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Michael 7. Meurlie/bach

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ACKNOWLEDGEMENT

STATE OF OPECON

BE IT REHEMBERED THAT ON THIS 1/2 DAY OF JUNE HAD BEFORE HE A NOTARY PUBLIC IN AND FOR EAD STATE AND COUNT RESCONALLY APPRAGED MICHAEL F. HERFELBACH AND MICHAEL F. HYNAHARZA WHO FIRST AND MICHAEL TO THE FOREGOING INSTRUMENT WAS THE FREE ACT AND PERCHONGING INSTRUMENT WAS THE FREE CONTINUAL.

NOTARY PUBLIC IN AND FOR OREGON MY COMMISSION EXPIRES 678-83



SURVEYOR'S CERTIFICATE

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1980

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APPENED November 6th.
COUNTY SURPER AND ENCINEEZ
MULTNOWN ORGON

APPROVALS

all Taxes assessments, fees or other charges as Provided by O.R.S. 91.512 Have Been Paid as OF OEC. 4. DIRECTOR, DIV. OF AGGESSMENT AND TAXATION MULTNOMAH COINTY, OREGON

James C. Erueret

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APPROVED THIS POAY OF OCHORAGE CATY OF POPILAND - BUREAU OF BUILDINGS

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PY James E. High

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THE HUESNER HOUSE CONDOMINIUM SIDE (A PEPLAT OF A PORTION OF BLOCK 274), COLICH'S ADDITION TO THE CITY OF PRETLAND AND A PORTION OF BLOCK 39, KING'S SECOND ADDITION) LOCATED IN THE S.W. 14 OF SECTION 39, T.I.N., R.I.E., W.M., CITY OF PORTLAND, MILITNOMAH COLNITY, SPECON MAY 1900

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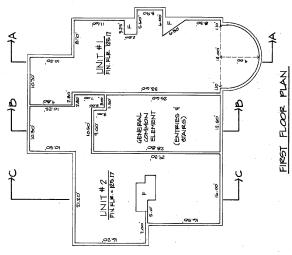
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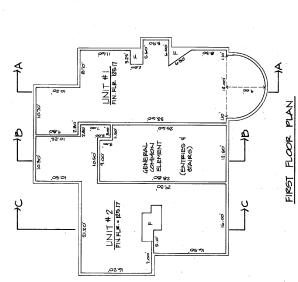
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PORTLAND, OREGON
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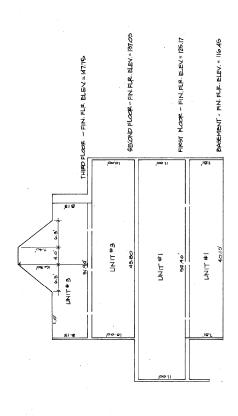
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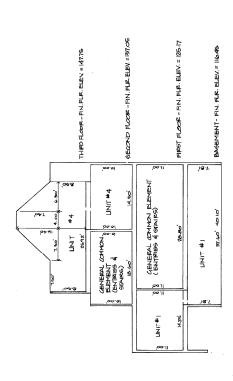
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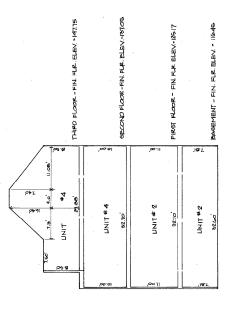
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HUESNER HOUSE CONDOMINIUM 里

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SECTION C.C

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I HEREBY CERTIFY THAT THIS IS AN EXACT COPY OF THE RUAT "THE HUESNER HOUSE CONCOMINIUM."



EXHIBIT "C"

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BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF THE HUESNER HOUSE CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

- 1. Name and Location. These are the bylaws of the ASSOCIATION OF UNIT OWNERS of THE HUESNER HOUSE CONDOMINIUM (hereinafter called the "Association"). The Huesner House Condominium (hereinafter called the "condominium") is located in Portland, Multnomah County, Oregon and has been submitted to the Oregon Unit Ownership Law by a declaration filed simultaneously herewith and by supplemental declarations, if any. The location of the condominium, is more particularly described in the declaration.
- 2. Principal Office. The principal office of the Association shall be located at 333 N.W. 20th, Portland, Oregon.
- 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 Michael F. McNamara and Michael F. Merkelbach, (hereinafter called the "declarant"), their successors and assigns, and the Association, itself, to the extent any of these own any unit or units of the condominium.

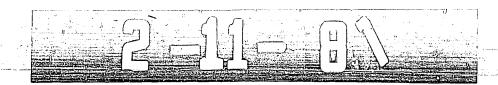
ARTICLE II

MEETINGS OF THE 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. Annual Meeting. The annual meeting of the unit owners shall be held at the hour of 4:00 p.m. on a Saturday of March or April of each year as designated by the board of directors, or if not so designated, on the last Saturday in April for the purpose of electing directors for the transacting of such other business as may come before the meeting. If the election of directors shall not

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be held on the day designated herein for any annual meeting of unit owners, or any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the unit owners as soon thereafter as conveniently may be, not more than 60 days after said time, by proper notice designating the meeting as the annual meeting. The first such meeting of the Association shall be held after 3 units have been sold and delivered. Until such time the declarant shall exercise all functions of the board of directors.

- 3. 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 transactions at a special meeting shall be confined to the purposes stated in the notice.
- 4. <u>First Meeting</u>. First meeting of the Association shall be within a <u>reasonable</u> time after the sale of the third unit has been consummated but no later than thirty (30) days after the sale of the third unit has been consummated.
- 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 not less than ten (10) days nor more than sixty (60) 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 thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place. Upon request, the holders of any institutional first mortgages on units shall also receive written notice of all meetings of the Association and shall be permitted to designate a representative to attend all such meetings.

Membership; Voting.

- (a) Every person or entity who is a record owner of a unit shall be a member of the Association.
- (b) Each unit owner shall be entitled to one vote upon each manner submitted to a vote at a meeting of unit owners; provided, however, that no more than one vote shall be cast with respect to each unit.
- 7. Majority Vote. The vote of more than 50% of the unit owners, present in person or by proxy, shall constitute a majority and 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.
- 8. Quorum of Unit Owners. A majority of unit owners entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of unit owners. If less than a majority of the entire number of unit owners entitled to vote are represented at a meeting, a majority of the unit owners so represented may adjourn the meeting from time to time without further notice. At such adjournd meeting, at which a quorum shall be present or represented any business may be transacted which might have been transacted

the meeting as originally noticed. The unit owners present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough unit owners to leave in attendance less than a quorum, provided that any meeting called for the purpose of approving amendments to bylaws, removal of directors, capital improvements or the addition or construction of new facilities, a quorum shall consist of not less than 75 percent of the unit owners entitled to vote, represented in person or by

- 9. 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.
- 10. 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.
- 11. Order of Business. The order of business at annual meetings of the Association shall be:

 - Calling of the roll and certifying of proxies; Proof of notice of meeting or waiver of notice; Rea. ng of minutes of preceding meeting; Reports of officers;

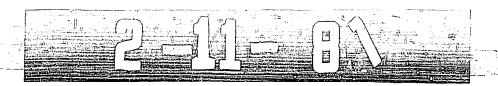
 - Reports of committees, if any;
 - Election of directors; Unfinished business;
 - New business; and Adjournment.

