

MAINSTREET TERRACE
AN OREGON CONDOMINIUM

(A RE-PLAT OF LOTS 1&2, BLOCK 329, HAWTHORNE PARK)
SITUATED IN N.E. 1/4 OF SECTION 2, T 15, R 1 E, W.M.
MULTNOMAH COUNTY, OREGON
BY: JOHN G. REPPETO, P.L.S.
SURVEYED JUNE 1979

DECLARATION

I, John G. Repetto, being first duly sworn depose and say that I have correctly surveyed and marked with proper monuments, the land represented on the general map of MAINSTREET TERRACE, an Oregon Condominium, and that as the initial point of said survey I set a 1 inch diameter galvanized iron pipe, 2 inches long, 6 inches below the surface of the ground at the northeast corner of Lot 1, Block 329, Hawthorne Park, a plat of record, which initial point bears EAST-332.19 ft. and SOUTH-2,468.44 ft. from the North one-quarter corner of Section 2, T 15, R 1 E, W.M. The land being committed to said condominium being described as follows: beginning at said initial point and thence running EAST along the south line of S.E. Main St. in distance of 100.00 ft. to the northeast corner of said Lot 1; thence SOUTH along the east line of Lot 1, and 2, Block 329, Hawthorne Park, a distance of 100.00 ft. to the southeast corner of said Lot 1; thence WEST along the south line of said Lot 1 a distance of 100.00 ft. to the southwest corner thereof; thence NORTH along the east line of S.E. Main Ave. a distance of 100.00 ft. to the initial point; and point of beginning. The accompanying tracing is a true and exact copy of the original plat.

John G. Repetto
John G. Repetto
Notary Public for the State of Oregon
My commission expires 5/13/80

ACKNOWLEDGEMENTS
STATE OF OREGON
COUNTY OF MULTNOMAH

This certifies that on this 27th day of July, 1979 personally appeared Jerome P. Byrne and V. Anthony Galick, who being duly sworn did say that they are the above named individuals and that the affixed instrument was signed by them and that their signatures affixed thereto was their own free act and deed.

Jerome P. Byrne
Jerome P. Byrne
V. Anthony Galick
V. Anthony Galick

SURVEYORS CERTIFICATE

I, John G. Repetto, being first duly sworn depose and say that I have correctly surveyed and marked with proper monuments, the land represented on the general map of MAINSTREET TERRACE, an Oregon Condominium, and that as the initial point of said survey I set a 1 inch diameter galvanized iron pipe, 2 inches long, 6 inches below the surface of the ground at the northeast corner of Lot 1, Block 329, Hawthorne Park, a plat of record, which initial point bears EAST-332.19 ft. and SOUTH-2,468.44 ft. from the North one-quarter corner of Section 2, T 15, R 1 E, W.M. The land being committed to said condominium being described as follows: beginning at said initial point and thence running EAST along the south line of S.E. Main St. in distance of 100.00 ft. to the northeast corner of said Lot 1; thence SOUTH along the east line of Lot 1, and 2, Block 329, Hawthorne Park, a distance of 100.00 ft. to the southeast corner of said Lot 1; thence WEST along the south line of said Lot 1 a distance of 100.00 ft. to the southwest corner thereof; thence NORTH along the east line of S.E. Main Ave. a distance of 100.00 ft. to the initial point; and point of beginning. The accompanying tracing is a true and exact copy of the original plat.

John G. Repetto
John G. Repetto
Oregon L.S. No. 657

Subscribed and sworn before me this 6th day of Aug., 1979. *Marion K. King*
Marion K. King
My commission expires Aug 15, 1980

All taxes, fees, assessments or other charges as provided by ORS 91.02 have been paid as of February 15th, 1980.

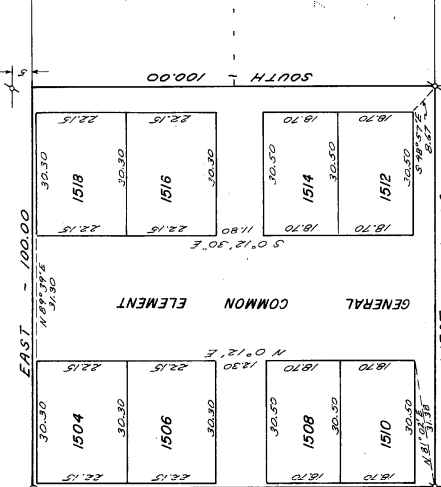
APPROVED Sept 9, 1979
James R. Wilcox
Director Div of Assessment
and Taxation, Multnomah
County, Oregon
By: *S. Everett McConnell*
Deputy

APPROVED Feb. 15, 1979
County Engineer
Multnomah County, Oregon
By: *Clayton J. Ormrod*
Deputy

By: *John G. Repetto*
John G. Repetto
Deputy

The undersigned, a registered professional land surveyor, hereby certifies that the floor plans set out on the plat attached hereto accurately depict the boundaries of the units and floors of the buildings of MAIN STREET TERRACE as said units and buildings existed on Aug. 6, 1979. Said improvements were constructed in City of Portland, Multnomah Co., Oregon, S.E.
Scale: 1" = 20'
Survey No. 657
Date: July 27, 1979

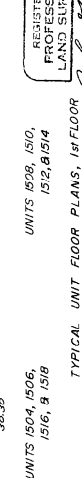
M 1/4 Corner, Sec. 2, T 15, R 1 E, W.M.
Brass Cap Mon.
237.19
EAST



Note: Elevations shown are on City of Portland Datum of Denebas Brass Screw Set. See survey No. 598 for outbounds survey.



UNITS 1504, 1506, 1516, 9 1518
UNITS 1508, 1510, 1512, 8 1514



TYPICAL CROSS SECTION
SCHEDULE OF FLOOR ELEVATIONS
1" = 20'

REGISTERED PROFESSIONAL LAND SURVEYOR
JOHN G. REPPETO
657

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DECLARATION OF UNIT OWNERSHIP

FOR

MAINSTREET TERRACE

an Oregon condominium

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This Declaration submits to the provisions, restrictions and limitations of Oregon Unit Ownership Law, land hereinafter described and all improvements now existing or to be constructed on such property, to be known as MAINSTREET TERRACE.

Recitals, Intent and Purpose

Jerome P. Byrne and J. Anthony Galick ("Declarants"), are owners in fee simple of the property described hereinbelow, and desire to submit said property to the condominium form of ownership, to be converted, handled and used in the manner provided by the Oregon Unit Ownership Law.

NOW, THEREFORE,

Declaration

Declarants hereby declare on behalf of themselves, their successors, grantees and assigns, as well as to any and all persons having, acquiring or seeking to have or acquire any interest of any nature whatsoever in and to any part of the property as follows:

1. DEFINITIONS.

Each of the terms herein shall have the meaning set forth in Oregon Unit Ownership Law, ORS 91.500 et seq., and said statute and definitions are incorporated herein.

