

TERRACE PARK CONDOMINIUM SIDE 2 OF 2

(A REPLAT OF LOTS 24, 25 AND A PORTION OF LOT 26 OF CEDAR HILL) LOCATED IN THE S.W. 1/4 OF SECTION 33, T.1N., R.1E., W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON

APRIL 1979

WILSEY & HAM
PORTLAND, OREGON

SCALE: 1" = 20'

ENGINEER'S CERTIFICATE

I, JERRY M. PALMER, A REGISTERED PROFESSIONAL ENGINEER, DO HEREBY CERTIFY THAT THE INITIAL FLOOR PLANS OF TERRACE PARK CONDOMINIUM AND FLOOR PLANS OF TERRACE PARK CONDOMINIUM AND THAT THE IMPROVEMENTS DEPICTED ON THE FLOOR PLANS AND PLAT WERE COMPLETED PRIOR TO APRIL 10, 1979

SUBSCRIBED TO AND SHOWN TO BEFORE ME THIS 16 DAY OF May 1979

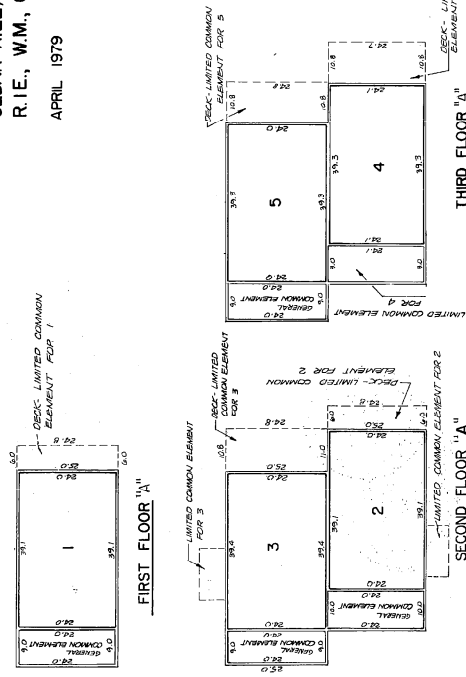
Jerry M. Palmer
Professional Engineer
No. 12501

NOTARY PUBLIC FOR THE STATE OF OREGON
MY COMMISSION EXPIRES 1/25/81



EXACT COPY OF TERRACE PARK CONDOMINIUM

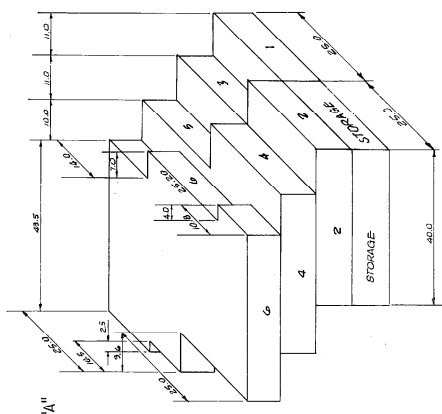
BUILDING "A"



6	5	4
3	5	6
1	2	4

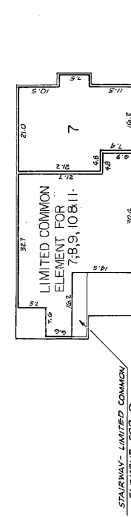
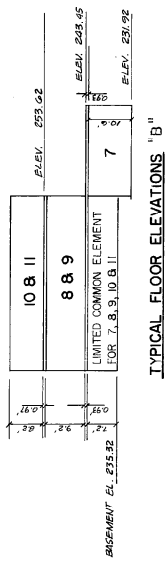
LIMITED COMMON ELEMENT FOR UNITS 1-6

FIRST FLOOR STORAGE "A"

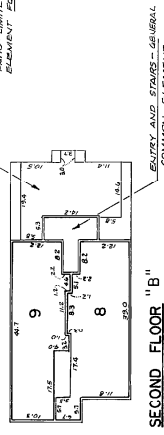


UNIT LAYOUT, 1-6, BLDG. "A"

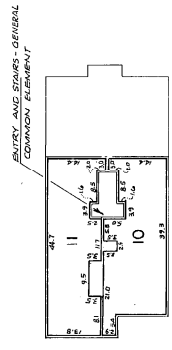
BUILDING "B"



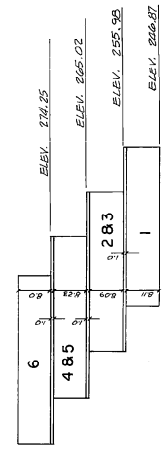
FIRST FLOOR "B"



SECOND FLOOR "B"



THIRD FLOOR "B"



TYPICAL FLOOR ELEVATIONS "A"

1217-60-61 11-28-79 T-6-C

DECLARATION SUBMITTING
TERRACE PARK CONDOMINIUM
TO OREGON UNIT OWNERSHIP LAW

THIS DECLARATION, pursuant to the provisions of the Oregon Unit Ownership Law, is made and executed this 29th day of October, 1979, by DUSSIN INVESTMENT CO., an Oregon corporation, hereinafter called "Developer."

Developer proposes to create a condominium to be known as Terrace Park Condominium, which will be located in the City of Portland, Multnomah County, Oregon. The purpose of this declaration is to submit Terrace Park Condominium to the condominium form of ownership and use in the manner provided by the Oregon Unit Ownership Law.

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

1. DEFINITIONS. When used herein the following terms shall have the following meanings:

1.1 "Bylaws" means the Bylaws of the Association of Unit Owners of Terrace Park Condominium adopted pursuant to Section 12 below as the same may be amended from time to time.

1.2 "Developer" means Dussin Investment Co., and its successors and assigns.

1.3 "Plans" means the plat or site plan and floor plans of Terrace Park Condominium, recorded simultaneously with the recording of this declaration.

1.4 Incorporation by Reference. Except as otherwise provided in this declaration, each of the terms defined in ORS 91.500, a part of the Oregon Unit Ownership Law, shall have the meanings set forth in such section.

2. PROPERTY SUBMITTED. The property submitted to the Oregon Unit Ownership Law hereunder is held by Developer and conveyed by it in fee simple estate. The land submitted hereunder is located in the City of Portland, Multnomah County, Oregon, and is more particularly described in Exhibit A attached hereto. Such property includes the land so described, all buildings, improvements and structures thereon, all

easements, rights and appurtenances belonging thereto, and all personal property used in connection therewith.

3. NAME. The name by which the property submitted hereunder shall be known is "Terrace Park Condominium."

4. UNITS.

4.1 General Description of Buildings. The property contains two buildings of dwelling units. Building A is four stories without basement. Building B is three stories with basement. Both buildings have concrete foundations and are of wood frame construction with cedar siding and composition roof.

4.2 General Description, Location and Designation of Units. The property consists of a total of 11 units. The dimensions, designation and location of each unit is shown in the plans filed simultaneously herewith and made a part of this declaration as if fully set forth herein. The approximate area of each unit is shown on Exhibit B, attached hereto and made a part hereof.

4.3 Boundaries of Units. Each unit shall be bounded by the interior surfaces of its perimeter and bearing walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described and the air space so encompassed. In addition, each unit shall include the outlet of any utility service lines, including water, sewerage, gas or electricity, and ventilating ducts, within the unit, but shall not include any part of such lines or ducts themselves.

5. PERCENTAGE INTERESTS; GENERAL COMMON ELEMENTS. Each unit will be entitled to a percentage ownership interest in the common elements determined by the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined, as shown on Exhibit B, attached hereto and made a part hereof. The general common elements consist of the following:

5.1 The land, pathways, driveways, fences, grounds, heater rooms adjoining Units 1, 2, 3 and 5, and parking areas, except parking spaces bearing the number of a unit as shown on the plans, which are designated as limited common elements by Section 6 below.

5.2 Pipes, ducts, flues, chutes, conduits, wires and other utility installations to their outlets.

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

5.4 Hallways, stairways, entrances and exits which are not part of a unit (except the stairway leading to Unit 9), and the exterior surfaces of patios and decks.

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

6. LIMITED COMMON ELEMENTS. The following shall constitute limited common elements, the use of which shall be restricted to the units to which they pertain:

6.1 All patios and decks, except for the outside exterior surfaces thereof, each of which shall pertain to the unit which it adjoins, except that the deck on the second floor of Building B over Unit 7 shall pertain equally to Units 7 through 11.

6.2 Parking spaces which bear the number of a unit as shown on the Plans, each of which shall pertain to the unit whose number it bears in the Plans.

6.3 Storage areas shown on the Plans as limited common elements, each of which shall pertain to the unit indicated on the Plans.

6.4 The stairway leading to Unit 9, which shall pertain to Unit 9.

6.5 Basement or ground floor areas of each building labeled "limited common element" on the Plans, each of which shall pertain in equal proportions to the units in the particular building.

7. USE OF PROPERTY; MAINTENANCE; EASEMENTS.

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

7.2 The necessary work to maintain, repair or replace the common elements shall be the responsibility of the Board of Directors of the Association and shall be carried out as provided in the Bylaws. If the mortgagee or beneficiary 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 or beneficiary, at its option, may deliver a notice to the Board of Directors by delivering same to the registered agent, as required pursuant to ORS 91.578, setting forth the particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 90 days subsequent to receipt of such notice, then the mortgagee or beneficiary, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each unit on which it holds a mortgage or deed of trust on all business coming before such meeting, which proxy rights shall continue until the defects listed on the notice are corrected.

7.3 The association of unit owners, upon prior approval of 75 percent of the voting power of the unit owners, may execute, acknowledge, deliver and record on behalf of the unit owners easements, rights of way, licenses, and similar interests affecting the general common elements. Any such instrument shall be executed by the chairman and secretary of the association.

8. COMMON PROFITS AND EXPENSES; VOTING.

8.1 The common profits derived from and the common expenses of the common elements shall be distributed and charged to the owner of each unit according to the percentage of undivided interest of such unit in the common elements.

8.2 Each unit owner shall be entitled to a vote in the affairs of the association of unit owners equal to his percentage of undivided interest in the common elements for each unit owned by him.

9. SERVICE OF PROCESS. The name of the person to receive service of process in cases provided in subsection (1) of ORS 91.578 is James C. Maletis and his place of business within Multnomah County, Oregon, is Suite 300, Jackson Tower, Portland, Oregon 97205.

10. ENCROACHMENTS. If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. In the event any building, unit, adjoining unit, or adjoining common element, shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the building shall stand.

11. APPROVAL BY MORTGAGEES. In addition to any other approvals required by the Oregon Unit Ownership Law, this declaration or the bylaws of the Association of Unit Owners, the prior written approval of two-thirds of the holders of first mortgages or beneficiaries of first deeds of trust on units in the condominium (based upon one vote for each first mortgage or deed of trust owned), or unit owners (other than the Developer) must be obtained for the following:

11.1 Abandonment or termination of the condominium regime;

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

11.3 The partition or subdivision of any unit;

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

11.5 Use of 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 statute in cases of substantial loss to the units and/or common elements of the condominium project.

12. ADOPTION OF BYLAWS, APPOINTMENT OF INTERIM BOARD, AND DESIGNATION OF MANAGER. Upon the execution and the filing of this declaration, the Developer shall adopt bylaws for the Association of Unit Owners of Terrace Park Condominium, which bylaws are attached hereto as Exhibit C and are filed simultaneously herewith. At the same time, Developer will appoint an interim board of directors of the association, which directors shall serve until their successors have been elected as provided in the bylaws. Such interim board of directors may appoint a manager or managing agent for the condominium on behalf of the association of unit owners, and such manager or managing agent shall have complete authority to assume full control and responsibility for the management, operation and maintenance of the condominium from the date of its formation at the expense of the association. Each unit owner shall be a member of the association. Notwithstanding any other provision of this section, any management agreement or other contract providing for services by Developer shall provide for termination on 90 days' written notice and shall have a maximum contract term of three years.