ARTICLE III

BOARD OF DIRECTORS

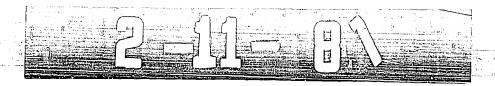
1. General Powers. The business and affairs of the Association shall be managed by its board of directors, whose members shall be unit owners. The board of directors may engage the services of a manager or managing agent.

- 2. Number, Tenure and Qualifications. The number of directors of the Association shall be three. Upon the initial election of directors, which shall occur when three units are sold and delivered, one shall be elected for a term of one year, one for two years and one for three years, with the term of directors subsequently elected to be for a period of three years. Each director shall hold office until the annual meeting of the year in which his term shall expire and until the election and qualification of his successor.
- 3. Regular Meetings. A regular meeting of the board of directors shall be held immediately after and at the same place as the annual meeting of the unit owners. All meetings shall be held open to unit owners.
- 4. Special Meetings. Special meetings of the board of directors shall be called by or at the request of the chairman of the board of directors or any two directors. The person or persons authorized to call special meetings of the board of directors may fix the place for holding any special meeting called by them. All meetings shall be held open to unit owners.
- 5. Notice of Special Meetings and Regular Meetings of Board of Directors and Unit Owners. Notice of any special meeting shall be given at least 7 days prior thereto by written notice delivered personally or mailed to each director and unit owner at his residence or business address or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director or unit owner may waive notice of the meeting. The attendance of the director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.
- 6. Quorum of Directors. A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.
- 7. Manner of Directors Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.
- 8. Vacancies on Board of Directors. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors or by reason of the removal of one or more directors shall be filled by an election at an annual meeting or at a special meeting of the unit owners called for that purpose.
- 9. Presumption of Assent. A director who is present at a meeting of the board of directors at which action on any matter i3 taken shall be presumed to have assented to the action taken, unliss his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting



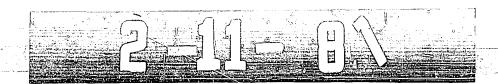
as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

- 10. Removal of Directors. All or any number of the directors may be removed with or without cause at a meeting expressly called for that purpose by a vote of 60 percent of the unit owners entitled to vote on an election of directors. Furthermore, any director who ceases to become a unit owner entitled to vote shall automatically cease to be a director and said position shall be filled as herein provided.
- 11. Compensation of Directors. The directors shall serve without compensation except that any director shall be entitled to compensation for out-of-pocket expenses incurred in the performance of his duties, provided that no expenses shall be incurred in a sum in excess of \$25 without being approved in advance by the board of directors. All reimbursements made and/or authorized by the board of directors to any director shall be reported annually to the members.
- 12. Directors to Adopt Administrative Rules and Regulations. The board of directors shall from time to time adopt such administrative rules and regulations, in addition to those set out in Article 7 of these bylaws, as may be necessary or desireable to govern the details of the operation and use of the common elements, and may, by such administrative rules and regulations, adopt restrictions and requirements with respect to the use and maintenance of the units and the use and maintenance of the common elements as are desireable to prevent unreasonable interference with the use of their respective units and of the common elements by the unit owners.
- 13. 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:
- $\mbox{\ \ (a)}$ Operation, care, upkeep, maintenance and repair of the general and limited common elements.
- (b) Determination of the amounts required for operation, maintenance and other ϵ fairs 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 operation, 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.
- $\mbox{(f)}$ 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), and otherwise dealing with the units of the condominium acquired by the Association or its designee on behalf of all the unit owners.
- $\mbox{(i)}$ 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 of directors if the total cost will exceed the amount of \$2,500.00 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.
- $\mbox{(k)}$ Enforcement by legal means of the provisions of the Oregon Unit Ownership Law, the declarations filed thereunder, these bylaws and any rules and regulations adopted hereunder.
- 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 and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, and including insurance for such other risks as are customarily covered with respect to other condominium projects similar in construction, design and use, which insurance shall be governed by the provisions in this section.
- (a) For the units of the Association and the owners, the board of directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, insurance deemed necessary by the board, including at least the following:
- (1) A policy or policies of fire insurance with the extended coverage endorsement, for the full insurance replacement value of all units and common elements, with either an agreed amount endorsement or an Inflicion Guard endorsement, and such other fire and casualty insurance as the board of directors shall determine to give substantially equal or greater protection to the owners, and their mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee, or mortgagees, or each unit, if any:
- (2) A policy, or policies, insuring the Association, its board of directors, the units owners, and the manager against any liability to the public or the owners of units and of the common elements, and their invitees or tenants, incident to the ownership or use of the project, and including the personal liability exposure of the owners, arising out of their ownership. Limits of liability under such insurance shall not be less than ONE MILLION DOLLARS (\$1,000,000) covering all claims for personal injury and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for non-owned and hired automobile, liability for property of others (such limits and coverage to be issued on a comprehensive liability basis and shall provide cross liability endor



BOOK 1502 MGE 2181

wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her or their, action against another named insured;

(3) A fidelity bond to protect against dishonest acts by its manager, officers, directors, trustees and employees and all others who are responsible for handling funds of the Association. Such fidelity bond shall meet the following requirements:

(a) All shall name the Association as

an obligee

(b) All shall be written in an amount equal to at least 150 percent of the estimated annual operating expenses ofthe condominium project, including reserves, unless a greater amount is required by FNMA; and

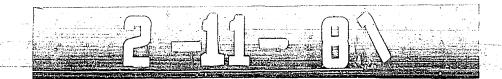
(c) All shall provide that they may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the mortgagee.

 $\mbox{\ensuremath{(4)}}$ Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(b) All policies shall be written by a company licensed to do business in Oregon and holding a rating of "AAA", or better, by Best's Insurance Reports.

(c) Exclusive authority to adjust to losses under policies hereafter in force on the project shall be vested in the board of directors, or its authorized representative.

- (d) In no event shall the insurance coverage obtained and maintained by the board of directors hereunder be brought into contribution with insurance purchased by individual owners or their mortgagees.
- (e) Each owner may obtain additional insurance at his own expense; provided, however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such way as to decrease the amount which the board of directors, in behalf of all the owners, may realize under any insurance policy which the board of directors may have in force on the project at any particular time.
- (f) Each owner must notify the board of directors when he makes any improvements to his unit, the value of which improvements is in excess of ONE THOUSAND DOLLARS (\$1,000.00).
- (g) Any owner who obtains individual insurance policies covering any portion of the project, other than personal property belonging to such owner, shall file a copy of such individual policy, or policies, with the board of directors within thirty (30) days after purchase of such insurance.
- (h) Each of the following hereby waives the right of subrogation against all others hereafter named as to any claims: The board of directors, the manager, the unit owners and their respective servants, agents and guests.
- $\mbox{\ \ (i)}$ The board of directors must make every effort to secure insurance policies which provide the following:
- (1) A provision that the master policy on the project cannot be cancelled, invalidated or suspended on account $c^{\frac{\alpha}{2}}\cdot\cdot$



conduct of any one or more individual owners. BUOK | 502 PAGE 2 | 82

(2) A provision that the master policy on the project 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.