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2. LAND DESCRIPTION.

The land is located in the County of Multnomah, State of Oregon and is more particularly described as:

Lots 1 and 2, Block 329, HAWTHORNE PARK, in the City of Portland, County of Multnomah, State of Oregon.

3. NAME AND UNIT DESCRIPTION.

3.1 Name. The name by which the property submitted hereunder shall be known is MAINSTREET TERRACE.

3.2 Unit Description. Other than in common, the owners of the respective units shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors, and ceilings surrounding their respective units, nor shall said owners be deemed to own pipes, wires, conduits or other public utility lines running through said respective units which are utilized for, or serve more than one unit except as tenants in common with other unit owners. Said owners, however, shall be deemed to own the interior walls and partitions which are contained within said owner's respective unit, and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including paint, wallpaper, and/or other type decorations.

In interpreting deeds, mortgages, deeds of trust and other instruments, for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the unit or of a unit reconstructed in substantial accordance with the original plans hereof shall be conclusively presumed to be the boundaries regardless of settling, rising or lateral movement of the building and regardless of variances between boundaries as shown on the plat and those of the actual building or buildings.

3.3 Building Description and Unit Designation. The land submitted by this Declaration has four (4) two-story buildings thereon in which condominium units are located. The condominium buildings, which are of wood frame construction on concrete foundations with wood siding and composition shingle roofs contain eight (8) units. Each of the units contains an unfinished basement level with units 1504 through 1510 containing a single car garage on the basement level. The vertical and horizontal boundaries, number designation, location and dimension of each unit is shown on the plat, Exhibit "B."

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The allocation to each unit of an undivided interest in the common elements was determined by dividing the sum of the approximate floor space of all units into the approximate floor space of each respective unit.

The unit designation, approximate area and percentage ownership in common elements is as follows:

<u>Unit No.</u>	<u>Approximate Area</u>	<u>Percentage Ownership in Common Elements</u>
1504	1100 sq. ft.	12.5000
1506	1100 sq. ft.	12.5000
1508	1100 sq. ft.	12.5000
1510	1100 sq. ft.	12.5000
1512	1100 sq. ft.	12.5000
1514	1100 sq. ft.	12.5000
1516	1100 sq. ft.	12.5000
1518	1100 sq. ft.	12.5000
		100.0000

4. GENERAL COMMON ELEMENTS.

The general common elements consist of all portions of the condominium not part of a unit or a limited common element, including, but not limited to, common patios, stairways, basement storage areas, piling, decking, roof, exterior and all supporting elements of the building and the land and landscaping. Each unit will be liable for the general common expense in equal proportion, excepting for fire and casualty insurance premiums which will be allocated on the basis of the amount of coverage of each unit as a percentage of the total amount of coverage for all units. The exterior lighting of the condominium is supplied with electrical power through the meter of Unit 1510 and is connected to an automatic timing device. In determining the monthly budget, the Board of Directors shall provide for reimbursement to the owner of such unit for the use of electricity for exterior lighting.

The general common elements shall be used in accordance with and subject to the following provisions:

4.1 Rules and Regulations Promulgated by the Association.

No person shall use the common elements or any part thereof in any manner contrary to or not in accordance with such rules and regulations pertaining thereto, as from time to time may be promulgated by the Association. Without, in any manner, intending to limit the generality of the foregoing, the Association shall have the right, but not the obligation,

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to promulgate rules and regulations limiting the use of the common elements to the members of the Association and their respective families, guests, invitees and servants. Such use may be conditioned upon, among other things, the payment by the unit owner of such assessments as may be established by the Association for the purpose of defraying the cost thereof.

4.2 Maintenance and Repair. Maintenance and repair of the common elements shall be the responsibility of the Association. Nothing herein contained, however, shall be construed so as to preclude the Association from delegating to persons, firms or corporations of its choice, such duties as may be imposed by the Association. Common expenses incurred for such maintenance and repair shall be borne equally on the periodic basis determined by the Board of Directors, excepting for fire and casualty insurance (which shall be shared in proportion to the amount of coverage placed on each unit).

4.3 Income from Common Elements. All income derived from any coin-operated vending machines and/or any other income derived from the common elements shall be income of the Association. The Board of Directors may, in its discretion, use such income to help meet the expense of maintaining the common elements or for such other purpose as may benefit the Association and the Unit Owners in a substantially equal manner.

4.4 Parking. Units 1504 through 1510 contain a single-car garage in the basement level. There is no other parking on the condominium property.

4.5 Voting. The owner of each unit shall be entitled to one vote. "Majority" or "Majority of Unit Owners" shall mean owners of more than fifty percent (50%) of the units. The calling and conducting of meetings of the Association of Unit Owners and the exercise of voting rights shall be controlled by Article II of the Bylaws.

5. LIMITED COMMON ELEMENTS.

There are no limited common elements.

6. USE RESTRICTIONS.

The use of the condominium property will be in accordance with the following provisions, as long as the condominium

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exists and the condominium building in useful condition exists upon the land.

6.1 Use as Private Dwelling Only. Each of the units will be occupied as a single-family private dwelling by its owner or his tenant, their visitors and guests, and for no other purpose.

6.2 Pets. No owner may keep a pet in his unit without the prior written consent of the Board of Directors. Any owner given such authorization shall further abide by the Municipal Sanitary Regulations, leash laws and rules or regulations of the Association created by the Board of Directors.

6.3 Appearance of Condominium Building. The unit owners will not cause anything to be hung, displayed, or placed on the walls, doors, windows, walkways, ceilings of walkways or roof of the condominium building or any other common element; and they will not otherwise change the appearance of any portion of the common elements without the prior written consent of the Board of Directors. Each unit owner shall provide draperies at all windows which shall be lined with white materials, sufficiently opaque so as to not disclose the color of the interior portion of such draperies. No clothes lines or similar devices, no radio or television antennas or aerials and no "For Sale" signs, will be allowed on any part of the condominium property without the prior written consent of the Board of Directors, except that the Declarant may post reasonable signs in reasonable places on the condominium property advertising any unsold unit for sale.

6.4 Nuisances. No nuisances will be allowed upon the condominium property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the condominium will be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, nor any fire hazard allowed to exist. No unit owner will permit any use of his unit or make any use of the common elements that will increase the cost of insurance upon the condominium property.

6.5 Improper, Offensive or Unlawful Use. No improper, offensive or unlawful use will be made of the condominium property nor any part of it; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the condominium property will be

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carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

6.6 Additional Rules. Rules and regulations concerning other use of the condominium property may be made and amended from time to time by the Association or the Board of Directors. Copies of such rules and regulations will be furnished to all unit owners and residents of the condominium, upon request. Additional rules, regulations and restrictions are contained in the Bylaws.