13. AMENDMENT.

13.1 Approval Required. Except as may otherwise be provided in this declaration or by the Oregon Unit Ownership Law, this declaration may be amended if such amendment is approved by 75 percent of the voting power of the unit owners. Developer's prior written consent shall also be required so long as Developer owns 20 percent or more of the units in the condominium, but no such consent shall be required after two years after the declaration is recorded. No amendment may change the size, location, percentage interest in the general common elements, share of common profits or expenses, or voting power of any unit unless such amendment has been approved by the owners of the affected unit and the holders of any mortgage or trust deed on such unit. Sections 11 and 7.2 may not be amended without the written consent of all holders of first mortgages and beneficiaries of first deeds of trust on units in the condominium.

13.2 Recordation. The amendment shall be effective upon recordation of the declaration as amended or

of the amendment thereto, certified to by the chairman and secretary of the association and approved by the county assessor and the Real Estate Commissioner, in the Deed Records of Multnomah County.

14. 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.

IN WITNESS WHEREOF, Developer has caused this declaration to be executed this 29th day of October, 1979.

DUSSIN INVESTMENT CO.

By [Signature]

STATE OF OREGON
County of Multnomah

The foregoing instrument was acknowledged before me this 29th day of October, 1979 by George J. Dussin of Dussin Investment Co., an Oregon corporation, on behalf of the corporation.

[Signature]
Notary Public for Oregon
My commission expires: 11-14-81



MORTGAGEE'S CONSENT

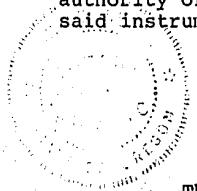
Benjamin Franklin Savings and Loan Association is the owner and holder of a mortgage on the property being submitted to the Oregon Unit Ownership Law hereunder and consents to the making of the foregoing declaration.

BENJAMIN FRANKLIN SAVINGS AND
LOAN ASSOCIATION

By Carroll A. Smith

STATE OF OREGON)
) ss.
County of MULTNOMAH

On this 14th day of NOVEMBER, 1929, personally appeared before me MODELLE SMITH, who, being duly sworn, did say that HE is the VICE PRESIDENT of BENJ. FRANKLIN FEDSEL, and that said instrument was signed in behalf of said BENJ. FRANKLIN FED. SEL by authority of its board of directors; and MS acknowledged said instrument to be its voluntary act and deed.

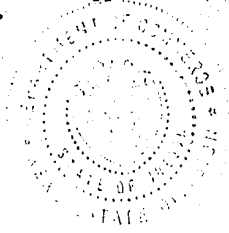


Alan W. Davis
Notary Public For Oregon
My Commission Expires:
My Commission Expires March 28, 1933

The foregoing declaration is approved this 29th day of November, 1929.

Samuel M. Smith
Assessor and Tax Collector
for Multnomah County

The foregoing Declaration and Bylaws attached hereto are approved this 26 day of November, 1929.



William F. Gwinn, Real Estate
Commissioner

By Barbara Kany

EXHIBIT "A"
TO DECLARATION SUBMITTING
TERRACE PARK CONDOMINIUM
TO
OREGON UNIT OWNERSHIP LAW

BOOK 1402 PAGE 494

A tract of land in Section 33, Township 1 North, Range 1 East of the Willamette Meridian in Multnomah County, Oregon described as follows:

Beginning at an initial point, which said initial point bears South 00°26'45" East 4080.81 feet and North 89°33'15" East 728.99 feet of the northwest corner of Section 33, Township 1 North, Range 1 East of the Willamette Meridian; thence from the initial point, said point being on the northerly line of Lot 24 of the recorded plat of "Cedar Hill," South 89°42'00" East 127.29 feet to a 5/8-inch iron rod at the northeasterly corner of said Lot 24 and the westerly line of SW Green Ave.; thence along the westerly line of S.W. Green Ave. 103.30 feet along the arc of a 179.00 foot radius curve to the left through a central angle of 33°03'59" (the long chord of which bears South 01°15'47" West 101.88 feet) to a 5/8-inch iron rod at the southeasterly corner of Lot 25 of said "Cedar Hill"; thence South 81°33'47" West 97.13 feet to the easterly line of SW Cactus Drive; thence along the easterly line of said SW Cactus Drive 98.60 feet along the arc of a 372.90 foot radius curve to the right through a central angle of 15°08'59" (the long chord of which bears North 15°54'43" West 98.31 feet) to a point of reverse curvature; thence 22.85 feet along the arc of a 140.10 foot radius curve to the left through a central angle of 09°20'44" (the long chord of which bears North 13°00'35" West 22.83 feet) to the Northwest corner of said Lot 24; thence South 89°42'00" East 3.13 feet to the point of beginning.

EXHIBIT B

TO DECLARATION SUBMITTING
TERRACE PARK CONDOMINIUM
TO OREGON UNIT OWNERSHIP LAW

<u>Unit</u>	<u>Approximate Square Feet</u>	<u>Percentage Interest In Common Elements</u>
1	938	9.717
2	938	9.717
3	945	9.789
4	947	9.809
5	943	9.769
6	2,116	21.918
7	587	6.081
8	570	5.905
9	548	5.677
10	575	5.957
11	547	5.661
TOTAL	9,654	100.000

Exhibit C

BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
TERRACE PARK CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Name and Location. These are the bylaws of the ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM (hereinafter the "Association"). Terrace Park Condominium (hereinafter the "condominium") is located in the City of Portland, Multnomah County, Oregon, and has been submitted to the Oregon Unit Ownership Law by a declaration filed simultaneously herewith (hereinafter called "the declaration"). The location of the condominium is more specifically described in the declaration.

2. Principal Office. The principal office of the Association shall be located at 11522 SW Riverwood Road, Portland, Oregon 97219, or such other address as may be designated by the board of directors from time to time.

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

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

5. Composition of Association. The Association shall be composed of all the unit owners of the condominium, including Dussin Investment Co. and its successors and assigns (hereinafter, "the developer"), and the Association, itself, to the extent any of these own any unit or units of the condominium.

6. Definitions.

(a) Adoption by Reference. The definitions contained in or adopted by the declaration shall be applicable to these bylaws.

(b) Percentage of unit owners. Whenever a percentage of unit owners is specified herein, such percentage means the owners of that percentage in the aggregate of the undivided ownership interests in the common elements as the percentage of interest in such elements is expressed in the declaration.

(c) Mortgage and Mortgagee. As used herein, the terms "mortgage" and "mortgagee" shall include, respectively, a deed of trust and the beneficiary of a deed of trust.

7. Incorporation. If permitted by the Oregon Unit Ownership Law, upon approval of seventy-five percent (75%) of the unit owners the Association may be incorporated under the Oregon Non-Profit Corporation Law. In such event, the Articles of Incorporation shall be consistent with the declaration and these bylaws, and these bylaws shall constitute the bylaws of the incorporated association.

ARTICLE II

MEETINGS OF ASSOCIATION

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

2. First Organizational Meeting. Within two (2) years after the developer has submitted the condominium to unit ownership and adopted these bylaws as owner of all the units, or within ninety (90) days after developer has sold and conveyed eighty percent (80%) or more of the units in the condominium, whichever is earlier, the developer shall call the first meeting of the unit owners to organize the Association and to elect directors. In the event of lack of quorum at such first organizational meeting, it may be adjourned to the time of the next annual meeting.

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

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

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

6. Voting. Each unit owner shall have a vote equal to his percentage interest in the common elements of the condominium. The developer shall be entitled to vote as the unit owner of any then existing units retained by the developer, and the board of directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

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

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

9. Quorum of Unit Owners. At any meeting of the Association, fifty percent (50%) of the unit owners, computed as provided in Article I, Section 6(b), present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. Majority Vote. The vote of more than fifty percent (50%) of the unit owners, computed as provided in Article I, Section 6(b), present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the declaration or by these bylaws.

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

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

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

ARTICLE III

BOARD OF DIRECTORS

1. Number and Qualification. The affairs of the Association shall be governed by a board of directors composed of one (1) to three (3) persons, as provided in Sections 2 and 3 of this Article. All directors, other than interim directors appointed by developer, shall be owners or co-owners of units of the condominium. For purposes of this section, the officers of any corporate owner and the partners of any partnership, shall be considered co-owners of any units owned by such corporation or partnership.

2. Interim Directors. Upon the filing of the declaration submitting the condominium to the Oregon Unit Ownership Law, the developer hereby appoints the following interim board of one (1) director, who shall serve until replaced by developer or his successors have been elected by the unit owners as hereinafter provided:

George T. Dussin

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

4. Vacancies. Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the

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

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

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

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

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

(c) Collection of the common expenses from the unit owners.

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

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

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

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

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

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

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

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

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

7. Managing Agent or Manager. On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be established by the board of directors. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors shall act as manager.

8. Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held,

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the board of directors shall hold an organization meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

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

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

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

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

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

14. Fidelity Bonds. The board of directors shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the board deems adequate. The premiums on such bonds shall be paid by the Association.

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

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Association shall be the chairman, the secretary and the treasurer,

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

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

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

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

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

6. Treasurer. The treasurer shall have the responsibility for Association funds and securities and shall be

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

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

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

ARTICLE V

BUDGET, EXPENSES AND ASSESSMENTS

1. Budget. The board of directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each unit owner in the proportion set forth in Section 8.1 of the declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis. The board of directors shall advise each unit owner in writing of the amount of common expenses payable by him, and furnish copies of each budget on which such common expenses are based to all unit owners and, if requested, to their mortgagees.

2. Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost of insurance or bonds obtained in accordance with these bylaws.
- (d) A general operating reserve.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Utilities for the common elements and other utilities with a common meter or commonly billed, such as water, sewer and trash collection. Gas used by the hot water heater and laundry facilities serving Units 7, 8, 9, 10 and 11, however, shall be charged equally to each of those units.
- (h) Any other items properly chargeable as an expense of the Association.

3. Assessment of Common Expenses. All unit owners shall be obliged to pay common expenses assessed to them by the board of directors on behalf of the Association pursuant to these bylaws and the declaration. Assessments may not be waived due to limited or nonuse of common elements. The developer shall be assessed as the unit owner of any unsold unit, but such assessment shall be prorated to the date of sale of the unit. Assessments shall commence upon closing of the first sale of a unit in the condominium, and at the time of closing of the initial sale of each unit, the purchaser shall make an initial contribution to the working capital of the Association equal to two month's of Association assessments for the unit. The board of directors, on behalf of the Association, shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid by him for more than thirty (30) days from the due date for its payment.

4. Special Assessments.

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

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

5. Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Association the assessed common expenses, such unit owner shall be obligated to pay interest at the rate of ten percent (10%) per annum on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. The board of directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, and expenses of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Unit Ownership Law. The board of directors shall notify the holder of any first mortgage upon a unit of any default not cured within thirty (30) days of the date of default.

6. Foreclosure of Liens for Unpaid Common Expenses. In any suit brought by the Association to foreclose a lien on a unit because of unpaid common expenses, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The board of directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover

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a money judgment for unpaid common expenses shall be maintainable without foreclosing the liens securing the same.

7. Statement of Common Expenses. The board of directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common expenses.

8. First Mortgages. Any lien of the Association against a unit for common expenses shall be subordinate to tax and assessment liens and any first mortgage or deed of trust of record. Where the purchaser or mortgagee of a unit obtains title to the unit as a result of foreclosure of a first mortgage or by deed in lieu of foreclosure, such purchaser or mortgagee, his successors and assigns, shall not be liable for any of the common expenses chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser or mortgagee.

ARTICLE V

RECORDS AND AUDITS

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.

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

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

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which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

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.

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

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

ARTICLE VII

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

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

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

(b) Common elements. All maintenance, repairs and replacements to the general and limited

common elements shall be made by the Association and shall be charged to all the unit owners as a common expense, except that the cost of any repairs to or replacement of the hot water tank or laundry facilities serving units 7, 8, 9, 10 and 11 shall be charged to each such unit equally. Each unit owner shall keep the limited common elements which pertain to his unit in a neat, clean and sanitary condition.

2. Additions, Alterations or Improvements. A unit owner shall not, without first obtaining written consent of the board of directors, make or permit to be made any structural alteration, improvement, or addition in or to his unit, or in or to the exterior of the buildings or any other general or limited common elements. A unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the property, or reduce the value thereof or impair any easement or hereditament unless the written consent of all unit owners affected is obtained. A unit owner shall not paint or decorate any portion of the exterior of the buildings or other general or limited common elements without first obtaining written consent of the board of directors.

