in the name of the Association. All expenses of the Association shall be paid from the Association's bank account.

11. **RESERVE STUDY AND MAINTENANCE PLAN**

The Declarant shall conduct the initial reserve study. Thereafter, the board of directors shall, in accordance with ORS 100.175(3), annually conduct a reserve study or review and update an existing study to determine the reserve account requirements and may adjust the amount of payments in accordance with the study or review and provide for other reserve items that the board of directors in its discretion, may deem appropriate. The reserve study shall (i) identify all items for which reserves are or will be established; (ii) include the estimated remaining useful life of each item as of the date of the reserve study, and (iii) include for each item, as applicable, an estimated cost of maintenance, repair, and replacement at the end of the item's useful life.

The Declarant shall conduct the initial maintenance plan. Thereafter, the board of directors shall, in accordance with ORS 100.175(4), prepare a maintenance plan, or review and update an existing plan for the maintenance, repair, and replacement of all property for which the

Association has maintenance, repair, or replacement responsibility under the Declaration, Bylaws, or the Act. The maintenance plan shall: (i) describe the maintenance, repair, and replacement to be conducted; (ii) include a schedule for the maintenance, repair, and replacement; (iii) be appropriate for the size and complexity of the maintenance, repair, and replacement of the Association; and (iv) address issues that include but are not limited to warranties and the useful life of the items for which the Association has maintenance, repair, or replacement responsibility. The board of directors shall review and update the maintenance plan as necessary.

Within 30 days after conducting or updating the reserve study or the maintenance plan, the board of directors and the Declarant, if applicable, shall provide to every Unit owner a written summary of the reserve study and/or maintenance plan and of any revisions to the maintenance plan adopted by the board of directors or the Declarant as a result of the reserve study.

12. **TAX RETURNS.**

The board of directors annually shall cause the necessary income tax returns to be filed for the Association.

13. **COMMON EXPENSES.**

A. **Limited Common Element Expenses.** The owner of a Unit to which limited common elements appertain exclusively shall be liable for the cost of expenses for maintenance, repair, and replacement of such limited common elements, as set forth in Section 8.2 of the Declaration.

B. **General Common Expenses.** In addition to any amounts payable under Section 13.A. above, the owner of each Residential Unit and the Commercial Unit shall be

liable for and pay a share of the following general common expenses equal to such owner's undivided interest in the General Common Elements as set forth in Section 7.1 of the Declaration: insurance (including without limitation casualty, liability, and fidelity insurance or bond); all expenses of operating, maintaining, repairing, or replacing any part of the General Common Elements; wages, accounting and legal fees, management fees, and other necessary expenses of upkeep, maintenance, management, and operation on or for the General Common Elements. Common expenses shall also include such amounts as the board of directors of the Association may deem proper to make up any deficit in the common expenses of any prior year.

C. **Extraordinary Usage.** Notwithstanding the foregoing, any Unit owner using extraordinary quantities of utility services that are not separately metered shall be liable for the cost of such services in excess of normal use as determined by an engineer appointed by the board of directors.

14. **RESERVE ACCOUNT.**

The Declarant, on behalf of the Association, shall establish a reserve account to fund major maintenance, repair, or replacement of those common elements, all or part of which will normally require major maintenance, repair, or replacement in more than one and less than 30 years, for painting of the exterior painted surfaces of the common elements, and for such other items as may be required by the Declaration or these Bylaws. The reserve account need not include: (i) items that can reasonably be funded from the general budget or other funds or accounts of the Association; or (ii) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more, but less than all, Unit owners under the provisions of the Declaration or these Bylaws. The reserve account shall be established in the name of the Association. The Association is responsible for administering the

account and for making periodic payments into the account. The reserve portion of the initial assessment determined by the Declarant shall be based on the reserve study or other reliable information. The reserve account must be funded by assessments against the Units for the purposes for which the reserve account is established. The assessment for the reserve account accrues from the time of the conveyance of the first individual Unit assessed as provided in ORS 100.530; provided however, except with respect to assessments for reserves required by ORS 100.175, Declarant may, at Declarant's option, upon 10 days' written notice to all affected Unit owners, defer payment of the accrued assessments on any or all Units until the earlier to occur of (i) the turnover meeting; or (ii) 60 days after the first Unit is conveyed.

15. **COLLECTION OF UNIT OWNERS' SHARES OF COMMON EXPENSES.**

A. **Monthly Statements.** Upon the recording of the Declaration, and except as provided in Section 16, Unit owners' shares of common expenses shall be collected monthly, in advance, by the Treasurer of the Association. Each Unit owner shall be entitled to receive from the Treasurer at the time of payment of common expenses an itemized statement of common expenses. Such itemized statement shall be prepared in such manner as the board of directors shall determine.