7. MANAGEMENT OF AFFAIRS OF THE ASSOCIATION OF UNIT OWNERS.

The affairs of the Association of Unit Owners shall be managed by a Board of Directors and by officers consisting of a Chairman of the Board of Directors, a Secretary and a Treasurer. The Board of Directors shall adopt administrative rules and regulations governing details of the operation, maintenance and use of the property, and to prevent unreasonable interference with the use of the respective units and of the common elements by the several unit owners. The Board of Directors may retain an individual (one of the unit owners), a firm or corporation to act as manager of the property.

8. SERVICE OF PROCESS.

The name of the person to receive service of process in cases provided in Subsection 1 of ORS 91.578, is Jerome P. Byrne, whose address in Multnomah County is 2027 S. E. Larch, Portland, Oregon 97214.

9. ADOPTION OF BYLAWS.

The undersigned Declarant, subject to this Declaration, has adopted, pursuant to the regulations of the Oregon Unit Ownership Law, the Bylaws attached hereto and by reference made a part hereof, marked Exhibit "C," to govern the administration of the property.

9.1 Amendment. The Bylaws may be amended from time to time as provided therein. Any amendment thereto shall be recorded in the official records of Multnomah County, Oregon.

9.2 Compliance with Bylaws and Other Restrictions. Each unit owner shall comply with the Bylaws and with the administrative rules and regulations adopted pursuant thereto and with the covenants, conditions and restrictions in this Declaration or in the deed to his unit. Failure to comply

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therewith shall be grounds for suit or action, maintainable by the Association of Unit Owners or by any unit owner, in addition to other sanctions which may be provided by the Bylaws or by any existing administrative rules and regulations. Should any conflict exist in the interpretation or application of the Declaration and Bylaws, the Declaration shall control.

9.3 Legal Proceedings. Failure to comply with any of the terms of the condominium documents and regulations adopted pursuant thereto, shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due, damages or a suit for injunctive relief, to foreclose a lien or any combination thereof. Relief may be sought by the Association or by the manager of the Association, or if appropriate, by an aggrieved unit owner.

9.4 Costs and Attorneys' Fees. In any proceeding arising because of alleged default by a unit owner, the prevailing party shall be entitled to recover the cost of the proceedings and such reasonable attorneys' fees as may be determined by the trial court in any trial or by the Appellate Court in any appeal thereof.

9.5 Waiver of Rights. The failure of the Association or a unit owner to enforce any right, provision, covenant or condition which may be granted by a condominium document, shall not constitute a waiver of the right of the Association or unit owner to enforce such right, provision, covenant or condition in the future.

10. MORTGAGEES.

10.1 Notice of Change in Documents or Manager. The Association of Unit Owners shall give each mortgagee written notice thirty (30) days prior to the effective date of (i) any change in the condominium documents and (ii) any change of manager (not including change in employees of corporate manager) of the condominium.

10.2 Notice of Default by Mortgagor. The Association of Unit Owners shall give each mortgagee written notification of any default by the mortgagor of such unit in the performance of such mortgagor's obligations under the condominium documents or the Oregon Unit Ownership Law, which is not cured within thirty (30) days.

10.3 Mortgagee Exempt from Certain Restrictions. Any holder of a mortgage which comes into possession of the unit

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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.

10.4 Discharge of Lien Upon Foreclosure. Any holder of a mortgage which 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 which accrue prior to the time such holder 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).

10.5 Written Consent of Mortgagee Required in Certain Cases. Unless all holders of first mortgage liens on individual units have given their prior written approval, the Association of Unit Owners of the condominium shall not:

(a) change the pro rata interest or obligations of any condominium unit for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each unit in appurtenant real estate and any improvements thereon which are owned by the unit owners in the condominium in undivided pro rata interests ("common elements");

(b) partition or subdivide any unit or the common elements of the condominium property; or

(c) by act or omission seek to abandon the condominium status of the condominium property, except as provided by the Oregon Unit Ownership Law in the event of substantial loss to the units and common elements of the condominium property;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer, the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements shall not be deemed a transfer within the meaning of this clause;

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(e) use hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by the Oregon Unit Ownership Law in case of substantial loss to the units and/or common elements of the condominium project.

10.6 Proxy Held by Mortgagee in Certain Cases. The first mortgagee (or beneficiary under a trust deed) may attend a meeting of the Association of Unit Owners with the proxy of the mortgagor of said unit for the purpose of voting to paint or otherwise maintain the common elements. Provided, however, 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.

10.7 Right to Examine Books and Records. All first mortgagees shall have the right to examine the books and records of the Association of Unit Owners or the condominium property upon reasonable notice and at reasonable times.

10.8 Notice in Event of Loss or a Taking. The Condominium Owners Association shall give all first mortgagees written notice of any loss to, or taking of, the common elements of the condominium project if such loss or taking exceeds \$10,000.

11. AMENDMENTS TO DECLARATION.

Except where a larger vote is required by law, this Declaration may be amended from time to time by consent or approval of the unit owners holding 75% or more of the voting rights as otherwise set forth in this Declaration.

12. EASEMENTS RESERVED TO THE DECLARANT.

This Declaration may be recorded and unit owners permitted to move into their units prior to completion of all aspects of the remodeling or redecoration of the interiors of other units. In order to facilitate the completion of any remodeling and redecoration of all of the units and permit and coordinate completion of the landscaping and general common areas of the condominium, the Declarant hereby reserves unto itself an easement over all aspects of the common elements to permit access and ingress and necessary use of the common area for the completion and decoration of all the

PAGE 9. DECLARATION OF UNIT OWNERSHIP

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units in the condominium and for the completion of the landscaping and common areas. Provided however, the Declarants, their assignees, licensees and invitees shall take reasonable steps to insure that the interference with the use and enjoyment by unit owners of the condominium is interfered with as little as possible.

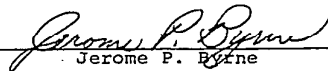
13. SUBDIVISION.

No unit may be subdivided into divisions of any nature.

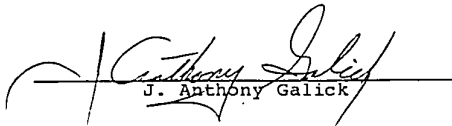
14. AUTHORITY TO GRANT EASEMENTS, RIGHTS-OF-WAY, LICENSES AND OTHER SIMILAR INTERESTS.