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

(4) A provision that the insurer issue subpolicies specifying that portion of the master policy earmarked for each owners' interest.

written notice and a grace period to the mortgagee, coverage may neither be jeopardized by the conduct of the unit mortgagor-owner, the Association of other unit owners, nor cancelled for nonpayment of premiums.

(6) A rider on the master policy patterned after "rental value" insurance which will provide relief from monthly assessment 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.

(7) Such policy shall bear a mortgagee's clause or a loss-payable clause in favor of any mortgagee or lender requesting the same, but such clause shall not give the mortgagee or lender the right to preempt payment of the insurance proceeds to the Association or to control whether or not the damage is repaired. The insurer shall likewise waiver its right to determine whether the damage should be repaired, and loss adjustment and control of the proceeds of the policy should rest in the Association as trustee for the unit owners.

(j) At least annually, the board of directors, shall increase and such review all insurance carried by the Association of Unit Owners and such review shall include an appraisal of all improvements to the project by a representative of the insurance carrier writing the master policy.

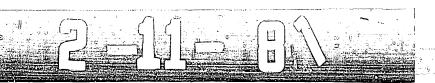
(k) Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a mortgagee or owner of a unit within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

(1) All insurance policies written by the board shall provide that the policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium without at least 30 days prior written notice to the mortgagee).

, ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Association



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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. Acting officers shall be appointed by declarant upon execution of these bylaws. Thereafter, the officers of the Association shall be elected annually by the board of directors at an organizational meeting of each new board and shall held 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 the board of directors. He shall have all 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 board of 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 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 monies 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.

- 9 -

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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 other officers.

ARTICLE V

BUDGET, EXPENSES AND ASSESSMENTS

- 1. <u>Budget</u>. 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 same proportion as his percentage interest in the common elements. 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 mortgages.
- 2. <u>Determination of Common Expenses</u>. Common expenses shall include:
 - (a) Expenses of administration.
- (b) Expenses of operation, maintenance, repair or replacement of common elements, and any centrally metered or billed utilities or services, including but no limited to water, electricity, gas, sewer service and garbage disposal.
- (c) Cost of insurance and 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.
- $\mbox{\em (g)}$ Any other items properly chargeable as an expense of the Association.
- 3. Assessment of Common Expenses. All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the Association pursuant to these bylaws and the declaration. Assessments may not be waived or reduced due to limited use or nonuse of common elements. The declarant shall be assessed as the unit owner of any unsold units, but such assessment shall be prorated to the date of sale of the unit and assessments for reserves need not be paid until closing of such sale. 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. Reserve Fund for Replacement of Common Elements. The board of directors will establish an adequate reserve fund for replacement of common element components which will be funded by monthly payments rather than by extraordinary special assessments. In addition, there must be a

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working capital fund for the initial months of operation of the project equal to at least two months estimated common area charge for each unit.

5. Special Assessments.

- (a) <u>Capital Improvements</u>. In the case of any duly authorized capital <u>improvement to the common elements</u>, 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 provided by the bylaws, 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.
- (c) Electric Service Charge. All charges for electric service based upon building meters shall be paid by the Association as a common expense. All charges for electric service based upon individual unit meters will be billed to and must be paid by the individual unit owner.
- 6. Default in Payment of Common Expenses. In the event of default by any unit owner in payment to the Association the assessed common expenses, such unit owner shall be obligated to pay interest at the rate of nine percent (9%) per annum on such common expenses from the due date thereof, together with all expenses, including attorney's 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 attorney's 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.
- 7. Foreclosure of Liens for Unpaid Common Expenses. In any suit brought by the Association to foreclose a lien on a unit because of unpaid common expenses, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The board of directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing the liens securing the same.
- 8. 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 expense.
- 9. First Mortgages. If a purchaser or mortgagee of a unit obtains title to the unit as a result of foreclosure of a first mortgage



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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. Such unpaid share of common expenses be a common expense of all the unit owners including such purchaser or mortgagee, his successors and assigns.

ARTICLE VI

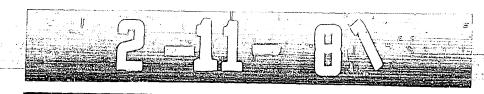
RECORDS AND AUDITS

- l. <u>General Records</u>. The board of directors and the managing agent or a 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 unit owners and mortgagees at convenient hours of weekdays.
- 3. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each unit. Such account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.
- 4. Payment of Vouchers. The treasurer shall pay all vouchers up to \$1,000.00 signed by the chairman, managing agent, manager or other person authorized by the board of directors. Any coucher in excess of \$1,000.00 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 ninety (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 interior 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 floor, wall and ceiling coverings, windows and doors and any plumbing fixtures, telephones, water heaters, fans, lighting fixtures and lamps, fireplaces, air conditioners, furnace, automatic garage door openers, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with his unit. Each unit shall be responsible for all clogging of sanitary lines from the unit to the main sewer connection, and for all wiring, water lines and gas lines from the meter to the 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 unit owners as a common expense. Each unit owner, however, shall keep the limited common elements which pertain to his unit in a neat, clean and sanitary condition.

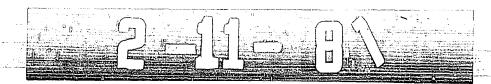
Without limiting the generality of the foregoing, the Association shall maintain and repair all concrete and asphalt in the limited common elements, the exteriors of all buildings, including painting, all structural parts of the buildings, and any damage caused to the interior of a unit due to faulty exterior or structural parts of the building.

2. Additions, Alterations and 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 common elements. A unit owner shall make no repair or alteration or perform any other work on his unit which would jeporadize the soundmess or safety of the property, or reduce the value thereof or soundness or safety of the property, or reduce the value thereof or impair any easement 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 common elements without first obtaining written consent of the board of directors.

3. Damage or Destruction by Casualty of Condominium Property.

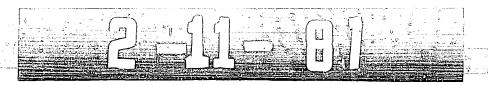
(a) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested 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. If ninety percent (90%) of the unit owners vote not to repair, reconstruct or rebuild the damaged property, the condominium shall be considered removed from unit ownership as provided in the Oregon Unit Ownership Law. 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 all repairing, reconstructing or rebuilding of his unit as is not covered by the Association's insurance.