3. Damage or Destruction by Casualty of Condominium Property.

(a) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association. Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless ninety percent (90%) of the unit owners, whether in person, by writing or by proxy, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. In the case of substantial damage or destruction, timely written notice thereof shall be given to the unit owners and their mortgagees.

(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance

coverage, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing or rebuilding of his unit as is not covered by the Association's insurance.

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

(d) In the event the insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit owners and their mortgagees (as their interests may appear) in the same proportion as their respective undivided interests in the common elements.

4. Condemnation. In the event of a taking in condemnation by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Association. If such proceedings are instituted or such acquisition is sought by a condemning authority as to any portion of the property, prompt written notice thereof shall be given to the unit owners and their mortgagees. If seventy-five percent (75%) or more of the unit owners duly and promptly approve the repair or restoration of such common elements, the board of directors shall arrange for the same, which shall be paid out of the proceeds of the award. In the event seventy-five percent (75%) or more of the unit owners do not duly and promptly approve the repair and restoration of such common elements, the board of directors shall disburse the net proceeds of such award to the unit owners and their mortgagees (as their interests may appear) in the same proportions as the respective undivided interests of the unit owners in the common elements.

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

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

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

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

(d) Animals. No animals or fowls shall be raised, kept or permitted within the condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit. No such dogs, cats or pets shall be permitted to run at large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective owners thereof. All dogs shall be kept on a leash while outside a unit. A unit owner may be required to remove a pet after receipt of two

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notices in writing from the board of directors of violations of any rule, regulation or restriction governing pets within the condominium.

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

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

(g) Trailers, campers and boats. Except with the consent of the board of directors of the Association or manager, no trailer, truck camper, motorcycle, boat or boat trailer, or other recreational vehicles shall be parked on any portion of the condominium.

(h) Leasing and rental of units. Except with the consent of the board of directors of the Association or the manager and except for a lender in possession following default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner may lease or rent less than his entire unit and no unit owner may rent his unit for transient or hotel purposes. All leases or rentals shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to the provisions of the declaration and these bylaws, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. Other than the foregoing, there is no restriction on the right of any unit owner to lease or rent his unit.

(i) Signs. Unless written approval is first obtained from the board of directors, no sign of

any kind shall be displayed to the public view on or from any unit or the common elements except signs used by the developer to advertise units for sale or lease.

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

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

(l) Water beds. Water beds may not be placed in any unit, except with the prior consent of the board of directors or manager. If such consent is given, the unit owner shall be responsible for all damages to any unit or the common elements which might be caused by the water bed.

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

6. Right of entry. A unit owner shall grant the right of entry to the board of directors, managing agent,

manager or any other person authorized by the board of directors in the case of any emergency originating in or threatening his unit or other condominium property, whether or not the owner is present at the time. A unit owner shall also permit such persons to enter his unit for the purpose of performing installations, alterations or repairs to any common element and for the purpose of inspection to verify that the unit owner is complying with the restrictions and requirements described in Section 5 of this Article, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner.

7. Easements for Developer. Developer and its agents, successors and assigns shall have an easement over and upon the common elements for the purpose of making repairs to existing structures and carrying out sales and rental activities necessary or convenient for the sale or rental of units, including, without limitation, the right to use the units owned by developer as model units and the right to use a unit as a sales office.

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

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

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

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

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

ARTICLE VIII

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

(a) A policy or policies of insurance covering loss or damage from fire, with extended coverage endorsement, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable replacement value of the units and common elements. Such policy or policies shall name developer, the Association and the unit owners as insureds, as their interest may appear, and shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit, if any. In no event shall the policy or policies have a deductible clause in excess of Five Hundred Dollars (\$500) per unit.

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

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

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

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

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

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

(c) Each unit owner shall be required to notify the board of directors of all improvements made by the owner to his unit, the value of which is in excess of Five Hundred Dollars (\$500). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board of directors pursuant to Article VII, Section 2.

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

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

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

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

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

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

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

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

(g) A waiver of the insurer's right to determine whether the damage should be repaired. If reasonably available, the policy or policies

should contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild.

ARTICLE IX

AMENDMENTS TO BYLAWS

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

2. Adoption. A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by seventy-five percent (75%) of the unit owners, computed as provided in Article I, Section 6(b), and by developer so long as developer owns twenty percent (20%) or more of the units in the condominium. Developer's consent shall not be required after two years after the date of recording of the declaration. Neither Article V, Section 8, nor any other provision of these bylaws which is for the benefit of mortgagees may be amended without the written consent of all mortgagees.

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

ARTICLE X

MISCELLANEOUS

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.

BOOK OF RECORDS OF THE ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM

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.

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.

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

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

DATED, Portland, Oregon, this 29th day of October, 1979

DUSSIN INVESTMENT CO.

By 

STATE OF OREGON)
)ss.
County of Multnomah


I, George T. Dussin, hereby certify that I am the duly elected, qualified and acting chairman and secretary, respectively, of the ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM and that the within and foregoing is a full,

BOOK 1402 PAGE 522

true and complete copy of the bylaws of said Association,
duly adopted on the 29th day of Oct., 1977, by the developer.

IN WITNESS WHEREOF, I have hereunto set my
official signature this 29th day of October, 1977.

BOOK 1402 PAGE 522


Chairman and Secretary

33253

BOOK 1402 PAGE 523

BOOK 1402 PAGE 523

93523

STATE OF OREGON }
Multnomah County } ss.

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

1919 NOV 28 PM 12:20

REGISTRAR SECTION
MULTNOMAH CO. OREGON

In Book
1402
On Page
486
witness my hand and seal of office attested.

Director
Department of Administration
Services
M. Durand
Deputy,
Rec-17

189.50

RECORDS SECTION

AFTER RECORDING, RETURN TO:

Howard M. Feuerstein, Esq.
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204

Recorded in the County of Multnomah, Oregon
Total : C. Swick, Deputy Clerk
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2000-052144 04/14/2000 04:09:36pm ATESL
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**AMENDMENT TO DECLARATION, BYLAWS AND PLAT OF
TERRACE PARK CONDOMINIUM**

**THIS AMENDMENT TO DECLARATION, BYLAWS AND PLAT OF TERRACE
PARK CONDOMINIUM** is executed as of this 24th day of FEBRUARY, 2000, by
ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM
("Association").

RECITALS

A. Terrace Park Condominium (the "Condominium") is a condominium located in the City of Portland, Multnomah County, Oregon, established pursuant to Declaration Submitting Terrace Park Condominium to Oregon Unit Ownership Law recorded November 28, 1979 in Book 1402 of the Records of Multnomah County, Oregon, commencing at page 486 (the "Declaration"). Association is the association of unit owners established pursuant to the Declaration. The Bylaws of the Association ("Bylaws") are attached as Exhibit C to the Declaration.

B. With approval of the board of directors of the Association, the owners of Units 1, 10 and 11, or their predecessors, have enlarged their respective units by encroaching upon the common elements of the Condominium. Such owners now wish to incorporate such areas into their unit and adjust the percentage interests in the common elements based upon such new square footages.

C. A deck has been installed for the use of Unit 8 and a deck has been installed for the use of Units 10 and 11. Such owners wish to establish such areas as limited common elements for their respective units.

D. The unit owners wish to change the method of allocation of common expenses so that all common expenses pertaining to Building A shall be assessed to the units

9

within Building A on a relative square footage basis, all expenses pertaining to Building B shall be assessed to the units in Building B on a relative square footage basis and all general common expenses assessed to all units based upon their percentage interests in the common elements.

E. The unit owners wish to change the method of election of board of directors so that there are three classes of directors, one director elected by the Building A unit owners, one director elected by the Building B unit owners and an at-large director elected by all unit owners.

F. The Association and all unit owners of the Condominium (the "Owners") wish to amend the Declaration, Bylaws and plat of the Condominium (the "Plat") in order to reflect the changes described in these recitals.

NOW, THEREFORE, the Association of unit owners agree as follows:

1. **EXPANSION OF UNITS AND ESTABLISHMENT OF LIMITED COMMON ELEMENTS.**

1.1 **Expansion of Units.** The sizes and locations of Units 1, 10 and 11 shall be revised as reflected in the amendment to the Plat to be recorded simultaneously herewith (the "Plat Amendment"). The revised square footages of such units shall be as set forth in the attached Exhibit A.

1.2 **Establishment of New Limited Common Elements.** The decks adjacent to Unit 8 as shown on the Plat Amendment shall be a limited common element for the benefit of Unit 8. The decks adjacent to Units 10 and 11 as shown on the Plat Amendment shall be limited common elements for Units 10 and 11, respectively.

1.3 **Adjustment of Percentage Interests.** Each unit's percentage interest in the common elements of the Condominium shall be revised based upon the amended square footages of the units as set forth in the attached Exhibit A.

1.4 **Conveyance of Common Elements.** The Association, on behalf of the Owners, hereby conveys the common elements being incorporated into the above units to the owners of the respective units.

1.5 **Plat Amendment.** A Plat Amendment shall be recorded reflecting the changes in the units and limited common elements as described in this Amendment.

2. **COMMON EXPENSES.**

2.1 **Allocation.** Section 8.1 of the Declaration is hereby amended to read as follows:

“The common profits derived from the common elements shall be distributed to each unit owner in accordance with his or her allocation of undivided interest in the common elements. The common expenses of the common elements shall be charged to the unit owners as follows:

“(a) **Building A.** All maintenance, repairs and replacements to the common elements pertaining to Building A, to the extent the same can reasonably be allocated to Building A, shall be assessed to each unit within Building A based upon the approximate area of such unit compared to the total approximate area of all units within Building A, as shown on the attached **Exhibit A.**

“(b) **Building B.** All maintenance, repairs and replacements to the common elements pertaining to Building B, to the extent the same can reasonably be allocated to Building B, shall be assessed to each unit within Building B based upon the approximate area of such unit compared to the total approximate area of all units within Building B, as shown on the attached **Exhibit A.**

“(c) **General.** All general/administrative expenses, including management fees, supplies and office services and legal and accounting expenses, and all common expenses other than those referred to in paragraph (a) and (b) above, including those common expenses which cannot reasonably be allocated to either Building A or Building B, shall be assessed to the owner of each unit according to the allocation of undivided interest of such unit in the common elements as set forth in the attached **Exhibit A.**”

2.2 **Accounts.** Article V, Section 2 of the Bylaws is hereby amended by adding the following: “The Association shall maintain separate operating and reserve accounts and records relating to Building A expenses and assessments, Building B expenses and assessments and general assessments and expenses.”

3. **BOARD OF DIRECTORS.**

3.1 **Classes of Directors.**

(a) The following is hereby added to Section 8.2 of the Declaration:

“The owners of units in Building A shall be entitled to elect one member of the board of directors with voting based upon the same percentage as Building A expenses are assessed, the owners of units in Building B shall be entitled to elect one member of the board of directors with voting based upon the same percentage as Building B expenses are assessed, and all unit owners shall be entitled to elect one at-large member of the board of directors with voting based upon each owner’s percentage interest in the common elements.”

(b) Article III, Section 3 of the Bylaws is hereby amended to read as follows:

“There shall be three classes of directors. The Building A director, the Building B director and the at-large director. The Building A director shall be elected by the Building A unit owners with voting based upon the same percentages as Building A expenses are assessed, the Building B director shall be elected by the Building B unit owners with voting based upon the same percentages as Building B expenses are assessed, and the at-large director shall be elected by all unit owners with voting based upon each owner’s percentage interest in the common elements. Initially, the Building A director and Building B director shall serve for a term of one-year each, and the at-large director shall serve for a term of two years. Thereafter, at the expiration of the initial term of the office of each respective director, his or her successor shall be elected to serve a term of two years, so that the term of not less than one-third of the directors shall expire annually. Directors shall hold office until their respective successors have been elected. Election shall be by plurality. Removal and filling of vacancies of a director shall be based upon the vote of the owners entitled to vote for that class of director.”