Pursuant to ORS 91.527(5), the Association shall have the authority to execute, acknowledge, deliver and record on behalf of the unit owners, easements, rights-of-way, licenses and other similar interests affecting the general common elements. The granting of any such interest shall first be approved by at least seventy-five percent (75%) of the unit owners as required by ORS 91.527(6). The instrument granting any such interest shall be executed by the chairman and secretary of the Association and acknowledged in the manner provided for acknowledgment of such instruments by such officers and shall state that such grant was approved by at least seventy-five percent (75%) of the unit owners.

IN WITNESS WHEREOF, the undersigned fee owner of the subject property has caused this Declaration to be executed this 29th day of October, 1979.



Jerome P. Byrne



J. Anthony Galick

PAGE 10. DECLARATION OF UNIT OWNERSHIP

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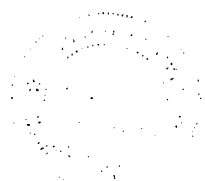
BOOK 1420 PAGE 534

STATE OF OREGON)
) ss. October 29, 1979
County of Multnomah)

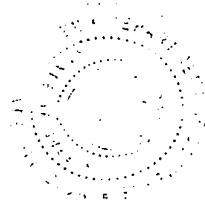
Personally appeared before me the above-named Jerome P. Byrne and J. Anthony Galick, and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME:

Donald D. Muth
NOTARY PUBLIC FOR OREGON
My Commission Expires: 3/27/81



The foregoing Declaration is approved pursuant to ORS 91.512 this 27th day of November, 1979.



WILLIAM F. GWINN
Real Estate Commissioner

By Barbara Kamz

The foregoing Declaration is approved
this 15th day of February, 1980
Recorder
Department of Taxation
Multnomah County
By Ernest [Signature]

PAGE 11. DECLARATION OF UNIT OWNERSHIP

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DECLARATION

I, the undersigned, being the owner of the above described property, do hereby certify that the same is a common area of the above described property and that the same is to be used for the purposes of the above described property and that the same is to be used for the purposes of the above described property and that the same is to be used for the purposes of the above described property.

ACKNOWLEDGEMENTS

I, the undersigned, being the owner of the above described property, do hereby certify that the same is a common area of the above described property and that the same is to be used for the purposes of the above described property and that the same is to be used for the purposes of the above described property.

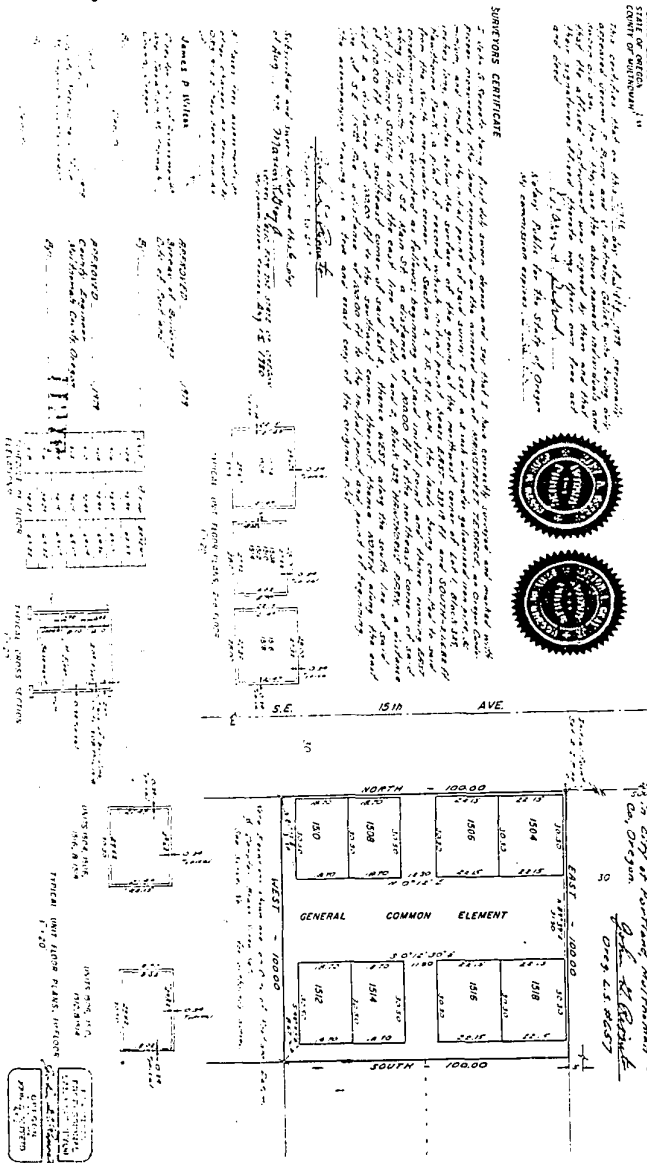
SURVEYORS CERTIFICATE

I, the undersigned, being a duly licensed surveyor, do hereby certify that the above described property is a common area of the above described property and that the same is to be used for the purposes of the above described property and that the same is to be used for the purposes of the above described property.



MAIN STREET TERRACE
 AN OREGON CONDOMINIUM
 A RE-PLAT OF LOTS 102, BLOCK 329, HANTHORNE PARK
 SITUATED IN 1/4 OF SECTION 2, T. 15, R. 10, W. 4.
 CITY OF PORTLAND
 MULTNOMAH COUNTY, OREGON
 BY JOHN G. RUPERTO, P.L.S.

The undersigned, a registered professional land surveyor, do hereby certify that the above described property is a common area of the above described property and that the same is to be used for the purposes of the above described property and that the same is to be used for the purposes of the above described property.



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STATE OF OREGON)
Multnomah County) ss.

I, Director, Department of Administration Services and Recorder of Conveyances, in and for said County, do hereby certify that the within instrument of writing was recorded for record in the office of the Recorder of said County at

AND FEB 15 PM 1:56

RECORDING SECTION
MULTNOMAH CO., OREGON

In Book 1420 On Page 534
Witness my hand and seal of office aforesaid.

J. Bennett
Director
Department of Administration Services
Rec-17 Deputy.

*J. David Bennett
3500 East National Tower
Portland Ave
42.52 97201*

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BYLAWS
OF
MAINSTREET TERRACE

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ARTICLE I
PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The condominium, located in the City of Portland, County of Multnomah, State of Oregon, known as MAINSTREET TERRACE is submitted to the provisions of Oregon Revised Statutes, Sections 91.500 et seq., the Oregon Unit Ownership Law.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the condominium, the owners' association and the entire management structure thereof. (The term "condominium" as used herein shall include the land.)

Section 3. Personal Application. All present or future owners, tenants, future tenants or their employees, or any other person that might use the facilities of the condominium in any manner, are subject to the regulations set forth in these Bylaws.