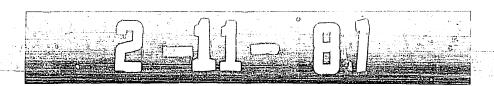
- (c) If, due to the act of neglect of a unit owner, or of a member of his family or his household pet or of a guest or other authorized occupant or visitor of such unit owner, damage shall be caused to the common elements or to a unit owned by others, or maintenance, repairs or replacements shall be 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 in accordance with the provisions of Article 7 (5).
- 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 notice thereof shall be given to the unit owners and their mortgages. 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 accordance with the provisions of Article 7 (5)). Nothing herein shall be deemed to affect the priority of the mortgagees of any units with respect to a condominium award.
- 5. Common Ownership and Valuation of Property Removed From Unit Ownership.
- (a) The respective interest of a unit owner shall be the total of the fair market value of his unit and common element interest appertaining to such unit immediately before termination of the condominium. The proportion of any unit owner's interest to that of all unit owners is determined by dividing the fair market value of that unit owner's unit and common element interest by the total fair market value of each unit and common element interest appertaining to such unit shall be determined by:
 - (i) Agreement to all the unit owners; or
- (ii) An independent appraiser selected by the board of directors of the Association. The decision of the appraiser shall be distributed to the unit owners and shall become final unless within 15 days after the distribution, the board of directors receives written objection from at least 25 percent of the unit owners. In such event, a new appraiser shall be selected by the presiding judge of the Circuit Court for the county in which the property is located. Such appraiser's decision shall be final.
- (b) All costs and expenses incurred under subsection (a) of this section shall be common expenses.



- (c) In the event any part of the property has been damaged or destroyed, the appraiser may use any available data and information pertaining to the condominium including, but not limited to, building plans, prior appraisals and information on file with governmental authorities.
- (d) Liens affecting any unit shall be liens, in accordance with the then existing priorities, against the undivided interest of the unit owner in the property owned in common.
- 6. 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) <u>Use of Common Elements</u>. 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.
- (b) <u>Unlawful Activities</u>. 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.
- (c) <u>Leasing of Units</u>. No unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than his entire unit. Any lease of a unit from a unit owner to a third party shall be in writing and shall be subject to the terms of the declaration and bylaws, and a failure to comply with the terms thereof shall be a default under the lease.

(d) Rules of Conduct.

- (i) No resident of the project shall post any advertisements, or posters, or signs of any kind in or on the project except as authorized by the Association.
- (ii) Residents shall avoid creating disturbances, making noises, or the use of musical instruments, radios, televisions, and amplifiers that may disturb other residents.
- (iii) Those keeping domestic animals will abide by municipal sanitary regulations, leash laws, and other applicable regulation. Or regulations of the Association created under authority of these bylaws.
- (iv) Garbage or trash shall be deposited only in disposal installations provided for such purposes in service areas.
- (v) No owner, resident, or lessee shall install wiring for electrical or telephone installation, television antennae, machines, or air conditioning units, etc., on the exterior of a building except as authorized by the Association. No window guards, awnings, or shades will be installed without the prior consent of the Association.



- (e) Additional 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.
- 7. 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 6 of this Article, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner.
- 8. Easements for Declarant. Declarant 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 declarant as sales offices or model units.
- 9. 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 Association the rights set forth in (a), (b) and (c) below, and shall give any aggrieved unit owner the rights set forth in (b) and (c) below, all of which rights shall be in addition to any other rights set forth in such documents or available by law:
- (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; and
- $$\mbox{(b)}$$ to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings; and/or
 - (c) to sue for damages.

ARTICLE VIII

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 a 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.
- 3. Execution and Recording. An amendment shall not be effective until certified by the chairman and secretary of the Association, approved by the Oregon Real Estate Commissioner, and recorded as required by law.
- 4. <u>Historic Preservation</u>. The Huesner House Condominium has been placed on the national register of historic places. Accordingly, the Huesner House Condominium, consisting of all of the units and common elements, shall be used and maintained so as to preserve its historic value, in accordance with all applicable Federal and State of Oregon historic preservation laws and regulations.

ARTICLE IX

MISCELLANEOUS

- 1. Notices. All notices to the Association or to the board of directors shall be sent in care of the managing agent, or if there is not a 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.
- 2. <u>Waiver</u>. 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, enforceablility 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. Definitions.

18. -

- (a) Adoption by Reference. The definitions contained in or adopted by the declaration shall be applicable to these bylaws.
- (b) <u>Percentage of Unit Owners</u>. Whenever a percentage of unit owners is specified herein, such percentage means the owner of that percentage of the total number of units then existing in the condominium.
- (c) Mortgage and Mortgagee. As used herein, the terms "mortgage" and "mortgagee" shall include, respectively, a trust deed and the beneficiary of a trust deed.



5. 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 on a unanimous vote of the owners or directors, shall be filed in the records of minutes of the Association.

6. Conflicts. These bylaws are intended to comply with the Oregon Unit $\overline{\text{Ownership}}$ 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 at Oregon City, Oregon, this 15th day of December , 1980.

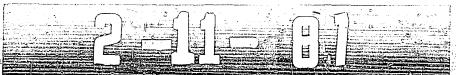
STATE OF OREGON

County of Multnoman)

BOOK 1502 PAGE 2193

We, MICHAEL F. McNAMARA and MICHAEL F. MERKELBACH, hereby certify that we are the duly elected, qualified and acting Declarants, respectively, of the ASSOCIATION OF UNIT OWNERS OF THE HUESNER HOUSE CONDOMINIUM and that the within and foregoing is a full, true and complete copy of the bylaws of the said Association, duly adopted the 15th day of December, 1980, by , the sol owners of all the units therein. 10406

IN WITNESS WHEREOF, we have hereunto set our official signatures this 15th day of December, 1980.



<u> </u>	Michael F. Michaelma
<u> </u>	Michael F. Merkelbach
ł	STATE OF OREGON))ss. 15/12 14/15/2 1/2
	County of Multnomain)
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	IN WITNESS WHEREOF, we have hereunto set our official signatures this 15th day of December, 1980. MICHAEL F. MCNAMARA
	MICHAEL F. MERKELBACH
	The Bylaws herein have been approved as to form this $\frac{29}{100}$
	day of January, 1981. WILLIAM F. GWINN Real) Estate Commissioner By ON On ex 9 Ne
10406	STATE OF OREGON Multinoman County A
न	l, israion Services and Recorder of Conveyances, in and for seld County, do hereby certify that the willing muturement, or willing was received for record and
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DECLARATION OF UNIT OWNERSHIP FOR

THE HUESNER HOUSE CONDOMINIUM BOOK 1502 PAGE 2194

THIS DECLARATION, pursuant to the provisions of ORS Chapter 91 (Unit Ownership Law) is made and executed in Multnomah County, Oregon, this 15th day of December, 1980 by Michael F. McNamara and Michael F. Merkelbach, hereinafter called "Declarant", pursuant to the provisions of the Unit Ownership Act of Oregon;

WITNESSETH:

WHEREAS Declarant is the owner of certain real property lying and being within the City of Portland, Multnomah County, Oregon, hereinafter described;

WHEREAS, there are existing upon the premises certain apartment units and other improvements:

WHEREAS, Declarant intends to submit the premises and improvements to the provisions of the Unit Ownership Law of Oregon, ORS Chapter 91, and to sell and convey the same to various purchasers, subject to the covenants, conditions and restrictions herein reserved to be kept and observed;