3.2 **Budgets.** The following is added to Article V, Section 1 of the Bylaws:

“The annual operating and reserve budget and special assessments pertaining to Building A shall be adopted by the

Building A director after consultation with the Building A owners, and the annual operating and reserve budget and special assessments pertaining to Building B shall be adopted by the Building B director after consultation with the Building B owners. The general budget shall be adopted by the board of directors as a whole."

**ASSOCIATION OF UNIT OWNERS OF
TERRACE PARK CONDOMINIUM**

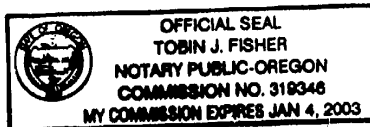
By Carolyn Martin Chairman

By Mary P. Cosgriff Secretary

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this 24 day of February, 2000, by CAROLYN MARTIN and MARY P. COSGRIFF, chairman and secretary, respectively, of ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM, on its behalf.

[Signature]
Notary Public for Oregon
My commission expires: Jan. 4, 2003
Commission No.: 319346



CERTIFICATION

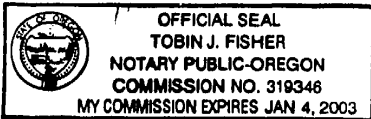
STATE OF OREGON)
)ss.
County of Multnomah)

Come now, CAROLYN MARTIN and MARY P. COSGRIFF, who on oath depose that they are the chairman and secretary, respectively, of Terrace Park Condominium and that the within Amendment to Declaration, Bylaws and Plat of Terrace Park Condominium has been adopted in accordance with the Declaration and ORS 100.115(6)(a) and 100.135.

Carolyn Martin _____
Chairman

Mary P. Cosgriff _____
Secretary

Subscribed and sworn to before me this 24 day of February, 2000.



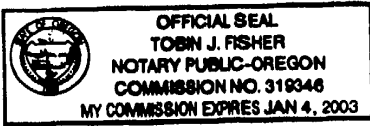
Tobin J. Fisher _____
Notary Public for Oregon
My commission expires: Jan. 4, 2003
Commission No.: 319346

The undersigned owner(s) of Unit 1 of Terrace Park Condominium hereby join in this Amendment.

Jason L Foss and Yukiiko Foss
[Handwritten Signatures]
2/24/00

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this 24 day of February, 2000, by _____.



[Handwritten Signature]
Notary Public for Oregon
My commission expires: Jan 4, 2003
Commission No.: 319346

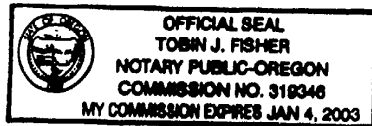
The undersigned owner(s) of Unit 10 of Terrace Park Condominium hereby join in this Amendment.

HOWARD B. HECHT, TRST HOWARD B. HECHT
REVOCABLE TRUST U/A/D 3/9/93
Howard B. Hecht, TRST

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this 24 day of February, 2000, by _____.

[Handwritten Signature]
Notary Public for Oregon
My commission expires: Jan 4, 2003
Commission No.: 319346



The undersigned owner(s) of Unit 11 of Terrace Park Condominium hereby join in this Amendment.

Patricia Hill

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this 24 day of February, 2000, by _____



[Signature]
Notary Public for Oregon
My commission expires: Jan 4, 2003
Commission No.: 319346

The foregoing Amendment is approved pursuant to the Oregon Condominium Act this 14th day of ~~February~~ APRIL, 2000.

MULTNOMAH COUNTY TAX ASSESSOR

By [Signature]

The foregoing Amendment is approved pursuant to ORS 100.110 this 21st day of March, 2000, and in accordance with ORS 100.110(7), this approval shall automatically expire if this Amendment has not been recorded within two (2) years from this date.

SCOTT W. TAYLOR, REAL ESTATE COMMISSIONER

By [Signature]
Brian DeMarco

EXHIBIT A

Unit	Building	Approximate Square Feet	Percentage Interest in Common Elements	Percentage Share of Building A Expenses	Percentage Share of Building B Expenses
1	A	1003	9.8254	14.553	---
2	A	938	9.0980	13.610	---
3	A	945	9.1659	13.712	---
4	A	947	9.1853	13.741	---
5	A	943	9.1465	13.683	---
6	A	2116	20.5237	30.701	---
7	B	587	5.6935	---	17.224
8	B	570	5.5286	---	16.725
9	B	548	5.3152	---	16.080
10	B	865	8.3899	---	25.380
11	B	838	8.1280	---	24.589
TOTAL		10300	100	100	100

AFTER RECORDING, RETURN TO:

Michelle D. DaRosa
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204

MD

Multnomah County Official Records
R Weldon, Deputy Clerk

2011-053632



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**AMENDED AND RESTATED BYLAWS OF
THE ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM.**

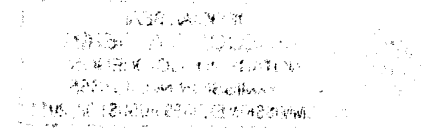
Attached hereto are the Amended and Restated Bylaws of the Association of Unit Owners of Terrace Park Condominium.

**ASSOCIATION OF UNIT OWNERS OF
TERRACE PARK CONDOMINIUM,**
an Oregon nonprofit corporation

By: William Carter
Chairman

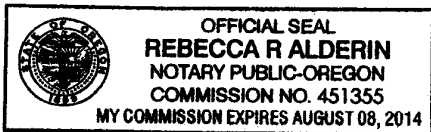
By: Carolyn Martin
Secretary

STATE OF OREGON)
)ss.
County of Multnomah)



The foregoing instrument was acknowledged before me this 5th day of May, 2011, by William Carter and Carolyn Martin, Chairman and Secretary, respectively, of the Association of Unit Owners of Terrace Park Condominium, an Oregon nonprofit corporation, on its behalf.

Rebecca R Alderin
Notary Public for Oregon
My commission expires: 8 8 14



43

Certification

The undersigned Chairman and Secretary of Association of Unit Owners of Terrace Park Condominium hereby certify that the within Amended and Restated Bylaws for the Association of Unit Owners of Terrace Park Condominium has been approved and adopted in accordance with the Original Bylaws and applicable law.

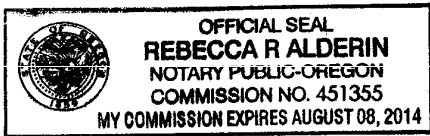
William Carter
Chairman

Carolyn Martin
Secretary

STATE OF OREGON)
)ss.
County of Multnomah)

This instrument was acknowledged before me this 5th day of May, 2011, by William Carter and Carolyn Martin, Chairman and Secretary, respectively, of Association of Unit Owners of Terrace Park Condominium, an Oregon nonprofit corporation.

Rebecca R Alderin
Notary Public for Oregon
My commission expires: 8-8-14
Commission No.: 8814-451355
CA



PROPOSED November 30, 2010

**AMENDED AND RESTATED BYLAWS
OF
ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM**

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AMENDED AND RESTATED BYLAWS OF

ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM

THIS AMENDED AND RESTATED BYLAWS FOR ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM is made this 5th day of May, 2010 by ASSOCIATION OF UNIT OWNERS OF TERRACE PARK CONDOMINIUM ("Association").

RECITALS

A. Terrace Park Condominium ("**Condominium**") is a condominium located in the City of Portland, Multnomah County, Oregon, established pursuant to the Declaration Submitting Terrace Park Condominium to Oregon Unit Ownership Law recorded on November 28, 1979 in the Records of Multnomah County, Oregon in Book 1402 Page 486, and amended by the Amendment to Declaration, Bylaws and Plat of Terrace Park Condominium recorded on April 14, 2000 as Document No. 2000-052144 (as amended, the "**Declaration**"). The location of the Condominium is more specifically described in the Declaration.

B. The Bylaws of the Association of Unit Owners of Terrace Park Condominium were recorded as Exhibit C to the Declaration and amended by the Amendment to Declaration, Bylaws and Plat of Terrace Park Condominium recorded on April 14, 2000 as Document No. 2000-052144 (as amended, the "**Original Bylaws**"). The association was formed pursuant to the Articles of Incorporation.

C. The owners of Terrace Park Condominium wish to repeal the Original Bylaws and replace them with these Amended and Restated Bylaws.

NOW, THEREFORE, the Association hereby repeals the Original Bylaws and amends, restates, and replaces them with these Amended and Restated Bylaws.

Article 1

ASSOCIATION

1.1 **Principal Office.** The principal office of the Association shall be located at such address as may be designated by the board of directors from time to time.

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

1.3 **Applicability of Bylaws.** The Association, all unit owners, and all persons using the Condominium property shall be subject to these Bylaws and to all rules and regulations that may be adopted pursuant to these Bylaws.

1.4 **Composition of Association.** The Association shall be composed of all the unit owners of the Condominium, and the Association, itself, to the extent the Association owns any unit or units of the Condominium.

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

1.6 **Definitions.** The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

Article 2

MEETINGS OF ASSOCIATION

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

2.2 **Annual Meetings.** The annual meetings of the Association shall be held on such date each year as may be established by the board of directors from time to time, or if the board does not establish such a date, then in the month of February at such hour and on such date as the chairperson may designate, or if the chairperson should fail to designate such date by the first day of February then on the last Tuesday in February. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

2.3 **Special Meetings.** Special meetings of the Association may be called by the chairperson or by a majority of the board of directors, and must be called by the chairperson or secretary upon receipt of a written request from unit owners owning at least 30 percent of the voting rights stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice of meeting.

2.4 **Notice of Meetings.** Notice of the annual meeting and all other meetings of the Association stating the time and place and the purpose or purposes for which the meeting is being called shall be given by the chairperson or secretary. Notice must be given in writing by mail or, to the extent permitted by law, by electronic mail, facsimile or other form of electronic communication acceptable to the board of directors not less than 10 days nor more than 50 days prior to the date of the meeting to each unit owner. If mailed, it shall be sent to the owner at his or her address as it appears on the books of the Association. A copy shall be sent to any first Mortgagee requesting such notice. Proof of such notice shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any unit owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.5 **Voting.** Each owner of a unit shall have a vote equal to his or her percentage interest in the common elements of the Condominium. The board of directors shall be entitled to

vote on behalf of any unit that has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

2.6 **Casting of Votes and Consents.** The voting rights or consent of a unit owner may be cast in person at a meeting of the Association or, at the discretion of the board of directors, by proxy in accordance with paragraph (a) of this Section, by absentee ballot in accordance with paragraph (b) of this Section, by written ballot in accordance with paragraph (c) of this Section, or by any other method specified in the Declaration, these Bylaws or the Oregon Condominium Act, except as otherwise provided in Section 2.7 below.

(a) **Proxies.** A proxy must be dated and signed by the unit owner, is not valid if it is undated or purports to be revocable without notice, and terminates one year after its date unless the proxy specifies a shorter term. The board of directors may not require that a proxy be on a form prescribed by the board. A unit owner may not revoke a proxy given pursuant to this paragraph except by actual notice of revocation to the person presiding over a meeting of the Association or to the board of directors if a vote is being conducted by written ballot in lieu of a meeting. A copy of a proxy in compliance with this paragraph provided to the Association by facsimile, electronic mail or other means of electronic communication utilized by the board of directors is valid.

(b) **Absentee ballots.** An absentee ballot, if authorized by the board of directors, shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by absentee ballot shall include instructions for delivery of the completed absentee ballot, including the delivery location and instructions about whether the ballot may be canceled if the ballot has been delivered according to the instructions. An absentee ballot shall be counted as a unit owner present for the purpose of establishing a quorum. Even if an absentee ballot has been delivered to a unit owner, the unit owner may vote in person at a meeting if the unit owner has returned the absentee ballot and canceled the absentee ballot, if cancellation is permitted in the instructions given under this paragraph.

(c) **Ballot meetings.** At the discretion of the board of directors, any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting by written ballot to the extent and in the manner provided in ORS 100.425.

(d) **Electronic ballots.** To the extent authorized by the board of directors and permitted by the Oregon Condominium Act, any vote, approval or consent of a unit owner may be given by electronic ballot.