The mere acquisition or rental of any of the eight (8) units (hereinafter referred to as "units") of the condominium or the mere act of occupancy of any said units will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II
ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Membership in the Association. Upon recordation of a conveyance or contract to convey a unit, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association, and shall remain a member of said Association until such

PAGE 1. BYLAWS

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time as such person's ownership ceases for any reason. Unit ownership shall be determined, for all purposes of the Declaration of Unit Ownership ("Declaration") and the administration of the property, from the record of unit ownership maintained by the Association. The record shall be established by the unit owner filing with the Association a copy of the deed to or land sale contract for his unit, to which shall be affixed the certificate of the recording officer of the County of Multnomah, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as a unit owner unless a copy of the deed or contract has been filed with the Association, as provided above, showing him to be the current owner or contract purchaser of a unit. Notwithstanding the foregoing, the declarant shall be the owner of all previously unsold units, although no deed or land sale contract, with respect to such units, has been filed with the Association.

Section 2. Voting. The owner of each unit shall be entitled to one vote. "Majority" or "majority of Unit Owners" shall mean owners of more than fifty percent (50%) of the units. The calling and conducting of meetings of the Association of Unit Owners and the exercise of voting rights shall be controlled by Article II of the Bylaws.

Section 3. Majority of Owners. As used in these Bylaws, the term "majority of voting owners" shall mean those owners holding over fifty percent (50%) of the vote, in accordance with the Declaration and Section 2 above. "Majority of voting owners present" shall mean voting owners holding over fifty percent (50%) of the votes present at any legal meeting.

Section 4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of voting owners" as defined in Section 3 of this Article shall constitute a quorum.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. A meeting of the Association may be by proxy ballot, as the Directors may elect, rather than at a formal gathering. Ballots for such meeting must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposal specifically propounded on the ballot.

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Section 6. Authority to Vote. All owners shall be entitled to vote, and this shall be true if they have leased their premises to a third party. An owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the premises shall be deemed the owner of the premises.

Section 7. Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the secretary that he is the executor, administrator, guardian or trustee, holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the vote of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The owners of the units will constitute the Association of Unit Owners ("Association") who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the operation, management and maintenance of the condominium, including negotiating and contracting with and supervising any person, persons or business entity with respect to such matters. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if the meeting is held by ballot, when ballots are returned representing more than fifty percent (50%) of the vote.

Section 2. Place of Meetings. Formal meetings of the Association shall be held at the principal office of the condominium or such other suitable place convenient to the

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owners as may be designated by the Board of Directors. The vote of ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Each unit owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned, within ten (10) days after the ballots have been counted.

Section 3. Initial Meeting. The initial organizational meeting will be held after the Declaration of Unit Ownership has been recorded and within twelve (12) months from the closings of the initial sales of units in the condominium to individual purchasers. Said meeting shall be called by notice to all unit owners of the time and place thereof not less than seven (7) days before the meeting.

Section 4. Annual Meetings. The first annual meeting of the Association shall be held in the calendar year following the calendar year in which the initial organizational meeting is held and shall be set by action of the Board of Directors.

Section 5. Special Meetings. It shall be the duty of the Chairman to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by ten percent (10%) or more of the owners having been presented to the Secretary. All meetings called because of petition of unit owners shall be held at a formal gathering and not by ballot. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the owners of the units or as otherwise set out in these Bylaws.

Section 6. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual, special or meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each owner of record at least ten (10) but not more than sixty (60) days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The mailing shall be to the owner's address last given the Secretary in writing by the unit owner or his vendee. If unit ownership is split or the unit has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given the Secretary in writing, then mailing to the condominium unit shall be sufficient. The mailing of a

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notice in the manner provided in this Section shall be considered notice served.

Section 7. Adjourned Meetings. If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The adjournment provisions of this Section do not apply to meetings by ballot.

Section 8. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call.
- (b) Proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be a unit owner or the co-owner of a unit. Provided, however, owners of the same unit may not serve as Directors simultaneously.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

Section 3. Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have authority to carry out and be responsible for the following matters:

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(a) Care, upkeep and supervision of the condominium and the general common elements and the limited common elements, if any, and assigning, supervising assignments or approving any assignment of the use of any common element, general or limited, as may be required by the Declaration.

(b) Designation and collection of monthly assessments from the owners, in accordance with these Bylaws, the Declaration and the Oregon Unit Ownership Law.

(c) Payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds.

(d) Designation and dismissal of the personnel necessary for the maintenance and operation of the condominium, the general common elements and the limited common elements, if any.

(e) Leasing, subleasing or hypothecation, in any manner, of the general or limited common elements, if any, of the condominium which have or may have any income producing potential.

(f) Promulgation and enforcement of rules of conduct for unit owners, employees and invitees which shall be consistent with the restrictions set out in Article VI, Section 9 of these Bylaws.

Section 4. Management Agent. The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. Interim Directors. Upon the filing of the Declaration submitting the condominium to the Oregon Unit Ownership Law, the Declarant shall appoint an interim board of three (3) directors (who need not be owners of units), who shall serve until replaced by Declarant or their successors have been elected by the unit owners at the initial organizational meeting as hereinafter provided. The Declarant may have effective voting control at the initial organizational meeting to elect members of his choosing to

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the Board as long as he continues to own a large percentage of the units.

Section 6. Election and Term of Office. At the initial meeting of the Association, the term of office of one (1) Director shall be fixed for three (3) years. The term of office of one (1) Director shall be fixed at two (2) years, and the term of office of one (1) Director shall be fixed at one (1) year. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the initial organizational meeting, upon agreement by vote of the owners, the Board of Directors may be elected by a single ballot with each owner permitted to vote for three (3) nominees. In such event, the person receiving the highest number of votes shall serve for the 3-year term, the person receiving the second highest number shall serve for the 2-year term, and the person receiving the third highest number shall serve for the 1-year term.

Section 7. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

Section 8. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a majority of the owners and a successor may be then and there elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners may be given an opportunity to be heard at the meeting.

Section 9. Organizational Meeting. The first meeting of a newly-elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly-elected Directors in order to legally hold such meeting, providing a majority of the newly-elected Directors are present.

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Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors may be called by the Chairman on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or Secretary or on the written request of at least two (2) Directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 12. Waiver of Notice to Directors. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

Section 13. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Board of Directors Meetings Open to All Association Members. All meetings of the Board of Directors shall be open to any and all members of the Association. Provided, however, no Association member shall have a right to participate in the Board of Directors meetings unless such member is also a member of the Board of Directors. The Chairman shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

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Section 15. Notice to Association Members of Board of Directors Meetings. For other than emergency meetings, notice of Board of Directors meetings shall be posted at a place on the Condominium property at least three (3) days prior to the meeting or notice shall otherwise be provided to each member of the Association reasonably calculated to inform each member of such meetings. The posting of such notices shall be at a reasonable location which has been generally publicized to the Unit Owners.