WHEREAS, together herewith, Declarant files for record in the office of the recording officer of Multnomah County, Oregon, (1) the floor plans of the units described in this Declaration, showing the vertical and horizontal boundaries, designation, location and dimensions of each unit and the common elements to which each has access, and also showing the types of units available, there being attached to the floor plans a statement of a registered architect or registered professional engineer certifying that the plans fully and accurately depict the boundaries of the units and date construction of the improvements on the floor plans and plat was completed; (2) a plat of that portion of the land subject to this Declaration, complying with ORS 92.080 and based upon a survey showing the bearing and length of each line, the initial point of the survey giving ties to a corner of corners of record or to monuments set and found and the location of all buildings, roads, roadways and other improvements to which is attached a surveyor's affidavit, complying with ORS 92.070; and (3) the Bylaws of the Huesner House Condominium;

WHEREAS, Declarant desires and intends by filing this Declaration, the aforesaid floor plans and plat to submit the above-described real property, condominiums and other improvements constructed thereon, together with all the appurtenances, to the provisions of the Unit Ownership Act as a condominium project and to impose upon the land, building and improvements mutually beneficial restrictions under a general plan of improvements for the benefit of the condominiums and the owners thereof, now, therefore,

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CORRECTION

cial restrictions under a general plan of improvements to the benefit of the condominiums and the owners thereof, now, therefore,

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DECLARATION OF UNIT OWNERSHIP FOR

THE HUESNER HOUSE CONDOMINIUM BOOK 1502 PAGE 2194

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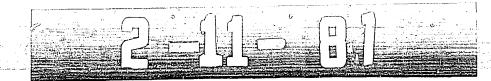
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WHEREAS, Declarant intends to submit the premises and improvements to the provisions of the Unit Ownership Law of Oregon, ORS Chapter 91, and to sell and convey the same to various purchasers, subject to the covenants, conditions and restrictions herein reserved to be kept and observed;

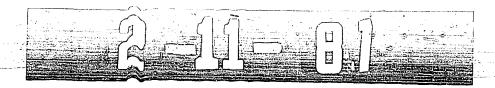
WHEREAS, together herewith, Declarant files for record in the office of the recording officer of Multnomah County, Oregon, (1) the floor plans of the units described in this Declaration, showing the vertical and horizontal boundaries, designation, location and dimensions of each unit and the common elements to which each has access, and also showing the types of units available, there being attached to the floor plans a statement of a registered architect or registered professional engineer certifying that the plans fully and accurately depict the boundaries of the units and date construction of the improvements on the floor plans and plat was completed; (2) a plat of that portion of the land subject to this Declaration, complying with ORS 92.080 and based upon a survey showing the bearing and length of each line, the initial point of the survey giving ties to a corner of corners of record or to monuments set and found and the location of all buildings, roads, roadways and other improvements to which is attached a surveyor's affidavit, complying with ORS 92.070; and (3) the Bylaws of the Huesner House Condominium;

WHEREAS, Declarant desires and intends by filing this Declaration, the aforesaid floor plans and plat to submit the above-described real property, condominiums and other improvements constructed thereon, together with all the appurtenances, to the provisions of the Unit Ownership Act as a condominium project and to impose upon the land, building and improvements mutually beneficial restrictions under a general plan of improvements for the benefit of the condominiums and the owners thereof, now, therefore,



DECLARANT HEREBY PUBLISHES AND DECLARES that the land in fee simple above-described is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of the land and the division thereof into condominium units, and shall be deemed to run with the land and be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the land, condominiums and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

- l. Definitions. Certain terms as used in this Declaration are defined in \overline{ORS} 91.500, and other terms used herein shall be defined as follows, unless the context clearly indicates the different meaning:
- (a) "Declarant" shall mean Michael F. McNamara and Michael F. Merkelbach.
 - (b) "Declaration" shall mean this instrument;
 - (c) "Project" shall mean the "property" as defined in ORS 91.500 (18);
 - (d) "Condominium" shall mean the entire estate owned by an owner, consisting of an undivided interest in the land, in the general common elements, any attributable limited common elements and all appurtenances thereto and the ownership of a separate interest in a unit;
 - (e) "Owner" shall mean any person, natural or artificial, or any group of persons, with an ownership interest in a condominium in the project;
 - (f) "Board of Directors" shall mean the Board of Directors of the Association of Unit Owners'
 - (g) "Mortgage" shall mean a deed of trust as well as a mortgage;
 - (h) "Mortgagee" shall mean a beneficiary under, or holder of, a deed of trust as well as a mortgage;
 - (i) "Institutional holder" of a mortgage or trust deed is a mortgagee which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation, or any federal or state agency;
 - (j) "Association of Unit Owners" shall mean the Association of Unit Owners of the Huesner House Condominium formed pursuant to ORS 91.500 et seq.
 - (k) "Bylaws" shall mean the bylaws of the Huesner House Condominium adopted pursuant to Section



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19 below as the same may be amended from time to time.

Land Description. The description of land which is subject in fee simple to this declaration is set forth and described in Exhibit "A" attached hereto and hereby made a part hereof.

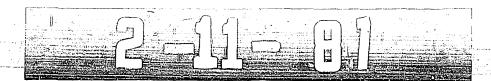
 $^{3}\cdot$ Name. The name by which the project shall be known is "The $^{\beta u}$ ener House Condominium".

Unit Description.

- (a) <u>Description</u>: The project consists of one three story existing building, containing four units plus a basement and attached four car garage. The building is of wood frame construction with wood is iddings; roof is wood framed with asphalt composition; basement to cement and foundation is brick. The location, dimension, design and approximate area of each unit are set forth in the attached floor plan a marked in Exhibit "B".
- (b) Boundaries of Unit: Each unit shall be bounded by the interior unfinished surfaces of its perimeter and bearing walls, floors, ceilings, windows and window frames, door and door frames, and trim and shall include both the interior unfinished surfaces of 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.
- General Common Elements. The general common elements consist of the land, pathways, sidewalks, roadways, driveways, fences, grounds and landscaping, foundations, columns, access to direct property, graders, beams, supports, perimeter walls, bearing walls, poofs, central installation of electrical, gas, sewage and water, place, ducts, flues, chutes, conduits, wires and other utility installations to their outlets, except to the extent the same are declared as limited common elements or are included in the units, front party, second story rear deck, entry ways and hallways on the first and gecond floor, as more particularly set forth in Exhibit "B" attacked hereto and by this reference made a part hereof.

 f ch unit owner shall have a 25% ownership interest in the common g energy. The method of determining the percentage interest in the OT non elements shall be that each unit shall have an equal interest

- Limited Common Elements. The limited common elements are those common elements designated herein as reserved for the use of a cettin unit or units, to the exclusion of the other units. The limited Common elements for each unit include the fireplaces located in each unit, and the deck area adjacent to units 3 and 4 and garages as show on the plat as bearing a number corresponding with the unit number the unit of the unit to which it appertains, as set forth on Exhibit "B", attached hereto and by this reference made a part herof.
- 7. Use Intended. Use for which each of the units is intended and $\lim^{|t|} \mathbb{R}^{d}$ is as follows:
- (a) No owner shall occupy or use his unit, or permit the same Sr any part thereof to be occupied or used, for any purpose other $t^{|A|}N_1$ a private residence for the owner, the owner's family and his guests; except that an owner may lease his unit for residential



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purposes for continuous periods in excess of 29 days, if such lease is in writing and expressly incorporates the provisions of the declaration and bylaws in the terms of the lease.