B. **Late Charges.** The board of directors may impose a late charge not to exceed 5 percent of the amount of any statement which is not paid within 10 days after it is rendered. The imposition of a late charge shall be without prejudice to any other remedy available to the Association.

C. **Liens.** The Association shall have the authority and the duty to levy and enforce the collection of general and special assessments for common expenses. Whenever the Association levies any assessment for common expenses against a Unit, the Association, upon

complying with this section, shall have a lien upon the individual Unit and the undivided interest in the common elements appertaining to such Unit for: (i) the reasonable value of such common expenses allocable to such Unit; (ii) any unpaid assessments; (iii) interest; (iv) late charges; (v) costs or other amounts levied under the Declaration or these Bylaws; and (vi) attorneys' fees, and the lien shall be prior to all other liens or encumbrances upon the Unit, except tax and public improvement assessment liens, and a first mortgage or trust deed of record. Recording of the Declaration constitutes record notice and perfection of the lien for assessments.

Each assessment shall be a separate and personal debt and obligation of the Unit owner against whom the same is assessed at the time the assessment fell due and shall be collectible as such. Such personal obligation shall not pass to successors in title unless assumed by them or required by law. The board of directors shall cause to be filed a notice of lien claim pursuant to ORS 100.450(2)-(3) with respect to any assessment which has not been paid within 30 days from the mailing of the notice of assessment. The notice of lien claim shall be filed within 10 days following the expiration of such 30-day period. The Association shall be entitled to recover, in any suit to foreclose or action to recover a money judgment for unpaid common expenses, interest on the delinquent assessment at the rate of 12 percent per annum and costs, including reasonable attorneys' fees in such suit or action, or any appeal therefrom.

A lien for common expense assessments shall not be affected by any sale or transfer of a Unit, except that a sale or transfer pursuant to a foreclosure of a first mortgage or trust deed or a deed in lieu of foreclosure to the extent permitted by ORS 100.465 shall extinguish a lien securing unpaid assessments through the date of recording the deed, provided that written notice has been given to the Association in accordance with the provisions of ORS 100.465(1) and the deed is recorded not later than 30 days after the date such notice is

mailed. Any such delinquent assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all Units as a common expense. Any such sale or transfer pursuant to a foreclosure shall not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, an assessment made thereafter.

In case of foreclosure, the Unit owner shall be required to pay a reasonable rental for the Unit; and the plaintiff in the foreclosure suit shall be entitled to the appointment of a receiver to collect the rental, without regard to the value of the security. An action to recover a money judgment, together with reasonable attorneys' fees for unpaid common expenses, may be maintained without foreclosing or waiving the lien securing the claim for common proceeds.

If the Association records a lien notice, the Unit owner shall be liable for the cost of preparation and recording of the notice.

**D. Interest.** All unpaid assessments for common expenses shall bear interest at the rate of 12 percent per annum in commencing 15 days after the statement covering the assessment is rendered.

16. **INSURANCE.** The Association, through the board of directors, shall obtain and maintain at all times and shall pay for out of common expense funds the following insurance:

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

(i) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the Units and any improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally



excluded from coverage or excluded from coverage as provided in these Bylaws), subject to a reasonable deductible as determined by the Board of Directors.

(ii) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Areas and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations comprising a part of each Unit as may be further defined by resolution of the Board of Directors.

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

**B. Liability Insurance.**

(a) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, and the managing agent, against liability to the public or to Owners and their invitees or tenants, incident to the operation, maintenance, ownership or use of the Property, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of 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 Property as to which such Owner has the exclusive use or occupancy.

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

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

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

D. **Fidelity Insurance.**

(a) The Board of Directors may cause the Association to maintain blanket 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 that the Association has retained a management agent, the Board of Directors may require such agent to 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, if any, may be borne by the Association.

(b) The total amount of fidelity coverage required shall be based upon the best business judgment of the Board of Directors.

(c) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified

(including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

**E. Insurance by Unit Owners.** The Association has no responsibility to procure or assist in procuring property loss insurance for any Owner or tenant for (i) damage to a Unit not covered by the Association' policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by these Bylaws or held by the Association); or (ii) for any damage or loss to the Owner's or tenant's personal property. Owners must be responsible for purchasing insurance policies insuring their units for the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Tenants must be responsible for insuring their own personal property for any loss or damage. The Association shall notify all Owners of the amount of the deductible under the Association policies. The amount of and responsibility for payment of any deductible under the Association's policies may be prescribed by resolution adopted by the board of directors. To the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all Units must procure and maintain comprehensive liability policies having combined limits in amounts reasonably set by the Board of Directors no more often than every three years. Such insurance must provide coverage for, without limitation, the negligent acts of the Owner and tenant and their guests or other occupants of the Unit for damage to the Common Area and other Units and the personal property of others located therein.