Section 16. Telephonic Meetings. In the event of an emergency, telephonic meetings may be held by the Board of Directors. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the Chairman to be used for telephonic meetings. No notice to either Directors or Association members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency action. Provided, however, no such telephonic meeting shall occur unless at least seventy-five percent (75%) of the Board of Directors participate in the same and after an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

Section 17. Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the unit owners.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a Chairman, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new board or any board meeting thereafter, and shall hold office at the pleasure of the board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of

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Directors, any officer may be removed, either with or without cause, and his successor elected at any regular or special meeting of the Board of Directors.

Section 4. Chairman. The Chairman shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The Chairman shall be entitled to vote at Board of Director meetings only in case of a tie vote at any such meeting, and his vote shall be final.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 7. Directors as Officers. Any Director may be an officer of the Association.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments. All owners are obligated to pay monthly assessments imposed by the Association to meet all the project's general common expenses, which may include premiums for insurance required or permitted under Article VII of these Bylaws. All of the reserve funds set up pursuant to these Bylaws shall be funded by allocation and payment from the monthly assessment of unit owners. The assessment of all unit owners who may be benefited by expenditure of reserve funds may be increased as necessary, so

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the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established. Such assessments shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (d) Any deficit in common expenses for any prior period.
- (e) Utilities for the common areas and other utilities with a common meter or commonly billed, such as water and sewer.
- (f) A reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount determined by the Directors. The reserve fund is for the purpose of effecting replacements of structural elements, mechanical equipment and other general common elements of the condominium. Payment into this fund shall be deemed a contribution to capital improvement as and when made. The establishment and maintenance of this fund shall be a mandatory obligation of the Board of Directors.
- (g) A General Operating Reserve by allocation and payment thereto monthly of an amount determined by the Board of Directors. This existence of this reserve fund shall be discretionary with the Board of Directors.
- (h) Such other special reserve funds as may be set up by the Directors by special assessments of the unit owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association of Unit Owners to be appropriate, including a reserve fund for any lease payments and maintenance of any limited common elements.
- (i) Any other items properly chargeable as an expense of the Association.

Each reserve fund shall be kept in a fund with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully

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guaranteed as to principal by the United States of America or one of its agencies. No unit owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective units may increase in proportion to each unit's right to receive repair, maintenance and replacement therefrom.

Section 2. Initial Assessment. The initial assessment to unit owners other than the Declarant, shall be determined by the Declarant and each purchaser shall execute a consent to such initial assessment. The initial assessment shall thereafter be subject to review by the Board of Directors. Provided, however, if the Declarant or any other person owns all of the units or as long as the Declarant or such other person pays all monthly common expenses in full without cost to the other unit owners, the monthly assessment shall equal zero. In such event, reserves provided for in Section 1 of this Article shall not be funded until the commencement of assessments to individual owners. The Declarant or such other person paying all common expenses shall give ten (10) days written notice to individual unit owners prior to the commencement of the initial assessment. Thereafter, each owner including the Declarant or such other person shall pay the monthly assessments to the Association. In the event the Declarant has collected initial assessments from unit purchasers at closing and thereafter elects to pay all common expenses thereby causing the assessment to equal zero, the amounts collected from unit purchasers shall be held by the Declarant in an Association fund to be applied as set forth in Section 1 of this Article commencing with the date unit owners are required to pay monthly assessments.

Section 3. Budget. The amount of the monthly assessment, after the first annual meeting shall be based upon a budget written by the Board of Directors, presented to and adopted by the Association. Thereafter, until the next annual meeting and budget, the Board of Directors may increase the monthly assessment to unit owners by no more than a total of ten percent (10%) for any item from the assessment determined from the annual budget, without approval by the Association at a specially called meeting. Provided, however, special assessments may be made at any time to all unit owners, pro rata, to make up a deficit caused by a defaulting owner whose unit was taken over by foreclosure thereby removing the lien of the Association for unpaid assessments. Interest shall be charged on delinquent assessments at the rate of ten percent (10%) per annum. The Directors, in their discretion, may waive the imposition of such interest charges.

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Section 4. Default. Failure by an owner to pay any assessment of the Association shall be a default by such owner of his obligations pursuant to these Bylaws and the Oregon Unit Ownership Law. The Association shall be entitled to a lien which may be enforced upon compliance with the provisions of ORS 91.546. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting owner for the use of his unit or shall be entitled to the appointment of a receiver pursuant to ORS 91.548. Any default by the owner in any provisions of these Bylaws or of the Oregon Unit Ownership Law shall be deemed to be a default by the owner of any mortgage to which the owner is a party or to which the unit is subject.

Section 5. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the common elements of the condominium or a part thereof belonging to other owners, and shall be responsible for the damages and liabilities that his failure to do so may cause.

(b) All repairs of internal installations of each unit, such as water, lights, gas, power, sewage, telephones, air conditioners and sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the sole expense of the owner of such unit.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and/or facility damaged through his fault, not otherwise covered by insurance policies carried by the Association for the owner's and Association's benefit.

Section 6. Use of Units - Internal Changes.

(a) All units shall be used for residential purposes only, and all common elements shall be used in a manner conducive to such purposes. However, the Board of Directors shall have the right to expand any common area functions to include any compatible income producing activity.

(b) An owner shall not make structural modifications or alterations in his unit or installations located therein without previously

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notifying the Association in writing, through the Management Agent, if any, or through the Chairman of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 7. Use of the Common Elements. An owner shall not place or cause to be placed in the lobbies, patios, decks, ramps, vestibules, stairways and other project areas and facilities of the condominium of a similar nature, any furniture, packages or objects of any kind, except that suitable furniture may be placed on the decks and patios without the prior written consent of the Board of Directors. Such areas shall be used for no purpose other than what is normal.

Section 8. Right of Entry.

(a) In case of an emergency originating in or threatening his unit, an owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether the owner is present at the time or not.

(b) An easement is reserved to the Association in and through any unit and the common elements providing access at reasonable times and with reasonable notice for purposes of maintenance, repair and replacement of the common elements. If, in the process of such repair and maintenance by the Association, it is necessary to alter or damage any unit or common elements, such alterations or damages will be permitted without compensation, provided the unit and/or common elements are promptly restored to substantially their prior condition by the Association.

(c) If any portion of the common elements encroaches upon a unit, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall be and does exist. In the event the structures are partially or totally destroyed, and then rebuilt, the owners of the units agree that minor encroachment of parts of the common elements due to such rebuilding shall be allowed and an easement shall exist for such purpose.