(e) **Mortgages.** A unit owner may pledge or assign such owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled under these Bylaws and to exercise the unit owner's voting rights from and after the time that the Mortgagee shall give written notice of such pledge or assignment to the board of directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.7 **Votes Involving Major Decisions.** For votes of the Association involving a Major Decision, unit owners choosing to vote by proxy or absentee ballot shall be required to vote either in the affirmative or in the negative for the proposed Major Decision. Unit owners shall not be permitted to assign proxy voting discretion to any other person or entity on matters involving Major Decisions of the Association. The term "Major Decision" shall include the following:

(a) Any vote of the Association to terminate professional management pursuant to Section 3.6 below;

(b) Any vote of the Association to incur or commit the Association to incur legal fees in excess of \$5,000 for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$100,000 pursuant to Section 3.5(e) below;

(c) Any vote of the Association proposing to borrow of any sum of money in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association pursuant to Section 3.5(h) below; and

(d) Any vote of the Association to approve an amendment to these Bylaws.

2.8 **Fiduciaries and Joint Owners.** An attorney-in-fact, executor, administrator, guardian, conservator or trustee may vote or grant consent with respect to any unit owned or held in a fiduciary capacity, whether or not the specific right has been transferred to his or her name; provided, that such person shall satisfy the secretary that he or she is the attorney-in-fact, executor, administrator, guardian, conservator or trustee, holding the unit in a fiduciary 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, in the absence of protest by a co-owner. In the event of disagreement among the co-owners, the vote of the unit shall be disregarded completely in determining the proportion of votes given with respect to such matter unless a valid court order establishes the authority of a co-owner to vote.

2.9 **Tenants and Contract Vendors.** Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the owner/landlord. Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any recorded land sale contract on the unit.

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

2.11 **Majority Vote.** The vote of the holders of more than 50 percent of the voting rights, present in person or by proxy at a meeting at which a quorum is constituted, shall be

binding on all unit owners for all purposes unless a higher percentage vote is required by law, by the Declaration or by these Bylaws.

2.12 **Continued Votes.** If at a meeting to consider action on a Major Decision, as defined in Section 2.7, insufficient votes are cast to approve the action, then the action shall be deemed rejected. The meeting or vote may not be continued in order to obtain additional votes. Any further voting on such matter must be taken at a new duly called meeting at which new votes must be cast in person or by proxy.

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

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

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

Article 3

BOARD OF DIRECTORS

3.1 **Number and Qualification.** The affairs of the Association shall be governed by a board of directors composed of three directors, as provided in Section 3.2 of this Article. All directors shall be owners or co-owners of units of the Condominium. For purposes of this Section, an officer, employee or agent of a corporation, a member, manager, employee or agent of a limited liability company, or a partner, employee or agent of a partnership may serve on the board if such corporation, limited liability company or partnership is an owner or co-owner of a unit. In addition, a trustee may serve on the board if the trustee holds legal title to a unit for the benefit of the owner of the beneficial interest in the unit; and an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for

an owner of a unit, or an officer or employee of an entity if an entity is appointed, may serve on the board.

3.2 **Classes of Directors, Election and Term of Office.** There shall be three classes of directors. The Building A director, the Building B director and the at-large director. The Building A director shall be elected by the Building A unit owners with voting based upon the same percentages as Building A expenses are assessed, the Building B director shall be elected by the Building B unit owners with voting based upon the same percentages as Building B expenses are assessed, and the at-large director shall be elected by all unit owners with voting based upon each owner's percentage interest in the common elements. Initially, the Building A director and Building B director shall serve for a term of one-year each, and the at-large director shall serve for a term of two years. Thereafter, at the expiration of the initial term of the office of each respective director, his or her successor shall be elected to serve a term of two years, so that the term of not less than one-third of the directors shall expire annually. Directors shall hold office until their respective successors have been elected. Election shall be by plurality. Removal and filling of vacancies of a director shall be based upon the vote of the owners entitled to vote for that class of director.

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

3.4 **Removal of Directors.**

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

(b) Any director who has three consecutive unexcused absences from board of director meetings, who has failed to attend more than one-third of the board meetings during a 12-month period or who is delinquent in the payment of any assessment or other charge due the Association for more than 30 days, may be removed by a unanimous vote of the other two directors at a regular or special board meeting.

3.5 **Powers and Duties.** The board of directors shall have all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties that 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, except those limited common elements to be maintained by the owners as provided in the Declaration or these Bylaws.

(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, 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; provided, however, the board may not incur or commit the Association to incur legal fees in excess of \$5,000 for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$100,000 unless the unit owners have enacted a resolution authorizing the incurring of such fees or contract by a vote of 75 percent of the total voting rights of the Association. These limitations shall not be applicable to legal fees incurred in defending the Association and the board of directors from claims or litigation brought against them. The limitations set forth in this paragraph shall increase by 10 percent on each fifth anniversary of the recording of this Amendment.

(f) Opening bank accounts on behalf 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) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the common elements and Association property; provided, however, that (i) the consent of 75 percent of the voting rights shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care upkeep and maintenance of the common elements, and (ii) no lien to secure repayment of any sum borrowed may be created on any unit or its appurtenant interest in the common elements without the consent of the owner of such unit. If any sum borrowed by the board of directors on behalf of the Association pursuant to the authority contained in this paragraph is not repaid by the Association, a unit owner who pays to the creditor such proportion thereof equal to his interest in the common elements shall be entitled to obtain from the creditor a release of any judgment or other lien that the creditor shall have filed or shall have the right to file against such owner's unit.

(i) Purchasing units of the Condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in

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

(j) Obtaining insurance pursuant to the provisions of these Bylaws and at least annually reviewing the insurance coverage of the Association.

(k) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the board if the total cost will exceed \$10,000 unless the unit owners have enacted a resolution authorizing the project by a majority vote of the members, except that no such vote shall be required for work that is urgently needed for reasons of life, safety or structural integrity. This limitation shall not be applicable to maintenance, repairs or replacement undertaken pursuant to paragraph (a) above. The limitation set forth in this paragraph shall increase by \$1,000 on each anniversary of the recording of this Amendment.

(l) Modify, close, remove, eliminate or discontinue the use of a general common element facility or improvement or portion of the common element landscaping.

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

(n) Enforcement by legal means of the provisions of the Oregon Condominium Act, the Declaration, these Bylaws and any rules and regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce violations.

(o) Maintain a current mailing address for the Association, file an Annual Report and any amendment in accordance with ORS 100.250, and maintain and keep current the information required to enable the Association to comply with ORS 100.480(7).

(p) Subject to the restrictions in subsection (e) above, initiate or intervene in litigation or administrative proceedings (including mediation under Article 10 of these Bylaws) in the name of the Association, and without joining the individual unit owners, as permitted under ORS 100.405(4)(e) and (11); provided that no litigation or administrative proceeding may be initiated on a matter relating to or affecting the unit or interest of a unit owner unless the unit owner has consented in writing to such action after full disclosure of the potential cost, duration and possible outcomes of the proposed litigation or administrative proceeding. To the extent required by ORS 100.490, the board shall notify the owners prior to instituting litigation or administrative proceedings. 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.

3.6 **Managing Agent or Manager.** On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be established by the board of directors. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors shall act as manager. The managing agent shall have the right to contract with any unit owner, individually or collectively with other unit owners, for personal services for a particular unit or units.

3.7 **Organizational Meeting.** Unless otherwise agreed by the board, within 14 days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the board of directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.8 **Regular and Special Meetings.** Regular meetings of the board of directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Special meetings of the board of directors may be called by the chairperson and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or, to the extent permitted by the Oregon Condominium Act, by electronic mail, facsimile or other form of electronic communication acceptable to the board of directors at least seven days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. Unless other rules of order are adopted by resolution of the Association or the board of directors, all meetings of the board of directors shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.9 **Open Meetings.**

(a) All meetings of the board of directors shall be open to unit owners, except that, in the discretion of the board, the board may close the meeting to owners other than board members and meet in executive session to consult with legal counsel and to consider personnel matters, including salary negotiations and employee discipline, negotiation of contracts with third parties and collection of unpaid assessments. Except in the case of an emergency, the board of directors shall vote in an open meeting whether to meet in executive session. If the board of directors votes to meet in executive session, the presiding officer shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion or decision to meet in the executive session shall be included in the minutes of the meeting, and any contract or action considered in executive session shall not become effective unless the board, following the executive session, reconvenes in open meeting and votes on the contract or action, which shall be reasonably identified in the open meeting and included in the minutes.

(b) Meetings of the board of directors may be conducted by telephonic communication or by other means of communication that allows all members of the board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting, except that if a majority of the units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each board of directors' meeting shall be posted

at a place or places on the property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and (ii) only emergency meetings of the board of directors may be conducted by telephonic communication or such other means. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

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

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

3.12 **Voting.** A director who is present at a meeting of the board of directors at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest. When action is taken on any matter at a meeting of the board of directors, the vote or abstention of each director present must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings of the board of directors, except that officers may be elected by secret ballot.

3.13 **Compensation.** No director shall receive any compensation from the Association for acting as director.

3.14 **Liability and Indemnification of Directors, Officers and Manager.** A member of the board of directors or an officer of the Association shall not be liable to the Association, any unit owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties as long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. If any member of the board of directors or any officer of the Association is threatened with or made a party to any proceeding because the individual was or is a director or officer of the Association, the Association shall defend the individual against such claims and indemnify the individual against liability and expenses incurred to the maximum extent permitted by law. The manager of the Association, and its officers and employees, shall not be liable to the Association, the unit owners or any third party on account of any action or failure to act in the performance of its duties as manager, except for acts of gross negligence or intentional acts. If the manager is threatened with or made

a party to any proceeding, the Association shall defend the manager against such claims and indemnify the manager and its officers and employees from any such claims to the maximum extent permitted by law.

3.15 **Insurance.** The board of directors shall obtain the insurance required in Article 8 of these Bylaws. In addition, the board of directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or unit owners. The board of directors shall conduct an annual insurance review that, if appropriate, shall include an appraisal of all improvements contained in the Condominium.

Article 4

OFFICERS

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

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

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

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

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

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

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

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

Article 5

BUDGET, EXPENSES AND ASSESSMENTS

5.1 **Budget.** The board of directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous over-assessment and plus any underassessment, and assess the common expenses to each unit owner in the proportion set forth in the Declaration. The budget may provide for a reserve fund in accordance with Section 5.5 below. The annual operating and reserve budget and special assessments pertaining to Building A shall be adopted by the Building A director after consultation with the Building A owners, and the annual operating and reserve budget and special assessments pertaining to Building B shall be adopted by the Building B director after consultation with the Building B owners. The general budget shall be adopted by the board as a whole. Within 30 days after adopting the annual budget, the board of directors shall provide a summary of the budget to all owners. If the board of directors fails to adopt an annual budget, the last adopted budget shall continue in effect. The Association shall maintain separate operating and reserve accounts and records related to Building A expenses and assessments, Building B expenses and assessments and general expenses and assessments.

5.2 **Determination of Common Expenses.** Common expenses shall include:

- (a) Expenses of administration, including management fees.

(b) Expenses of operation, maintenance, repair or replacement of common elements, any other portions of the Condominium required to be maintained by the Association pursuant to the Declaration or these Bylaws, and any Association property.

(c) Cost of insurance or bonds obtained in accordance with these Bylaws.

(d) A general operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.

(e) Reserve for replacements, repairs and maintenance.

(f) Any deficit in common expenses for any prior period.

(g) Utilities and services for the common elements and other utilities and services with a common meter or commonly billed, such as trash collection, water and sewer. If the board of directors determines that a particular unit's use of such services is greater than the average of other unit owners, the board may assess to such owner the cost attributable to such extra use.

(h) Any other items properly chargeable as an expense of the Association.