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

(i) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon which falls into a B general policyholder's rating or a financial performance index of 6 or better, as designated in Best's Key Rating Guide, or an A or better rating from Demotech, Inc.

(ii) Notwithstanding the provisions of Section 16(A)(iii) above, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any 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.

(iii) All property insurance policies shall contain endorsements providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against the Board of Directors, any Owner or any guest of an Owner, that the insurance is not prejudiced by any act or neglect of individual Owners which 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, and any such other

insurance policies of the Owners or their mortgagees shall not be brought into contribution with the insurance policies to be obtained by the Association.

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

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

(vi) The Board of Directors may require each Owner to notify the Board of all improvements made by the Owner to his Unit, the value of which is in excess of an amount established by the Board. Nothing in this paragraph shall permit an Owner to make improvements without first obtaining the approval of the Board of Directors pursuant to the Declaration.

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

(i) To the extent appropriate and available at reasonable cost, the Association shall maintain additional coverages against such other risks as are

customarily covered with respect to projects similar in construction, location and use, including but not limited to, flood, earthquake, host liquor liability, contractual and all-written contract insurance, employer's liability insurance, comprehensive automobile liability insurance, and an endorsement patterned after "use and occupancy" insurance providing relief from monthly assessments while a Unit is uninhabitable due to a covered loss.

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

(iii) Flood insurance, if the Property is in a Special Flood Hazard Area.

17. **INDEMNIFICATION OF DIRECTORS AND OFFICERS.** Each director and officer of the Association now or hereafter in office, and his heirs, executors, and administrators, shall be indemnified by the Association against all costs, expenses, amounts, or liability therefor, including counsel fees, which are reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding, or claim to which he may be made a party, or in which he may be or become involved by reason of his acts or alleged acts of omission or commission as such director or officer, or subject to the provisions hereof, or any settlement thereof, whether or not he continues to be such director or officer at the time of incurring such costs, expenses, or amounts. Such indemnification shall not apply, however, with respect to any matter as to which such director or officer shall be finally adjudged in such action, suit, or proceeding to have been individually guilty of willful misfeasance or malfeasance in the performance of his duties as such director or officer. Further, the indemnification herein

provided shall, with respect to any settlement of any such suit, action, proceeding, or claim, include reimbursement or any amounts paid and expenses reasonably incurred in settling any such suit, action, proceeding, or claim when, in the judgment of the board of directors, a settlement or reimbursement appears to be to the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights as to which any such director or officer may be entitled under any agreement, vote of Unit owners, or otherwise.

18. **REPAIR AND MAINTENANCE.**

Unless otherwise provided in these Bylaws or in the Declaration, every Unit owner shall at all times keep his Unit in good order and repair and shall promptly perform all such work within his Unit, the omission of which would affect any common elements or other Units, and shall be responsible for all loss and damage caused by his failure to do so.

All repairs of internal installations within each Unit, including interior walls and partitions and the inner surfaces of the perimeter walls, floors, and ceilings of such Unit, shall be at the Unit owner's expense.

Every Unit owner shall reimburse the Association for any expenditure incurred in repairing or replacing any common element damaged or lost through the fault of such Unit owner or the invitees of such Unit owner.

19. **COLLECTION FROM TENANTS.**

All leases or rental agreements for Units shall be in writing and specifically subject to the requirements of the Declaration and Bylaws. If the Unit owner shall at any time rent or lease his Unit and shall default for a period of 30 days or more in the payment of the Unit owner's proportionate share of common expenses and of taxes and assessments, or any

installment thereof, the board may, at its option, so long as such default continues, demand and receive from any tenant of the Unit owner occupying the Unit the rent due or becoming due from such tenant to the Unit owner, up to an amount sufficient to pay all sums due from the Unit owner, including interest, if any, and any such payment as such rent to the board by the tenant shall be sufficient discharge of such tenant as between such tenant and the Unit owner to the extent of the amount so paid. But any such demand or acceptance of rent from any tenant shall not be deemed to be a consent to or approval of any lease by the Unit owner or a release or discharge of any of the obligations of the Unit owner hereunder. In the event the board makes demand upon the tenant as aforesaid, the tenant shall not have the right to question the right of the board to make such demand, but shall be obligated to make said payments to the board, as demanded by the board, with the effect as aforesaid; provided, however, the board may not exercise this right if a receiver has been appointed to take charge of the premises pending a mortgage foreclosure or if a mortgagee is in possession pending a mortgage foreclosure.