With the exception of a lendor in possession of a condominium unit following a default in a first mortgage, foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than the entire unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the declaration and bylaws and that failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing. Other than the foregoing, there are no restrictions on the right of the unit owner to lease his unit.

- (b) There shall be no obstruction of the common elements. Nothing shall be stored in common elements without the prior consent of the board of directors;
- (c) Nothing shall be done or kept in any unit or in common elements which will increase the rate of insurance on the common elements without the prior consent of the board of directors. No owner shall permit anything to be done or kept in his unit or in the common elements which will resolve in cancellation of insurance on any unit or any part of the common elements, or which will be in violation of any laws. No waste shall be committed in the common elements;
- (d) No sign of any kind shall be displayed to public view on or from any unit or the common elements without the prior consent of the board of directors;
- (e) No animals, livestock or poultry shall be raised, bred or kept in any unit or in the common elements, except that dogs, cats or other household pets may be kept in units, subject to the rules and regulations adopted by the board of directors.
- (f) No noxious or offensive activity shall be carried on in any unit or in the common elements, nor shall anything be done therein which may be or become an annoyance or nuisance to the other owners;
- $\,$ (g) Nothing shall be altered or constructed in, or removed from, the common elements, except upon the written consent of the board of directors; and
- (h) None of the rights and obligations of the owners created herein or by the deed conveying the condominiums shall be altered in any way by encroachment due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance for said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner, or owners, if encroachment occurred due to the willful conduct of the owner, or owners.
- 8. Service of Process. The person who shall receive service of process as provided by ORS 91.578 shall be:

Michael F. Merkelbach 904 S.E. 70th Portland, Oregon - - Y.e. "

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- 9. Powers of Board of Directors. The board of directors shall have the exclusive right to contract for insurance upon the units and general and limited common elements and for all goods and services necessary for the repair, maintenance and improvement of all general and limited common elements and shall have the power to assess the unit owners on account thereof in the manner provided in the bylaws of the Association of Unit Owners. Until the first meeting of the board of directors, which shall not occur until three units are sold and delivered, declarant shall exercise all the powers of the board of directors, and shall have the power and authority to contract for insurance, goods and services on behalf of the Association of Unit Owners for terms extending to, or beyond, first meeting of the board of directors; provided, however, that such insurance, goods and services shall not be contracted for a period in excess of that normally to be contracted by a prudent property owner.
- 10. Voting. Each unit owner shall be entitled to one vote in the affairs of the Association of Unit Owners for each unit owned by him.
- ll. Management of Affairs of the Association of Unit Owners. The affairs of the Association of Unit Owners shall be managed by a board of directors and by officers consisting of a chairman, secretary and treasurer and by a manager, if employed as approved in the bylaws. The board of directors shall adopt administrative rules and regulations governing details of the operation, maintenance and use of the property, and preventing unreasonable interference with the use of the respective units and of the common elements by the unit owners.
- 12. Compliance With Bylaws and Other Restrictions. Each unit owner shall strictly comply with the bylaws and with the administrative rules and regulations adopted pursuant thereto and with the terms of this declaration. In the event of the failure by any unit owner to so comply, the Association or any aggrieved unit owner shall, in addition to any other remedies provided by such documents or by law, have the right to bring an action for the recovery of damages, or for injunctive relief, or both.
- 13. Maintenance and Improvements of Units. A unit owner shall make no repairs or alteration or perform any work on his unit which would jeopardize the soundness or safety of the property, reduce the value thereof or impair any easement or hereditament unless the consent of all unit owners affected is first obtained.

14. Use and Maintenance of Common Elements.

- (a) Each unit owner may use the common elements in accordance with the purposes for which they are intended but may not hinder or encroach upon the lawful rights of the other unit owner.
- (b) The necessary work to maintain, repair or replace the common elements and additions thereto shall be the responsibility of the board of directors and shall be carried as provided in the bylaws. If the mortgagee of any unit owner determines that the board of directors is not providing an adequate maintenance, repair or replacement program for the common elements, such mortgagee, 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, upon written notice to the registered agent

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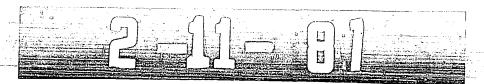
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it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meeting of the Association of Unit Owners and to cast a vote for each unit on which it holds the mortgage on all business coming from such meeting, which proxy rights shall continue until the defects listed on the notice are corrected.

- (c) The method of determining common expenses and common profits shall be that each unit is entitled to an equal share of common expenses and common profits.
- (d) The Association of Unit Owners shall have the right, to be exercised by the board of directors or the manager employed by the board of directors, to have access to each unit as may be necessary for the maintenance, repair or replacement of the unit or of the common elements necessary for the public safety or to prevent damage to the common elements or to another unit.

15. Lien of Association Against Unit.

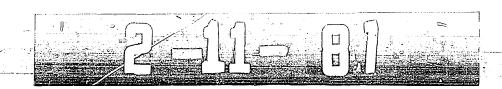
- (a) Whenever the Association of Unit Owners furnishes to a unit owner any services, labor or material lawfully chargeable as common expenses, the Association of Unit Owners, upon complying with Subsection (b) of this Section, shall have a lien upon the individual unit and the undivided interest in the common elements appertaining to such unit for such common expenses, and for any unpaid assessments and interest as provided in Paragraph (2) of Subsection (b) of this Section. The lien shall be prior to all other liens or encumbrances upon the unit except:
 - (1) Tax and assessment liens; and(2) A first mortgage or trust deed of record.
- (b) (1) The Association of Unit Owners claiming the benefits of Subsection (1) of this Section shall record in Multnomah County a claim containing a true statement of the account due for such common expenses after deducting all just credits and offsets; the name of the owner of the unit, or reputed owner, if known; a description of the property where the common expenses were furnished and the designation of the unit, sufficient for identification.
- (2) Where a claim has been filed and recorded pursuant to this Section and owner of the unit or undivided interest subject to the claim thereafter fails to pay any assessment chargeable to such unit or undivided interest, then so long as the original or any subsequent unpaid assessment remains unpaid assessments and interest automatically accumulate the subsequent unpaid assessments and interest thereon without the necessity of further filings under this Section.
- (c) Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of a foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any other purchaser at a foreclosure sale, will take the unit free of any claims for unpaid assessments and charges against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a prorata share of such assessment or charges resulting from a prorata reallocation of such assessments or charges to all project units including the mortgage unit.
- 16. Approval of Mortgagees. In addition to any other approvals required by the Oregon Unit Ownership Law, this declaration or by the bylaws, the prior written approval of the holders of all first mortgages on units in the condominium (based upon one vote for



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each first mortgage owned) must be obtained for the following:

- (a) Abandonment or termination of the condominium regime;
- (b) Any change in the prorata interest or obligations of any individual unit for purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or determining the prorata shares of ownership of each unit in the common elements;
 - (c) The partition or subdivision of any unit;
- (d) Abandonment, partition, subdivision, encumbrance, sale or transfer of the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause;
- (e) Use of hazard insurance proceeds for losses to any condominium property, whether to units or to common elements, for other than the repair, 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;
- (f) A change in the percentage interest of the unit owners; and
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- 17. Rights of First Mortgage Holders. Each institutional holder of first mortgages on the condominium in the project:
- (a) Shall have the right to examine the books and records of the Association of Unit Owners and to require annual reports and other financial data.
- (b) Shall receive from the board of directors prompt notice of any default in a unit mortgagor's obligations under this declaration or the bylaws of the Association of Unit Owners of the Huesner House Condominium.
- (c) Shall receive from the board of directors written notice of any condemnation proceeding involving the project and of any claim made under the Association's casualty insurance.
- (d) Must give its prior approval in writing before the following acts can be taken:
- (1) The abandonment or termination of the project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain;
 - (2) The subdivision of any unit;
- $$\rm (3)$$ The effectuation of any decision by the board of directors to terminate professional management and assume self-management of the project;
- (4) Abandonment, partition, subdivision encumbrance, sale or transfer of the common elements. The granting of



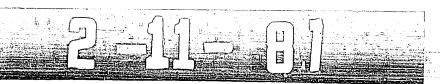
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easements for public utilities for further public purposes consistent with the intended use of the common elements by the condominium project shall not be deeded or transferred within the meaning of this clause; and

- (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 cases of substantial loss to the units and/or common elements of the condominium project.
- (e) Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the unit free of any claims for unpaid assessments and charges against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for prorata share of such assessments or charges resulting from a prorata allocation of such assessments or charges to all project units including the mortgaged units.
- 18. Encroachments. If any portion of the common elements encroaches or shall encroach upon any unit, or if any unit encroaches or shall encroach upon any other unit or upon any portion of the common elements, as a result of the construction of any building or 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.
- 19. Adoption of Bylaws. The undersigned owners of the property subject to this Declaration have adopted, pursuant to the requirements of the Oregon Unit Ownership Law, the bylaws attached hereto, marked Exhibit "C" to govern the administration of the property.

20. Reservation of Easements; Sales Offices.

- (a) Declarant and its agents, successors and assigns shall have a nonexclusive easement for ingress and egress over all areas of the project. Such easement shall be for the benefit of and shall run with the ownership of the property. Such easement shall exist for the purposes of making repairs to existing structures, and carrying out sales activities necessary convenient for the sale of the units.
- $$\rm (b)$$ Declarant reserves the right to occupy and use one unit as a model until all units in the project are sold.
- 21. Condemnation. If part of the project shall be taken or condemned by any authority having the power of eminent domain, such that no unit nor any part thereof is taken, and no part of a limited common element to which a unit has exclusive use is taken, then all compensation and damages for and on account of the taking of the common elements, exclusive of compensation for consequential damages to certain affected units, shall be payable to the board of directors



as trustee for all unit owners and mortgagees according to the loss or damages to their respective interests in such common elements. The Condominium Association acting through its board of directors, shall have the right to act on behalf of the unit owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the common elements, of any one or more units, to represent their own interests. Such proceeds shall, subject to the prior rights of such mortgagees, become part of the reserve funds of the Association. Nothing herein is to prevent unit owners whose units are specially affected by the taking or condemnation proceedings from joining in such proceeding and petitioning on their own behalf of consequential damages relating to loss of value of the affected units, or personal improvements therein, exclusive of damages relating to common elements. In the event that the condemnation award does not allocate consequential damages to specific unit owners, but by its terms includes an award for reduction in value of units without such allocation, the award shall be divided among affected unit owners, subject to the rights of mortgagees of such units, and the board of directors in accordance with the rules then obtaining of the American Arbitration Association.

If part or all of the project shall be taken or condemned by any authority having the power of eminent domain, such that any unit or a part thereof (including a limited common element) is taken, the Association shall act on behalf of the unit owners with respect to common elements as set forth in the preceding paragraph, without limitation on the right of any mortgagecs of any one or more units to represent their own interests, and the proceeds shall be payable as outlined therein. The unit owners shall represent and negotiate for themselves with respect to the damages affecting their respective units (including the taking of a limited common element). The awards so made shall, subject to the prior rights of mortgagees, be used and distributed by the trustee first to restore the units and common buildings or facilities on the remaining land of the project in the same manner as provided for restoration to the extent possible, attempting to rebuild buildings containing new units of the same number, size and basic plan as the units taken, with any excess award distributed. In the event that the board of directors determines that such a taking so removes land and buildings containing units that they cannot effectively be restored or substantially in compliance with the building plans, and unless seventy-five percent (75%) of the unit owners and holders of first mortgages encumbering seventy-five percent (75%) of the undivided interest in the common elements subject to mortgages vote to accept an alternative plan, then the board of directors shall submit the issue to arbitration in accordance with the rules then obtaining of the American Arbitration Association for remedies with respect to the continued existence or reform of the project, the division of the American Arbitration as accordance with and such other remedies as may be required, provided that no such award shall impair the validity or priority of or affect any rights or remedies of any mortgagee.

22. Amendments to the Declaration.

(a) In addition to any other approvals which may be required by law or by this Declaration, this Declaration may not be amended without the written consent of declarant until such time as seventy percent (70%): of the units have been sold and conveyed to purchasers.

(b) At any time during pre-sales and prior to the transfer of possession and ownership of any unit to a purchaser.

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declarant shall have and hereby reserves the right, with the consent of the Oregon Real Estate Commissioner, to amend, alter or withdraw this Declaration in whole or in part. Declarant's withdrawal of this Declaration in full shall relieve the real property of its submission to unit or marking. to unit ownership.

- (c) Except as otherwise provided herein, the provisions of this Declaration may be amended by an instrument in writing signed and acknowledged by record owners holding seventy-five percent (75%) of the total vote hereunder, certified by the chairman and secretary of the Association of Unit Owners, approved by the Oregon Real Estate Commissioner and effective when recorded in the office of the recording of Multipurab County Oregon officer of Multnomah County, Oregon.
- $\,$ (d) Sections 14 and 16 of this Declaration may not be amended without the written consent of all mortgagees of units in the condominium.
- 23. Sanctions. The failure of any unit owner to comply with the provisions of the Declaration and bylaws will give rise to cause of action in the Unit Owners Association and any aggrieved unit owner for the recovery of damages, or for injunctive relief, or both.
- 24. Enforcement. Each unit owner shall comply strictly with the provisions of this Declaration and with the bylaws of the Association of Unit Owners and rules and regulations promulgated pursuant thereto, as the same shall be lawfully amended from time to time. Failure to comply shall be grounds of an action to recover sums due for damages, or injunctive relief, or both maintainable by the board of directors on behalf of the owners or in a proper case, by an aggregated councr.
- 25. Right of Entry. The Unit Owners Association will have a reasonable right of entry upon the unit premises to affect emergency or other necessary repairs which the unit owner has failed to perform.
- 26. Expansion. The project will not be subject to a proposal or plan pursuant to which the project is subject to additions or expansions. There will be no additions or phased developments.
- 27. Easements, Right of Ways, Licenses Affecting the General Common Elements. The Association of Unit Owners, according to the provisions of ORS 91.527 (5) has the authority to grant easements, right of ways, licenses and other similar interests affecting the general common elements of the condominiums.
- Effective Date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, Declarant has subscribed this Declaration on the day and year first above