5.3 **Assessment of Common Expenses: Obligation to Pay.** All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the Association pursuant to these Bylaws and the Declaration. No unit owner by the owner's own action may claim exemption from liability for contribution toward common expenses by waiver by the owner of use or enjoyment of any of the common elements or by abandonment by the owner of the owner's unit. A unit owner may not claim an offset against an assessment for failure of the Association to perform its obligations and no unit owner may offset amounts owing or claimed to be owing by the Association to the unit owner. If the board of directors determines that any loss or cost incurred by the Association is the fault of one or more unit owners, the Association may assess the amount of the loss or cost exclusively against the units of the responsible owners. The board, on behalf of the Association, shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due that remains unpaid for more than 30 days from the due date for its payment. The board may elect to round assessments to the nearest dollar.

5.4 **Special or Extraordinary Assessments.**

(a) **Special assessments for capital improvements.** In the case of any duly authorized capital improvement to the shared common elements in the Condominium or capital improvements specific to Building A or Building B, the board of directors may by resolution establish separate assessments for the such authorized capital improvement to the general membership of the Association, or to the unit owners of Building A or B, respectively, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution.

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

5.5 **Replacement Reserves.**

(a) **Reserve Trust Funds.** In establishing reserves for the maintenance, repair or replacement of the common elements, the board of directors may elect by resolution to establish one or more trust funds for the maintenance, repair or replacement of specific items, in which case the board shall either designate part of the regular assessment or establish separate assessments for such purposes. If the board elects to establish such trust fund(s), the board shall establish separate reserve accounts and records related to Building A and Building B expenses and shared general expenses, respectively. The proceeds therefrom shall be held in such trust funds and used only for the designated maintenance, repairs or replacements of each Building, or for general shared expenses, respectively.

(b) **Funding of account.** In the event the board of directors elects to establish reserve trust fund accounts, such accounts shall be funded by assessments against the individual units for the purposes for which the reserve account is being established, which sums shall be included in the regular monthly assessment for the unit. The reserve account shall be established in the name of the Association, which shall be responsible for administering the account and for making periodic payments into the account. Once established by the board, the board or the unit owners may not vote to eliminate funding the reserve account unless the board determines that the reserve account will be adequately funded for the following year, except that the board, with the approval of all unit owners, may, on an annual basis, elect not to fund the reserve fund for the following year.

(c) **Reserve studies.** In the event the board of directors elects to establish reserve trust fund accounts, the board may conduct an annual reserve study or review and update an existing study to determine the reserve account requirements for the items described in paragraph (a) of this Section and may adjust the amount of payments in accordance with the study or review and may provide for other reserve items that the board, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall:

- (1) Identify all items for which reserves are or will be established;
- (2) Include, the estimated remaining useful life of each item as of the date of the reserve study; and
- (3) Include for each item, as applicable, an estimated cost of maintenance and repair and replacement at the end of the item's useful life.

(d) **Use of reserve funds.** The reserve account(s), if any, shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. The board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses if the board of directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. No later than the adoption of the budget for the following year, the board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

(e) **Sale of units.** Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of units. Sellers of the units, however, may treat their outstanding share of the reserve account(s) as a separate item in any sales agreement.

(f) **Investment of reserve account.** Nothing in this Section shall prohibit prudent investment of reserve accounts.

5.6 **Default in Payment of Assessments.** In the event of default by any unit owner in paying any assessments to the Association, including assessed common expenses and any other charge imposed or levied by the Association pursuant to the provisions of the Declaration, these Bylaws or the Oregon Condominium Act, such unit owner shall be obligated to pay interest at the rate of 12 percent per annum on such assessment from the due date thereof, or at such greater rate as may be established by the board of directors from time to time, not to exceed the maximum lawful rate, if any. In addition, the defaulting unit owner shall pay a late charge for any assessment not paid within 10 days of its due date in the amount of five percent of the delinquent payment, or such other reasonable late charge or administrative fee, or both, as may be established by the board of directors from time to time by resolution that is delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing address designated by the unit owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal or petition for review therefrom). If the assessment is not paid within 30 days of its due date, the board of directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable and may terminate the right to receive utility services paid for out of assessments or the right of access to and use of service facilities of the Condominium until assessments have been brought current. The board of directors shall have the right to recover for the Association such assessments, together with such charges, interest and expense of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Condominium Act. The board shall notify the holder of any first Mortgage upon a unit of any default not cured within 60 days of the date of default.

5.7 **Foreclosure of Liens for Unpaid Assessments.** In any suit brought by the Association to foreclose a lien on a unit because of unpaid assessments, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The board of directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover a money

judgment for unpaid assessments shall be maintainable without foreclosing the liens securing them.

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

5.9 **Priority of Lien; First Mortgages.** To the extent provided by the Oregon Condominium Act, any lien of the Association against a unit for assessments shall be subordinate to tax and assessment liens and any first Mortgage of record. Unless otherwise provided in the Oregon Condominium Act, if the purchaser or Mortgagee of a unit obtains title to the unit as a result of foreclosure of a first Mortgage, such purchaser or Mortgagee, its successors and assigns, shall only be liable for a maximum of six months of the assessments that are chargeable to such unit and that became due prior to the acquisition of title to the unit by such purchaser or Mortgagee. Any additional unpaid share of assessments shall be a common expense and be reallocated on a pro rata basis for all units, including the Mortgaged unit. The purchaser or Mortgagee shall not be relieved of the obligation to pay further assessments. A deed in lieu of foreclosure accepted by the holder of a first Mortgage shall extinguish a lien filed by the Association to secure unpaid assessments under the circumstances described in ORS 100.465.

5.10 **Voluntary Conveyance.** In a voluntary conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of an owner or an owner's agent, for the benefit of a prospective purchaser, the board of directors shall make and deliver a statement of the unpaid assessments against the prospective grantor or the unit effective through a date specified in the statement, and the grantee in that case shall not be liable for any unpaid assessments against the grantor not included in the written statement.

Article 6

RECORDS AND AUDITS

6.1 **General Records.** The board of directors and the manager, if any, shall keep detailed records of the actions of the board of directors and the manager, minutes of the meetings of the board of directors and minutes of the meetings of the Association. The board of directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association, board of directors and the manager. The board of directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all Mortgagees of units. All documents, information and records of the Association shall be kept within the State of Oregon for the time periods specified in ORS 100.480.

6.2 **Financial Records and Accounts.** The board of directors or its designee shall keep within the State of Oregon financial records sufficient for proper accounting purposes and

as required by the Oregon Condominium Act. All assessments shall be deposited and maintained in the name of the Association in one or more separate federally insured accounts, including certificates of deposit, at a financial institution as defined in ORS 706.008, other than an extranational institution. Such funds may be used to purchase obligations of the United States government. All expenses of the Association shall be paid from the Association's bank account.

6.3 **Assessment Roll.** The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each unit. The 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 on the account and the balance due on the assessments.

6.4 **Payment of Vouchers.** The treasurer or manager shall pay all vouchers for all budgeted items and for any nonbudgeted items up to \$1,000 signed by the chairperson, managing agent, manager or other person authorized by the board of directors. Any voucher for nonbudgeted items in excess of \$1,000 (or such other amount as may be established by the board) shall require the authorization of the chairperson. Any checks written on reserve accounts must be signed by a member of the board of directors.

6.5 **Reports and Audits.** An annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the board of directors to all unit owners and to all Mortgagees of units who have requested it within 90 days after the end of each fiscal year. Commencing with the fiscal year following the turnover meeting, if the annual assessments exceed \$75,000 for the year, then the board of directors shall cause such financial statements to be reviewed within 180 days after the end of the fiscal year by an independent certified public accountant licensed in Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, or if the annual assessments are \$75,000 or less, shall cause such review within 180 days after receipt of a petition requesting such review signed by owners holding at least a majority of the voting rights. The board of directors need not cause such a review to be performed if so directed by an affirmative vote of unit owners holding at least 60 percent of the voting rights. Upon written request, any holder, insurer or guarantor of a first Mortgage shall be entitled to an audited financial statement for the immediately preceding fiscal year at the expense of the requesting party, if the statement is not otherwise available.

6.6 **Notice of Sale, Mortgage, Rental or Lease.** Upon the sale, mortgage, rental or lease of any unit, such unit owner shall promptly inform the secretary or manager of the name and address of the vendee, Mortgagee, lessee, or tenant.

6.7 **Availability of Records.** Except as otherwise provided in ORS 100.480, during normal business hours or under other reasonable circumstances, the Association shall make reasonably available for examination and, upon written request, available for duplication, by unit owners, lenders and holders, insurers or guarantors of any first Mortgage that make the request in good faith for a proper purpose, current copies of the Declaration, Bylaws, other rules concerning the Condominium, amendments or supplements to such documents, and the books, records, financial statements and current operating budget of the Association. The Association also shall be required to make available to prospective purchasers current copies of the

Declaration, Bylaws, other rules governing the Condominium, and the most recent annual audited financial statement, if such is prepared. The Association, within 10 business days after receipt of a written request by a unit owner, shall furnish copies of such documents to the requesting unit owner. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The board of directors, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of such documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.

6.8 **Statement of Assessments Due.** The Association shall provide, within 10 business days of receipt of a written request from an owner, a written statement that provides: (a) 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; (b) the percentage rate at which interest accrues on assessments that are not paid when due; and (c) the percentage rate used to calculate the charges for late payment or the amount of a fixed rate charge for late payment. The Association is not required to comply with this Section if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due.

Article 7

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

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

(a) **Units.** All maintenance of and repairs to any unit shall be made by the owner of the unit, who shall keep the unit in good order, condition and repair and shall do all redecorating, painting and staining that at any time may be necessary to maintain the good appearance and condition of the unit. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of windows, interior and exterior doors, the forced air furnace or air conditioning fixtures, if any, any plumbing, heating, telephones, water heaters, fans, vents, lighting fixtures and lamps, electrical outlets, blinds, garbage disposals, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with the owner's unit. The Association, however, may repair or replace, at the Association's expense, portions of units to the extent reasonably necessary for the preservation of the common elements in good condition and working order. Any owner-performed maintenance, repair or replacement that affects the exterior of a unit or results in a change to the exterior or building-envelope of the Condominium is subject to prior board of director's review and approval, including without limitation, maintenance, painting or replacement of window and doors, thresholds, sashes or exterior trim.

(b) **Common elements.** All maintenance, repairs and replacements to the general and limited common elements and to Association property shall be made by the Association and shall be charged to all the unit owners as a common expense. Maintenance, repairs and replacements to general or limited common elements pertaining only to Building A

or B, shall be charged to Building A or B owners, respectively. Each unit owner, however, shall keep the limited common elements that pertain to the owner's unit in a safe, neat, clean and sanitary condition, and shall be responsible for removing snow, leaves and debris from limited common element patios and decks.

7.2 Additions, Alterations or Improvements.

(a) Except as otherwise provided in these Bylaws or the rules and regulations adopted under Section 7.5(o), a unit owner may make any improvements or alterations to such owner's unit that do not impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium. A unit owner shall make no repair or alteration or perform any other work on such owner's unit that would jeopardize the soundness or safety of the property, reduce the value of the Condominium, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained. A unit owner is expressly prohibited from drilling into or attaching anything to windows or window frames and from making any penetration into the building envelope. A unit owner may not submit a unit to condominium ownership without the prior approval of the board of directors.

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

(c) No person shall install wiring for electrical or telephone installation, television antennas or satellite dishes, machines or air conditioning units or similar devices on the exterior of the Condominium or cause them to protrude through the walls or the roof of the Condominium except as authorized by the board of directors. No exterior window guards, awnings, or shades shall be installed without prior consent of the board.

(d) Any owner performing any additions, alterations or improvements shall be liable for any damages caused by or resulting from such work and the Association or its directors, officers or managers shall have any liability therefor, and the owner shall indemnify such persons and entities from and against any claims by unit owners or other persons or entities for loss or damage resulting from such work.

7.3 Damage or Destruction by Casualty of Condominium Property. In the case of damage or destruction that affects a material portion of the Condominium, timely written notice shall be given to the unit owners and their Mortgagees and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of Condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within 14 days of such damage or destruction, the board of directors or any unit owner shall have requested a special meeting of the Association. Such special meeting must be held within 60 days of the date of damage or destruction. At the time of such meeting, unless all unit owners, whether in person, by writing or by proxy, with the approval of Mortgagees as required by the Declaration, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. If the damage or destruction is not repaired, reconstructed or rebuilt, then the property shall be removed from condominium ownership in the manner provided in the Oregon Condominium Act.