20. **COMPLIANCE.**

**A. Unit Owners.** Each unit Owner shall comply with the Declaration, any supplemental condominium declaration, and the Bylaws, and with the administrative rules and regulations adopted thereunder, and with all other applicable covenants, conditions, and restrictions of record. Failure to comply therewith shall be grounds for suit or action maintainable by the Association or any Unit owner in addition to other sanctions that may be provided by the Bylaws or by any existing administrative rules and regulations.

**B. Subordination.** These Bylaws are subordinate and subject to the provisions of the Declaration and all amendments thereto and the Act; and in case of any



conflict, the Act shall control. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or the Act.

C. **Interpretation.** In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or board of directors to conduct or engage in any act or business for profit on behalf of any of or all the Unit owners.

21. **LIMITS ON USE OF UNITS AND COMMON ELEMENTS.**

A. **Lease.** Any lease or rental agreement for any Unit must be in writing and provide that it is subject to the requirements of the Declaration and the Association.

B. **Insurance.** Nothing shall be done or kept in any Unit or in the common elements which will increase the rate of insurance on the Condominium without the prior written consent of the board of directors. No Unit owner shall permit anything to be done or kept in his Unit which will result in the cancellation of the insurance on any part of the Condominium. The board of directors shall have the power to adopt rules and regulations for use of the common elements and there shall be no violation of such rules.

22. **STATEMENT OF PURPOSES, USE, AND RESTRICTIONS.**

The Condominium shall be used and occupied as follows:

A. **Permitted Use.** No part of a Residential Unit shall be used for other than residential purposes and related uses, and no part of the Commercial Unit shall be used for other than commercial purposes; provided that, subject to compliance with local ordinances and other restrictions of record, an owner may use a Residential Unit as a "home office." No Unit shall be used for a Prohibited Use, and no Commercial Unit shall be used for overnight sleeping.

**B. Common Elements Use.** There will be no obstruction of the common elements nor shall anything be stored in the common elements without the prior written consent of the Association except as is otherwise provided herein.

**C. Insurance and Compliance.** Nothing shall be done or kept in any Unit or in the common elements which will increase the rate of insurance on the common elements or contents thereof without the prior written consent of the Association. No Unit owner shall permit anything to be done or kept in his Unit or in the common elements which will result in the cancellation of insurance on any Unit, or the contents thereof, which would be in violation of any law or regulation of any governmental authority, or which would unreasonably interfere with the use of any Unit or the common elements by the Unit owners. No waste shall be committed in the common elements.

**D. Fixtures.** No Residential Unit owner shall cause or permit anything (including, without limitation, a sign, awning, canopy, shutter, radio or television antenna or satellite dish) to hang, displayed or otherwise affixed to or placed on walls or doors, without the prior written consent of the Association. No Residential Unit owner shall cause or permit the storage or display of laundry, appliances, signs, or neon lights to be stored or placed on the porches adjacent to such Units.

**E. Nuisances.** No noxious or offensive activity shall be carried on in any Unit or in the common elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit owners or occupants.

**F. Structural Issues.** Nothing shall be done in any Unit or in, on, or to the common elements which will impair the structural integrity of the buildings or any part thereof

or which would structurally change the building or any part thereof except as is otherwise provided herein.

G. **Leases.** Any lease or rental agreement shall be subject to the provisions of section 21.A hereof.

23. **DISPUTE RESOLUTION.**

In the event of any dispute regarding these Bylaws or the Condominium, the dispute must be settled by binding arbitration in the manner provided in the Declaration, provided that proceedings to enjoin, abate, or remedy a violation of these Bylaws, and proceedings to foreclose liens held by the Association may be filed in a Court of competent jurisdiction and need not be submitted to arbitration.

24. **AMENDMENTS.**

Amendments to these Bylaws may be proposed by resolution of the board of directors or by a Unit owner. Any proposed amendment shall be delivered in writing, either personally or by mail, to each Unit owner entitled to vote not less than 7 nor more than 50 days before the date of the meeting at which the proposed amendment will be voted upon or attached to any request for amendment. If mailed, such notice or request shall be deemed to be delivered when deposited in the United States mail addressed to the Unit owner at his last known address on the records of the Association, with postage thereon prepaid. No amendment of the Bylaws proposed in either of such ways shall be effective unless approved by a Majority of the Unit Owners, either in writing or, at a duly constituted meeting, and until a copy of the Bylaws, as amended, or the amendment thereto, has been certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner if required under the Act, and recorded with the recording officer of Multnomah County, Oregon within two (2) years of approval.

ANY AMENDMENTS TO THESE BYLAWS MADE WITHIN FIVE YEARS OF THE RECORDING DATE HEREOF MUST BE APPROVED BY THE OREGON REAL ESTATE COMMISSIONER PRIOR TO RECORDING ANY AMENDED BYLAW.