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Section 9. Rules of Conduct. BOOK 1420 PAGE 551

(a) No resident of the condominium shall post any advertisements, posters, or signs of any kind in or on the condominium property except as authorized by the Association and except that the Declarant may post "For Sale" signs advertising unsold units.

(b) Residents shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, television and amplifiers that may disturb other residents. No owner may keep a pet in his unit without the prior written consent of the Board of Directors. Any owner given such authorization shall further abide by the Municipal Sanitary Regulations, leash laws and rules or regulations of the Association created by the Board of Directors.

(c) It is prohibited to hang garments, rugs and similar items from the windows or from any of the facades, decks or terraces of the condominium.

(d) It is prohibited to hang or shake dust rags, mops and similar items from the windows or porches or terraces, or to clean such items by beating on an exterior part of the condominium.

(e) It is prohibited to throw garbage or trash next to the disposal installations provided for such purposes in the service areas. All such garbage and trash shall be placed inside disposal containers.

(f) No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units or similar devices on the exterior of the condominium buildings or cause them to protrude through the walls or the roof of the condominium except as authorized by the Association. No window guards, awnings or shades shall be installed without the prior consent of the Board of Directors.

(g) No exterior antennas shall be allowed except those installed by the Association.

(h) Curtains and drapes shall be generally white or lined with white, or as the Board approves, to create an aesthetic and harmonious outer appearance of the condominium buildings.

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(i) The parking spaces designated as general common elements in the Declaration are intended for use of automobiles of owners and guests. The Directors may make such rules necessary to govern the use of any general or any limited common element parking areas by which all owners and other users shall be bound. Provided, however, no such rule shall prohibit, restrict, or change a parking assignment previously made to a unit without the written consent of the unit owner.

(j) Vehicular traffic on the parking areas and driveway on condominium property shall be limited to five (5) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair or similar things may be parked or kept on condominium property without the prior written consent of the Board of Directors.

(k) All common areas, including common garden and patio areas and storage areas are provided for the use of the owners and their guests. Rules and regulations will be posted, setting out the hours the various facilities will be available for use, and the conditions attendant thereto. Compliance with such rules as determined by the Board of Directors is essential to the harmonious operation of the facilities.

(l) The Directors may restrict the use of the general or limited common elements to specific unit owners as may be necessary and reasonable in the overall use of said elements and for the best interest of the condominium as a whole and the owners of units therein.

Failure by an owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth herein or others promulgated by the Board of Directors, will be cause for which the Board of Directors may deny or restrict such owner's right to use any common element facility with respect to which such owner otherwise had a right of use.

Section 10. Use Restriction Contained in Declaration.
In addition to the rules, restrictions and other provisions of this Article VI, all unit owners must comply with the use restrictions contained in Section 6 of the Declaration.

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ARTICLE VII

INSURANCE BOOK 1420 PAGE 553

The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other condominiums similar in construction, design and which insurance shall be governed by the provisions in this numbered section.

Section 1. Types of Insurance Policies. For the benefit of the Association and the owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

(a) A policy or policies of fire insurance with the extended coverage endorsement, for the full insurable replacement value, if available, of all units and common areas, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the owners and their mortgagees, as their respective interests appear, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, of each unit, if any.

(b) A policy or policies insuring the Association, its Board of Directors, the unit owners individually, and the manager against any liability to the public or the owners of units and their invitees or tenants, incident to the ownership, supervision, control or use of the project. Limits of liability under such insurance shall be not less than \$1,000,000 per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board of Directors which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

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

(d) A fidelity bond naming such persons as may be designated by the Board of Directors as principals and the Association and the owners as obligees, for the amount determined by the Board of Directors. Provided, however, the Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Association shall not be responsible for any loss or damage to personal property of any owner, whether stored on the common area or in the owner's unit. Nor shall the Association maintain any insurance coverage for such loss.

Section 2. Insurance Companies Authorized. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "A+" and a size rating of "AAA," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and directors.

Section 3. Authority to Adjust Losses. All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative; provided, however, that where a first mortgagee has been designated as a loss payee by a unit owner, such mortgagee shall be entitled to settle losses as to the mortgaged unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two directors.

Section 4. Prohibition of Contribution. In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by the Association, individual owners or their mortgagees.

Section 5. Value of Owner Improvements. Each owner must inform the Board of Directors of the value of improvements made to his unit in excess of Two Thousand Five Hundred Dollars (\$2,500.00) so that the Board of Directors may make any desired adjustments in insurance coverage. Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Article VI, Section 6(b).

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Section 6. Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

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

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

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

(d) A provision that any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

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

(f) A rider on the master policy in the nature of "Use and Occupancy" insurance which will provide relief from monthly assessments while a unit is uninhabitable by the payment of the condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and mortgage payments.

Section 7. Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association of Unit Owners, which review shall include an appraisal of all improvements made to the project by a representative of the insurance carrier writing the master policy.

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ARTICLE VIII

DAMAGE AND DESTRUCTION BOOK 1420 PAGE 556

Section 1. Insurance Proceeds Sufficient to Cover Loss. In case of fire, casualty or any other damage and destruction, the insurance proceeds of the master policy, if sufficient to reconstruct the buildings damaged or destroyed, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed buildings, as used in this paragraph, means restoring the buildings to substantially the same condition in which they existed prior to the fire, casualty or disaster, with each unit and the common area having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished under the direction of the manager or the Board of Directors.

Section 2. Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to, or destruction of, such buildings shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on such buildings for that purpose and all the unit owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by such owner. Provided, however, if three-fourths or more in value of all the buildings are destroyed or substantially damaged and if the owners holding at least three-fourths interest in the common elements do not, voluntarily, within sixty (60) days after such destruction or damage, make provision for reconstruction, the manager or Board of Directors shall record with the County Recorder a notice setting forth such facts, and upon the recording of such notice:

- (a) The condominium property shall be deemed to be owned in common by the owners.
- (b) The respective interest of each unit owner in the property shall be determined by the provisions of ORS 91.591 which are in effect on the date the Declaration of Unit Ownership is recorded.
- (c) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the owners in the project.
- (d) The condominium shall be subject to an action for partition at the suit of any owner.

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If a decree of partition orders the sale of the condominium property, the net proceeds of sale, together with the net proceeds of the policies of insurance on the condominium, if any, shall be considered as one fund and shall be divided among all of the owners in proportion to their respective undivided interests, after first paying, out of the respective shares of the owners, to the extent such share is sufficient for the purpose, all liens on the undivided interest in the project owned by each owner.