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

(c) If, due to the act or neglect of a unit owner, or of a member of the owner's family or household pet or of a guest or other occupant or visitor of such unit owner, damage shall be caused to the common elements or to a unit owned by others, or maintenance, repairs or replacements shall be required that would otherwise be a common expense, then such unit owner shall pay for the damage and the maintenance, repairs and replacements as may be determined by the Association, to the extent not fully covered by the Association's insurance.

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

(e) A unit owner shall grant the right of entry to the board of directors or its managing agent, manager or any other person authorized by the board in the case of any emergency originating in or threatening his or her unit or other Condominium property, whether or not the owner is present at the time. A unit owner shall also permit such person to enter his or her unit for the purpose of performing installations, alterations or repairs to any aspect of the Condominium for which the association has maintenance responsibilities and for the purpose of inspection to verify that the unit owner is complying with these Bylaws and the rules and regulations of the Association. Except in the case of an emergency entry, the Association shall make requests for entry into a unit no less than two days in advance of entry and shall make reasonable efforts to schedule such an entry at a time convenient to the unit owner.

7.4 **Condemnation**. If any portion of the Condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a

condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each unit owner and to each Mortgagee. The Association shall represent the unit owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any portion of the common elements, and each unit owner appoints the Association to act as his attorney-in-fact for such purposes. All compensation, damages or other proceeds of the taking, other than any award for moving expenses of specific unit owners, shall be payable to the Association and allocated and distributed as provided in this Section 7.4.

(a) **Complete taking.** If the entire Condominium property is taken, or if all unit owners agree that such a substantial portion of the Condominium has been taken as to make the project obsolete, then the property shall be deemed removed from unit ownership. In such event, any proceeds of the condemnation paid to the Association, together with any other proceeds upon sale of the remaining Condominium property, shall be distributed among the unit owners and their Mortgagees, as their interests may appear, in accordance with the provisions of the Oregon Condominium Act.

(b) **Partial taking.** If less than the entire Condominium property is taken and the property is not determined to be obsolete as provided in paragraph (a) above, then as soon as practicable the board of directors shall, reasonably and in good faith, allocate the award among the units in accordance with the reduction in the value of each unit and its interest in the common elements, compared to the total reduction in value of all units and their interest in the common elements. If any unit owner or Mortgagee objects to the allocation determined by the board of directors, the matter shall be submitted to arbitration in accordance with Article 10 below. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a unit owner under this paragraph shall be paid first to all Mortgagees and holders of liens on the unit owner's interest in accordance with the existing priorities, and the balance to the unit owner. If any reconstruction or repair is undertaken as a result of the condemnation, the board of directors may retain and apply such portion of each unit owner's share of the award as is necessary to discharge the owner's liability for any special assessment arising from such reconstruction or repair.

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

(a) **Residential use.** No commercial activities of any kind shall be carried on in any unit without the consent of the board of directors of the Association, except activities relating to the rental or sale of units. This provision, however, shall not be construed so as to prevent or prohibit a unit occupant from using the unit as a home office or studio, including meeting with associates, clients or customers on a by-appointment basis, to the extent permitted by applicable zoning codes.

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

(c) **Offensive or unlawful activities.** No noxious or offensive activities shall be carried on in any unit nor shall anything be done in or placed on any unit or common element that interferes with or jeopardizes the enjoyment of other units or the common elements or which is a source of annoyance to occupants. Smoking shall not be permitted in the units in Building B, which have an integrated heating and ventilation system. Smoking shall not be permitted in any area of limited or general common elements of the Condominium, except in areas designated by the Board of Directors for smoking, if in its discretion, the Board elects to designate one or more smoking areas. Unit occupants shall exercise extreme care not to make noises that may disturb other unit occupants, including the use of musical instruments, radios, televisions and amplifiers. No unlawful use shall be made of the Condominium or in any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or in any form of intimidation or aggression directed at other owners, occupants, guests, or invitees, or directed at the manager, its agents or employees, or vendors.

(d) **Sound transmission.** These are multi-family buildings where there will be activities that may cause sound transfer from one unit to another, such as fluid through pipes, music from sound systems and televisions and noises from other activities. Owners may not make holes for mounting flat screen televisions or install speakers or sound equipment on common element walls, without the prior approval of the board of directors.

(e) **Animals.** No animals or fowls shall be raised, kept or permitted within the Condominium or any part thereof, except domestic dogs, cats, and a reasonable number of other ordinary household pets kept within a unit. Dogs shall not be permitted to run at large, nor shall any dogs, cats or pets be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or unpleasantness caused by a pet shall be the responsibility of the owner thereof, and the owner shall be responsible for cleanup and removal of wastes of the owner's animal. All pets shall be kept under reasonable control at all times and shall be securely carried or kept on a leash while outside a unit. Each owner and occupant shall be responsible for seeing that his or her pets do not endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the owners and occupants of other units. The board of directors, after notice and a hearing, may require the permanent removal of any animal that the board determines to be a danger to the health and safety of any occupant in the Condominium, or otherwise to be a nuisance within the Condominium. The board may find that an animal is a nuisance if the animal or its owner continues to violate these Bylaws or the rules regulating pets after receipt by the owner of a written demand from the board to comply with these Bylaws or the rules.

(f) **Electrical usage.** No electrical device creating overloading of standard circuits may be used without permission from the board of directors. Misuse or abuse of appliances or fixtures within a unit which affects other units or the common elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the owner who caused such damage. Total electrical usage in any unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

(g) **Exterior lighting or noisemaking devices and antennas.** Except with the consent of the board of directors of the Association, no exterior lighting or noisemaking devices shall be installed or maintained on any unit. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations and if removed within 30 days after the celebrated holiday. Exterior antennas, satellite receiver and transmission dishes and other communication devices shall not be placed on the general common elements, and may not be placed on any unit or limited common element except in accordance with rules established by the board of directors.

(h) **Windows, terraces, porches, patios and outside walls.** In order to preserve the attractive appearance of the Condominium and regulate load limits the board of directors of the Association may adopt rules regulating the nature of items that may be placed in or on windows, terraces, patios, porches, decks and the outside walls so as to be visible from other units, the common elements, or outside the Condominium. Garments, rugs, laundry, sheets, reflective surfaces and other similar items may not be hung from windows, facades, porches, patios or terraces.

(i) **Parking of vehicles.** Except with the consent of the board of directors of the Association, no vehicle in an extreme state of disrepair, trailer, truck camper, motorcycle, boat or boat trailer, or other recreational vehicle or motor homes shall be parked on any portion of the Condominium. A vehicle shall be deemed in an "extreme state of disrepair" when the board of directors reasonably determines that its presence offends the occupants of the Condominium due to its appearance or continued inoperability. The parking spaces designated as limited common elements are intended for use of automobiles of unit owners, tenants, and guests of the designated unit owners on the Plans. The board of directors may make such rules necessary to govern the use of any limited common element parking areas by which all unit owners and other users shall be bound.

(j) **Signs.** Unless written approval is first obtained from the board of directors, no sign of any kind shall be displayed to the public view on or from any unit or the common elements, other than "For Sale" signs, the size and placement of which may be regulated by rule or regulation.

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

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

(m) **Water beds.** Water beds may not be placed in any unit, except with the prior consent of the board of directors. If such consent is given the unit owner shall carry

insurance covering damage caused by the water bed and shall be responsible for all damages to any unit or the common elements that might be caused by the water bed.

(n) **Washing machines.** Each unit in Building A and some units in Building B contain a washing machine hookup. The unit owner shall be responsible for all damages to any unit or the common elements that might be caused by the washing machine or leakage from the washing machine.

(o) **Association rules and regulations.** In addition, the board of directors from time to time may adopt, modify or revoke such rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may deem necessary or appropriate in order to insure the peaceful and orderly use and enjoyment of the Condominium property, including, without limitation, establishment of reasonable administrative fees, such as fees for new owner set-up and owner's packet, move-in and move-out fees, etc. Any action by the board of directors adopting, modifying or revoking any rule or regulation may be overruled by a vote of not less than 75 percent of the voting rights present, in person or by proxy, at any meeting, the notice of which shall have stated that such adoption, modification or revocation of rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding on all unit owners and occupants of all units from the date of delivery.

7.6 **Leasing and rental of units.** No unit or portion of a unit may be leased or rented except in compliance with this Section 7.6.

(a) **Leasing Restrictions.** As of the date this Amendment is recorded, any unit owner not currently renting his or her unit may not enter into any new rental arrangement for such unit except in compliance with this Section 7.6. The unit owner shall provide a fully executed copy of each lease to the Association before commencement of the lease term. As used in this section, "owner-occupied" shall mean any period during which the unit is occupied by an owner or an owner's spouse, domestic partner, children, or parents as a primary or secondary residence and no rent is charged such occupants. Lease of a room in a unit or a lease for the sharing of a room in a unit with a roommate while the unit is owner-occupied shall not count toward the maximum number of leased units permitted in the Condominium.

(b) **Terms of Lease.** With the exception of a lender in possession of a unit following default of a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall rent or lease his or her unit for a period of less than 30 days except to a purchaser of the unit. Any failure of a tenant to comply with the Declaration, Bylaws, or Association rules and regulations, shall be a default under the lease or rental agreement, regardless of whether the lease or rental agreement so provides. Any lease agreement for rental or lease of a unit shall limit the number of occupants to a reasonable number and shall prohibit assignment of the lease and subletting the entire unit by the tenant. A tenant may enter a sublease for a portion of the unit to a roommate or housemate so long as the master tenant is still occupying the unit.

(c) **Limitation on Number of Rental Units.** Except in the event of a hardship, as defined below, the maximum number of units that may be non-owner occupied shall be two units.

(d) **Insurance.** Any unit owner who leases or rents a unit shall obtain and maintain in full force and effect a policy providing coverage for liability related to, arising out of or resulting from the tenant's occupancy or use of the unit and common elements, with limits of not less than \$1,000,000. The Association and its individual members shall be named as additional insureds on the policy.

(e) **Notification of Tenants to Association.** All owners who lease or rent their units shall promptly notify the Association in writing of the names of all tenants and members of tenants' family occupying such units and shall provide the Association with a complete, executed copy of the lease or rental agreement, including a copy of any sublease to a roommate or housemate pursuant to paragraph (b) of this Section. All owners leasing their unit shall promptly notify the Association of the address and telephone number where such owner can be reached.

(f) **Hardship.** If the 2-unit threshold set forth in subparagraph (d) has already been reached, a unit owner may apply to the board of directors for a hardship-based exception to the 2-unit threshold; provided, however, that no hardship-based exception shall be granted if doing so causes the number of non-owner occupied units to exceed five units. The following situations may be considered for hardship-based exceptions, and if the board determines that a hardship exists, the board shall have the options specified below: (i) If the unit owner or his or her spouse relocates for work or educational purposes, the board may permit the unit to be leased for a period of up to one year; (ii) if the unit owner dies, becomes permanently disabled or suffers from a long-term debilitating illness that precludes the owner from regular work or, in the case of a retired or unemployed owner, would preclude the owner from the type of work the owner formerly performed, if the owner is hospitalized for a protracted illness or is placed in a nursing home or a convalescent home or other facility or with family members due to illness, the board may permit the unit to be leased for a period of up to one year; (iii) if inability to rent a unit will result in serious financial hardship to the owner, the board may permit the unit to be leased to any party for a period to be set by the board, not to exceed one year in the case of any type of hardship; and (iv) the board may permit a unit to be leased to an immediate family member, such as a child, sibling or parent for a period to be set by the board, not to exceed two years. The board, in its sole and unfettered discretion, shall determine whether a unit owner's situation meets any of the factual situations set forth above and thus qualifies for a hardship-based exception. The board may then grant such exception only if doing so would not cause the number of non-owner occupied units to exceed the 5-unit limit.