Milal J. Mula MICHAEL F. MERKELBACH

	STATE OF OREGON))ss. County of Multnomah)	. В	00x 502 - PACE 220 4	
	December 15	1980.		
	Personally appeared and Michael F. Merkelbac to be their voluntary ac	ared the above-named M ch and acknowledged th ct and deed.	ichael F. McNama e foregoing inst	ra rument
		Before me:		
•		Huzen J.	Modeley	
, , , , , , , , , , , , , , , , , , ,	VALUE OF THE STATE	Notary Public f My commission e	xpires: 7/1-8/	
	30. The following ORS 91.512 this 29 day	ing Declaration is app of <u>Jonual</u> 1981.	roved pursuant t	:0
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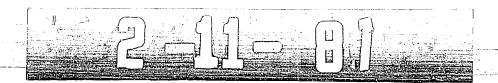
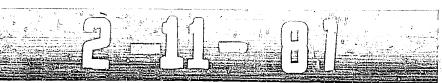
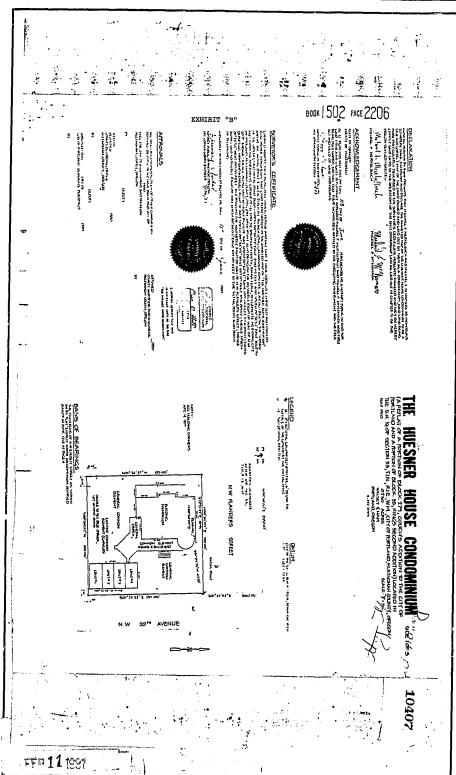
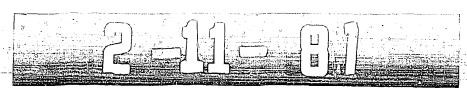


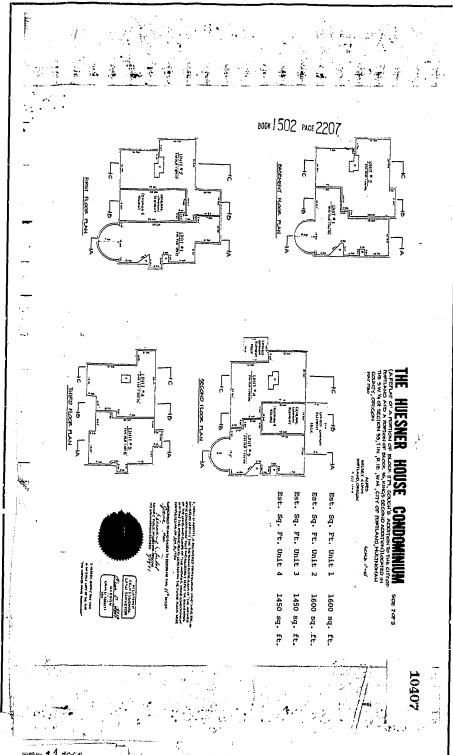
EXHIBIT "A" 800K | 502 FMCF 2205

(A replat of a portion of Block 279, Couch's addition to the City of Portland and a portion of Block 35, King's Second Addition) located in the S.W. 1/4 of Section 33, T. IN., R. IE., W.M., City of Portland, Multnomah County, Oregon, as more particularly described in Exhibit "B", Surveyors Certificate.

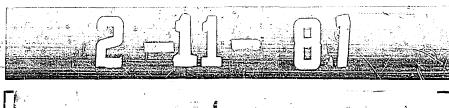


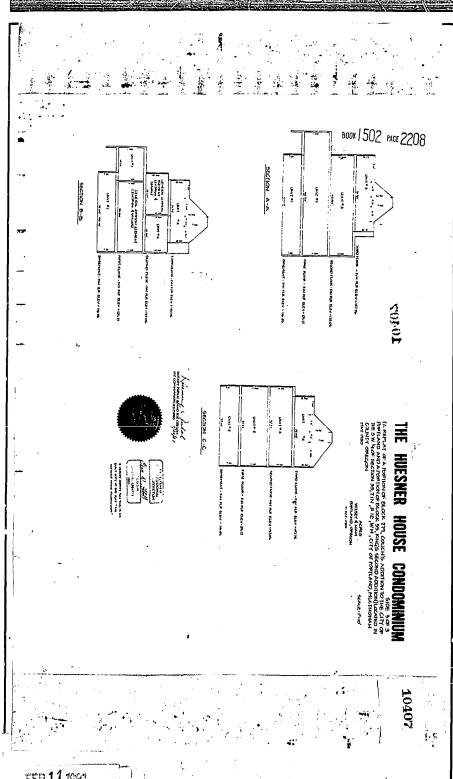


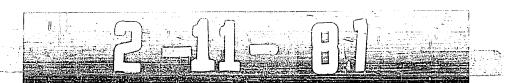




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DEED OF RECONVEYANCE

BOOK 1502 PACE 2067

Henry L. Bauer, trustee o	r successor trustee und	er that certain	trust deed	executi	ed and deliv	ered by	1	
	LDERS INC., a			10.	1979		, as gra	
Dec 7, 1979	, and	recorded on _					in Book, Volun	ne or
1494 17	19 , or as Documer	nt/Fee/File/Ins	trument/M	icrofilr	n No		_ Mortgage Red	ords
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TATE OF OREGON ounty of Multnomah	} ss.					,03.00		
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Heusner House Condominium Association 333 NW 20th Ave Portland, OR 97209

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Arbitration of Disputes. In the event of a dispute among the owners with regard to the provisions of this section 1 of Article VII and Article IX, any owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to members of the Board of Directors and all Owners as promptly as possible after reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such Arbitrator in this matter shall be final and conclusive on all Owners. The Arbitrator may include in his decision, an award for the costs and/or attorneys' fees against any one or more of the parties to the arbitration.

Thom Walters Owner Unit 2

Kathy Walsh Owner Unit 3

Joana Freedman Owner Unit 1

Clinton Wittstruck Owner Unit 4

MARCIA A. WITTEMAN NOTARY PUBLIC — OREGON M, Cominission Expires. 2

'MARCIA A. WITTEMAN

STATE OF OREGON.

County of Multnomah

29th BE IT REMEMBERED, That on this day of August before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Joana Freedman, Thom Walters, David Murphy, Kathleen Walsh, Clinton Wittstruck

known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that above named executed the same freely and voluntarily.

IN_TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

> Marcia a Willeman Notary Public for Oregon.

My Commission expires 2/25/92

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L a Deputy for the Recorder of Conveyances, in and for seaf operations, can be seen that the without nationaried in writing was received but record and recorded in the record of sead County.

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