Section 3. Architectural Changes After Damage or Destruction. Notwithstanding all other provisions hereof, the owners may, by an affirmative vote of sufficient owners to amend these Bylaws, cause an amendment to be made to the condominium documents so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the condominium, or any buildings thereof, by fire, casualty or any other disaster is so great as to require the substantial reconstruction of the whole of the condominium, or said buildings. Any such amendment of such condominium documents shall be valid only upon (1) the recording thereof with the recording officer of Multnomah County; and (2) the recording with that recording officer of the approval thereof of each mortgagee and each other lienholder of record having a lien against any part of the project, or building, affected by such amendment.

ARTICLE IX

CONDEMNATION

The Board of Directors shall have the sole authority to negotiate with any public or private body or person having the power of eminent domain and to sue or defend in any litigation involving such bodies or persons with respect to the common elements of the condominium and shall assist any unit owner whose unit or a part thereof is the subject of any condemnation or eminent domain proceeding. Provided, however, nothing in this or any document or agreement relating to the condominium shall be construed to give a unit owner or any party priority over the rights of the first mortgagees of any condominium units in the case of a distribution to the unit owner of any such condemnation awards for losses to or a taking of a unit and/or the common elements.

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ARTICLE X

BOOK 1420 PAGE 558

AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Association in a duly-constituted meeting or ballot meeting called for such purpose, and no amendment shall take effect unless approved by owners holding 75% or more of the voting rights as otherwise set forth in the Declaration. Any amendments adopted hereby shall be reduced in writing, certified by the Chairman and Secretary of the Association of Unit Owners to be the amendment so adopted by the Association of Unit Owners, and such amendment so certified shall be recorded in the Deed Records of Multnomah County, Oregon.

ARTICLE XI

MORTGAGEES

Section 1. Notice to Association. An owner who mortgages his unit shall notify the Association through the Management Agent, if any, or the Chairman of the Board of Directors in the event there is no Management Agent, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Units."

Section 2. Definition of Mortgagee. Mortgagee as used in these Bylaws shall include the beneficiary of a trust deed or a contract seller.

Section 3. Notice of Change in Documents or Manager. The Association of Unit Owners shall give the mortgagees written notice thirty (30) days prior to the effective date of (i) any change in the condominium documents and (ii) any change of manager (not including change in employees of corporate manager) of the condominium.

Section 4. Notice of Default by Mortgagor. The Association of Unit Owners shall give the mortgagees written notification of any default by their mortgagors in the performance of such mortgagor's obligations pursuant to the condominium documents or the Oregon Unit Ownership Law, which is not cured within thirty (30) days.

Section 5. Mortgagee Exempt from Certain Restrictions. Any mortgagee who comes into possession of a mortgaged 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

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"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.

Section 6. Discharge of Lien Upon Foreclosure. Any holder of the mortgage which comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder 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).

Section 7. Written Consent of Mortgagee Required in Certain Cases. Unless all holders of first mortgage liens on individual units have given their prior written approval, the Association of Unit Owners of the condominium shall not:

(a) Change the pro rata interest or obligations of any condominium unit for (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each unit in appurtenant real estate and any improvements thereon which are owned by the unit owners in the condominium in undivided pro rata interests ("common elements");

(b) Partition or subdivide any unit or the common elements of the condominium property;

(c) By act or omission seek to abandon the condominium status of the condominium property, except as provided by the Oregon Unit Ownership Law in the event of substantial loss to the units and common elements of the condominium property;

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer, the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements shall not be deemed a transfer within the meaning of this clause;

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(e) Use hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by the Oregon Unit Ownership Law in case of substantial loss to the units and/or common elements of the condominium project.

Section 8. Proxy Held by Mortgagee in Certain Cases. The first mortgagee may attend a meeting of the Association of Unit Owners with the proxy of the mortgagor of said unit for the purpose of voting to paint or otherwise maintain the common elements. Provided, however, 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.

Section 9. Right to Examine Books and Records. All first mortgagees shall have the right to examine the books and records of the Condominium Owners Association or the condominium property upon reasonable notice and at reasonable times.

Section 10. Notice in Event of Loss or a Taking. The Condominium Owners Association shall give all first mortgagees written notice of any loss to, or taking of, the common elements of the condominium project if such loss or taking exceeds \$10,000.

ARTICLE XII

RECORDS AND AUDITS

Section 1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of units.

Section 2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common elements, itemizing the maintenance and repair expenses of the common elements and

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any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the unit owners and mortgagees at convenient hours of weekdays.

Section 3. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each unit. Such account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

Section 4. Payment of Vouchers. The Treasurer shall pay all vouchers up to \$1,000 signed by the Chairman, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of \$1,000 shall require the signature of the Chairman.

Section 5. Reports and Audits. The Board of Directors shall cause an annual report of the receipts and expenditures of the Association to be prepared by a certified public accountant and shall render such report to all unit owners and to all mortgagees of units who have requested the same within ninety (90) days after the end of each fiscal year. At any time any owner or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

Section 6. Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any unit, the unit owner shall promptly inform the Secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE XIII

COMPLIANCE

These Bylaws are intended to comply with the provisions of the Oregon Unit Ownership Law, which are incorporated herein and to supplement the provision in the Declaration of Unit Ownership. In case any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

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ARTICLE XIV BOOK 1420 PAGE 562

INDEMNIFICATION OF DIRECTORS,
OFFICERS, EMPLOYEES AND AGENTS

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative (other than an action by the Association) by reason of the fact that he is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

ARTICLE XV

SUITS AND ACTIONS

In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the

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Bylaws or of the Oregon Unit Ownership Law, the owner or owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

ARTICLE XVI

MISCELLANEOUS

Section 1. Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the owner's unit.

Section 2. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 3. Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

It is hereby certified that these Bylaws have been adopted by Jerome P. Byrne and J. Anthony Galick, Declarants of MAINSTREET TERRACE, and will be recorded in the Deed Records of Multnomah County, together with the Declaration

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of Unit Ownership for said condominium, after said Declaration and Bylaws are approved by the Assessor of said County.

DATED this _____ day of _____, 1979.

W: 0341

Anthony Galick

Jerome P. Byrne

DECLARANTS

11111

STATE OF OREGON)
) ss. October 29, 1979
County of Multnomah)

Personally appeared the above-named Jerome P. Byrne and J. Anthony Galick, and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME:

Dwale De Muth

NOTARY PUBLIC FOR OREGON
My Commission Expires: 3/27/81

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STATE OF OREGON }
Multnomah County } ss.

I, Director, Department of Administration Services and Department of Conveyance, in and for said County, do hereby certify that the within instrument of writing was received in record within recorded in the record of said County at

11:00 FEB 15 PM 1980

RECORDS SECTION
MULTNOMAH CO. OREGON

In Book 1420 On Page 537
witness my hand and seal of office attixed.

J. Bennett
Director
Department of Administration
Deputy
Rec-17

J. David Bennett
85 to East Astoria Ave
Portland Ore 97201
98.02

FEB 15 1980