(g) **Existing Tenancies.** The restrictions on renting or leasing units shall not apply to any unit that, as of the date of adoption of this Amendment, is being leased or rented (an "Exempt Unit"). However, an Exempt Unit shall count toward the 2- or 5-unit maximum, whichever is applicable. The owner of such Exempt Unit may continue to rent such unit until expiration or termination of the existing tenancy, after which the owner no longer may continue to rent such unit without complying with the other provisions of this section, or in the case of a month to month tenancy for no longer than one year after recordation of this Amendment. An

owner with one Exempt Unit is not automatically entitled to an exception with respect to any other unit. The renting restrictions contained in this section apply independently to each unit owned by an owner and exemptions may not be transferred to an owner's successors and assigns, including, but not limited to, persons who acquire a unit through inheritance or gift.

(h) **Procedure.** Prior to entering into any lease agreement, a unit owner shall notify the board of directors in writing of his or her intent to lease or rent such owner's unit, and the circumstances of the proposed arrangement. Within 15 days of such notification, the board shall advise the unit owner whether the proposed tenancy would or would not exceed the restriction on the number of rented units, and if it would exceed such restriction, the board shall place the unit owner on a waiting list and shall notify the owner when the owner's unit may be rented. Once a unit owner is notified that his or her unit may be rented, such owner, within six months from the date of such notice, may enter into a lease with a tenant. If a notified owner has not entered into such a lease within the 6-month period, the board shall place the unit owner at the end of the waiting list and shall notify the next owner on the waiting list that he or she may rent his or her unit. An owner who receives permission from the board to rent his or her unit may continue to rent such unit upon the expiration or termination of the tenancy under the unit's lease; however, if the unit becomes owner-occupied or vacant for any period exceeding 60 days, the owner no longer may rent the unit and shall reapply to the board.

(i) **Compliance with Documents.** All tenants and guests of tenants shall be subject to the terms of the Declaration, these Bylaws and rules and regulations of the Association and the board of directors. In the event of a tenant's violation of the Declaration, Bylaws or the rules and regulations of the Association, the owner immediately shall take all actions to cure the default, including if necessary, eviction of the tenant. Owners shall provide their tenants with copies of the Declaration, these Bylaws and the rules and regulations of the Association at the beginning of the lease term, and thereafter with any amendments to such documents. Owners shall be responsible for the acts of their tenants, and owners and tenants shall be responsible for the acts of the tenant's guests. A unit owner may be assessed personally for any expenses incurred by the Association resulting from damage to the common elements caused by the owner's tenant. By becoming a tenant, each tenant agrees to be bound by the Declaration, these Bylaws and the rules and regulations of the Association, and recognizes and accepts the right and power of the Association to evict a tenant for any violation by the tenant of the Declaration, these Bylaws, or rules and regulations of the Association. The Association shall give the tenant and the owner notice in writing of the nature of the violation of any of these documents, and 30 days from the mailing of the notice in which to cure the violation before the Association may file for eviction pursuant to applicable law.

(j) **Leasing Rules and Regulations.** The board of directors from time to time may adopt, modify or revoke such rules and regulations governing notification to the Association of (i) the names and contact information of tenants and occupants under a lease, (ii) lease amendments, or (iii) a change in occupants under a current lease.

(k) **Enforcement.** After giving notice and an opportunity to be heard, owners may be fined for their tenant's noncompliance with any provision of the Declaration, these Bylaws or rules and regulations of the Association, and such fines shall be collectible as assessments as elsewhere provided in these Bylaws. If any tenant is in violation of the

provisions of the Declaration, Bylaws, or rules and regulations of the Association, the Association may bring an action in its own name or in the name of the owner to have the tenant evicted or to recover damages, or both. The remedy provided by this subsection is not exclusive and is in addition to any other remedy that the Association may have. If permitted by present or future law, the Association may recover all its costs, including court costs and reasonable attorneys' fees incurred in prosecuting an action for eviction. If a unit owner fails to follow the procedures set forth in this Section 7.6 with respect to the leasing of his or her unit, then at any time after learning of such leasing, after notice and an opportunity to be heard, the board of directors may charge such owner an administrative fee, the amount of which shall be determined from time to time by board resolution. The purpose of the fee is to reimburse the Association for time, costs and expenses of management time incurred to obtain information about the tenant or to provide such tenant with copies of Association documents. Charging an owner an administrative fee or providing such owner's tenant with copies of Association documents, however, shall not bar or limit the Association's remedies arising from such owner's violations of the provisions of the Declaration, these Bylaws, or the rules and regulations. In addition to all other remedies of the Association, including but not limited to the right to file suit to remove the tenant in the event that the tenancy violates any provision of this Section 7.6, the board shall have the power to levy a fine against the owner of the unit that is rented or leased in violation of this Section 7.6, in an amount not to exceed \$300 per month, until such time as the violation is cured. All outstanding fees or fines shall accrue interest at a rate of 12 percent and may be enforced as lien against the unit and foreclosed in accordance with the terms of the Oregon Condominium Act.

7.7 **Abatement and Enjoining of Violations.** The violation of any provision of the Declaration or these Bylaws, of any rule or regulation adopted pursuant to these Bylaws, or of any decision of the Association made pursuant to such documents, shall give the board of directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these Bylaws, to do any or all of the following after giving written notice and an opportunity to be heard:

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

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

(c) to levy reasonable fines based on a resolution adopted by the board of directors that is delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing address designated by the owner of each unit in writing; or

(d) to terminate the right to receive utility services paid for out of assessments or the right of access to and use of service facilities of the Condominium until the correction of the violation has occurred.

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

Article 8

INSURANCE

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

(a) **Property damage insurance.**

(1) 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.

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

(3) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the common elements and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations composing a part of each unit.

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

(b) **Liability insurance.**

(1) The Association shall maintain comprehensive general liability insurance coverage insuring the Association, the board of directors, and the unit owners and the manager, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the operation, maintenance, ownership or use of the property, including legal liability arising out of lawsuits related to employment contracts of the Association. Such policy or policies may exclude coverage of a unit owner (other than as a

member of the Association or board of directors) for liability arising out of acts or omission of such unit owner and liability incident to the ownership and/or use of the part of the property as to which such unit owner has the exclusive use or occupancy.

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

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

(c) **Workers' compensation insurance.** The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) **Fidelity insurance.**

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

(2) The total amount of fidelity insurance coverage required shall be based on the best business judgment of the board of directors. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all units plus reserve funds.

(3) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based on 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 10 days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

(e) **Directors' and officers' liability insurance.** The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than \$1,000,000 subject to a reasonable deductible, which deductible shall be the responsibility of the Association. Such insurance shall cover both interim and regular directors and shall include coverage for claims brought by the Association, unit owners and/or third parties, including, without limitation, claims arising out of construction defects or failure to maintain adequate reserves. Directors and officers will be accepting such positions in reliance upon such insurance protection being maintained by the Association. Therefore, in the event the Association fails to carry such insurance or amends these Bylaws to delete or reduce these insurance requirements, the Association and unit owners shall be deemed to have released such claims and deemed to have covenanted not to sue or prosecute any claims against its current or former directors or officers that would have been insured under such a policy.

(f) **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 or limited common elements not covered by the Association's 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 purchase insurance policies insuring their units and appurtenant limited common elements for the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Proof of such insurance coverage must be provided to the Association by the unit owner. 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. To the extent reasonably practicable, the Association shall give at least 30 days' notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies. 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 general and limited common elements and other units and the personal property of others located therein.

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

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

(b) Notwithstanding the provisions of Section 8.1 above, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each unit owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for unit owners and their first Mortgage holders, as their interests may appear.

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

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

(e) 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 that is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each unit owner and Mortgagee upon request.

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

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

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

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

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

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

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

(e) If reasonably available, waiver of subrogation by the insurer as to any claims against the board of directors, any unit owner or any guest of a unit owner.

8.4 **Fannie Mae, GNMA, HUD and VA Requirements.** Notwithstanding any other provisions of this article, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by FannieMae, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Department of Housing and Urban Development and the Veterans Administration as long as they are a Mortgagee or owner of a unit with the Condominium, except to the extent that such coverage is not available or has been waived in writing by FannieMae, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Department of Housing and Urban Development or the Veterans Administration. Fannie Mae, the Federal Home Loan Mortgage Corporation, or their servicers, their successors and assigns, shall be named as a Mortgagee in the Association's policies.

Article 9

AMENDMENTS TO BYLAWS

9.1 **How Proposed.** Amendments to the Bylaws shall be proposed by either a majority of the board of directors or by any 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.

9.2 **Adoption.** A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose or by ballot vote. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by unit owners holding a majority of the voting rights and by Mortgagees to the extent required by the Declaration, except that (a) any provision of these Bylaws that is also contained in the Declaration must be approved by the same voting requirement for amendment of such provision of the Declaration, and (b) any amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy units, or limitations on the rental or leasing of units must be approved by unit owners holding 75 percent of the voting rights.

9.3 **Execution and Recording.** An amendment shall not be effective until certified by the chairperson and secretary of the Association as being adopted in accordance with these Bylaws and the provisions of the Oregon Condominium Act and recorded as required by law.

Article 10

DISPUTE RESOLUTION

The following provisions of this Article 10 shall apply to any claim, controversy or dispute by or among the Association, the manager or one or more unit owners, or any of them, arising out of or related to the Declaration, these Bylaws or the Condominium:

(a) **Mediation.**

(1) Except as otherwise provided in this Article 10(a), before initiating litigation, arbitration or an administrative proceeding in which the Association and an owner have an adversarial relationship, the party that intends to initiate litigation, arbitration or an administrative proceeding shall offer to use any dispute resolution program available within Multnomah County, Oregon, that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

(2) If the party receiving the offer does not accept the offer within 10 days after receipt by written notice hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party, the initiating party may commence the litigation, arbitration or the administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

(3) If a qualified dispute resolution program exists within Multnomah County, Oregon, and an offer to use the program is not made as required under paragraph (1) of this Article 10(a), litigation, arbitration or an administrative proceeding may be stayed for 30 days upon a motion of the noninitiating party. If the litigation, arbitration or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

(4) Unless a stay has been granted under paragraph (3) of this Article 10(a), if the dispute resolution process is not completed within 30 days after receipt of the initial offer, the initiating party may commence litigation, arbitration or an administrative proceeding without regard to whether the dispute resolution is completed.

(5) Once made, the decision of the court, arbitrator or administrative body arising from litigation, arbitration or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

(6) The requirements of this Article 10(a) do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation, arbitration or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

(b) **Arbitration.** Any such claim, controversy or dispute shall be first subject to mediation as provided in Article 10(a) above or otherwise, and, if not timely settled by mediation, resolved by arbitration in accordance with this Article 10(b). The decision and award of the arbitrator shall be final, binding and nonappealable.

(c) **Excluded matters.** Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 10 (but shall be subject to the applicable provisions of Article 10(d) below): (i) actions relating to the collection of fees, assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (ii) actions to enforce any order, decision or award rendered by arbitration pursuant to Article 10(b). The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article 10.

(d) **Costs and attorneys' fees.** The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the nonprevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. In any suit or action brought by the Association to foreclose its lien or to collect delinquent assessments, the Association or any owner or class of owners to enforce compliance with the terms and provisions of the Oregon Condominium Act, the Declaration or these Bylaws, including all amendments and supplements thereto or any rules or regulations adopted by the Association, the prevailing party shall be entitled to recover reasonable attorney fees and costs and disbursements therein and in any appeal therefrom. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

Article 11

MISCELLANEOUS

11.1 **Notices.** All notices to the Association or to the board of directors shall be sent care of the manager, or if there is no manager, to the principal office of the Association or to such other address as the board of directors may designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by such owner from time to time, in writing, to the board of directors, or, if no address has been designated, then to the owner's unit. In the discretion of the board of directors, any notice, information or other written material required to be given to a unit owner or director under the Declaration or these Bylaws or pursuant to the Oregon Condominium Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the board of directors, except for the following

notices: failure to pay an assessment; foreclosure of an association lien under ORS 100.405; an action the Association may take against a unit owner; or an offer to use the dispute resolution program under ORS 100.405. A unit owner or director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the board of directors to provide notice in any other manner permitted under the Declaration or these Bylaws or the Oregon Condominium Act.

11.2 **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, regardless of the number of violations or breaches thereof which may occur.

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

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

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