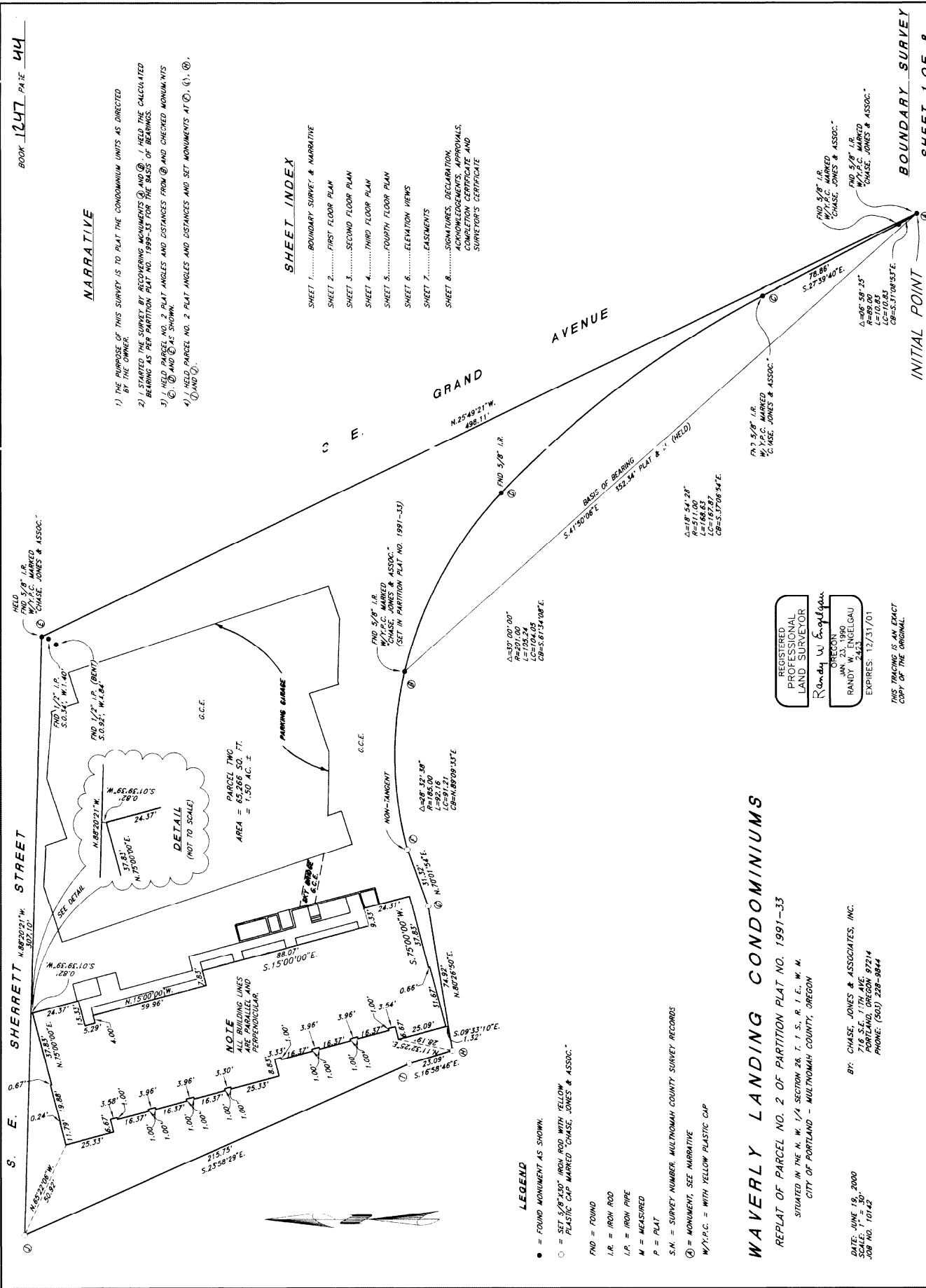


NARRATIVE

- 1) THE PURPOSE OF THIS SURVEY IS TO PLAT THE CONDOMINIUM UNITS AS DIRECTED BY THE OWNER.
- 2) I STARTED THE SURVEY BY RECOVERING MONUMENTS ① AND ②. I HELD THE CALCULATED BEARING AS PER PARTITION PLAT NO. 1991-33 FOR THE BASIS OF BEARINGS.
- 3) I HELD PARCEL NO. 2 PLAT ANGLES AND DISTANCES FROM ③ AND CHECKED MONUMENTS ④, ⑤ AND ⑥ AS SHOWN.
- 4) I HELD PARCEL NO. 2 PLAT ANGLES AND DISTANCES AND SET MONUMENTS AT ⑦, ⑧, ⑨, ⑩.

SHEET INDEX

- SHEET 1.....BOUNDARY SURVEY & NARRATIVE
- SHEET 2.....FIRST FLOOR PLAN
- SHEET 3.....SECOND FLOOR PLAN
- SHEET 4.....THIRD FLOOR PLAN
- SHEET 5.....FOURTH FLOOR PLAN
- SHEET 6.....ELEVATION VIEWS
- SHEET 7.....EASEMENTS
- SHEET 8.....SIGNATURE, DECLARATION, ACKNOWLEDGEMENTS, APPROVALS, COMPLETION CERTIFICATE AND SURVEYOR'S CERTIFICATE



REGISTERED PROFESSIONAL LAND SURVEYOR
Randy W. Engle
 OREGON
 JAN. 23, 1990
 RANDY W. ENGLER
 2433
 EXPIRES: 12/31/01

THIS TRADING IS AN EXACT COPY OF THE ORIGINAL.

WAVERLY LANDING CONDOMINIUMS

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33

SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4 CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON

BY: CHASE, JONES & ASSOCIATES, INC.
 216 S.E. 17TH AVE.
 PORTLAND, OREGON 97214
 PHONE: (503) 228-9844

DATE: JUNE 19, 2000
 JOB NO. 10142

- LEGEND**
- = FOUND MONUMENT AS SHOWN.
 - = SET 6.0"x8.0" IRON ROD WITH YELLOW PLASTIC CAP MARKED "CHASE, JONES & ASSOC."
 - FND = FOUND
 - I.R. = IRON ROD
 - I.P. = IRON PIPE
 - M = MEASURED
 - P = PLAT
 - S.N. = SURVEY NUMBER, MULTNOMAH COUNTY SURVEY RECORDS
 - ① = MONUMENT, SEE NARRATIVE
 - W/1/2" P.C. = WITH YELLOW PLASTIC CAP

WAVERLY LANDING CONDOMINIUMS

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33

SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4.

CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON

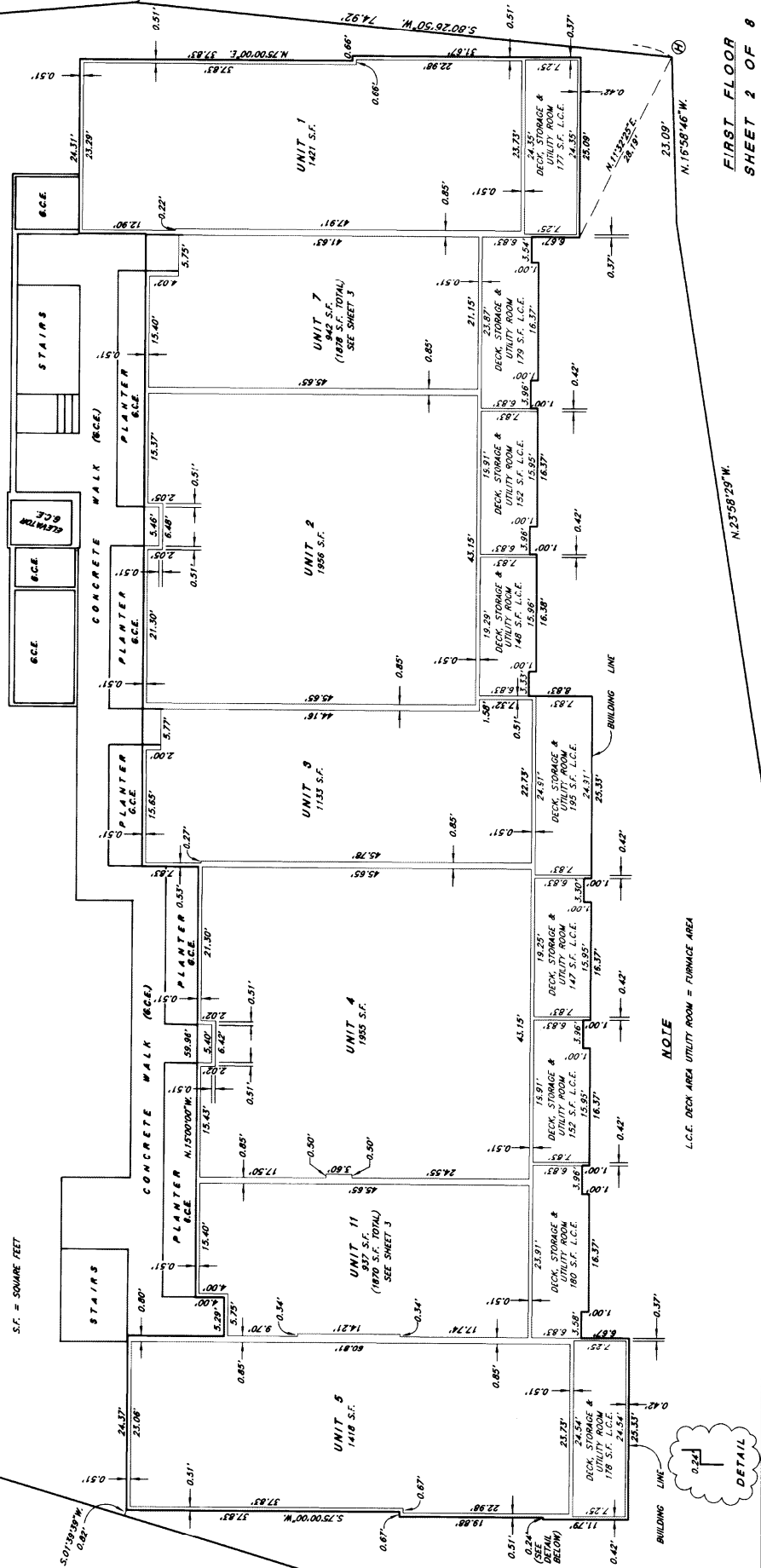
DATE: JUNE 19, 2000
SCALE: 1" = 10'
JOB NO. 10142

BY: CHASE, JONES & ASSOCIATES, INC.
1100 S.W. 17TH AVE.
PORTLAND, OREGON 97214
PHONE: (503) 228-8844

REGISTERED
PROFESSIONAL
LAND SURVEYOR
Randy W. Engelgau
OREGON
NO. 12345
RANDY W. ENGELGAU
2452
EXPIRES: 12/31/01

THIS TRACING IS AN EXACT
COPY OF THE ORIGINAL

NOTE
ALL BUILDING AND UNIT LINES
ARE PARALLEL AND PERPENDICULAR.
G.C.E. = GENERAL COMMON ELEMENT
L.C.E. = LIMITED COMMON ELEMENT
S.F. = SQUARE FEET



NOTE
L.C.E. DECK AREA UTILITY ROOM = FURNACE AREA

DETAIL

WAVERLY LANDING CONDOMINIUMS

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33

SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4.

CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON

BOOK 1247 PAGE 410

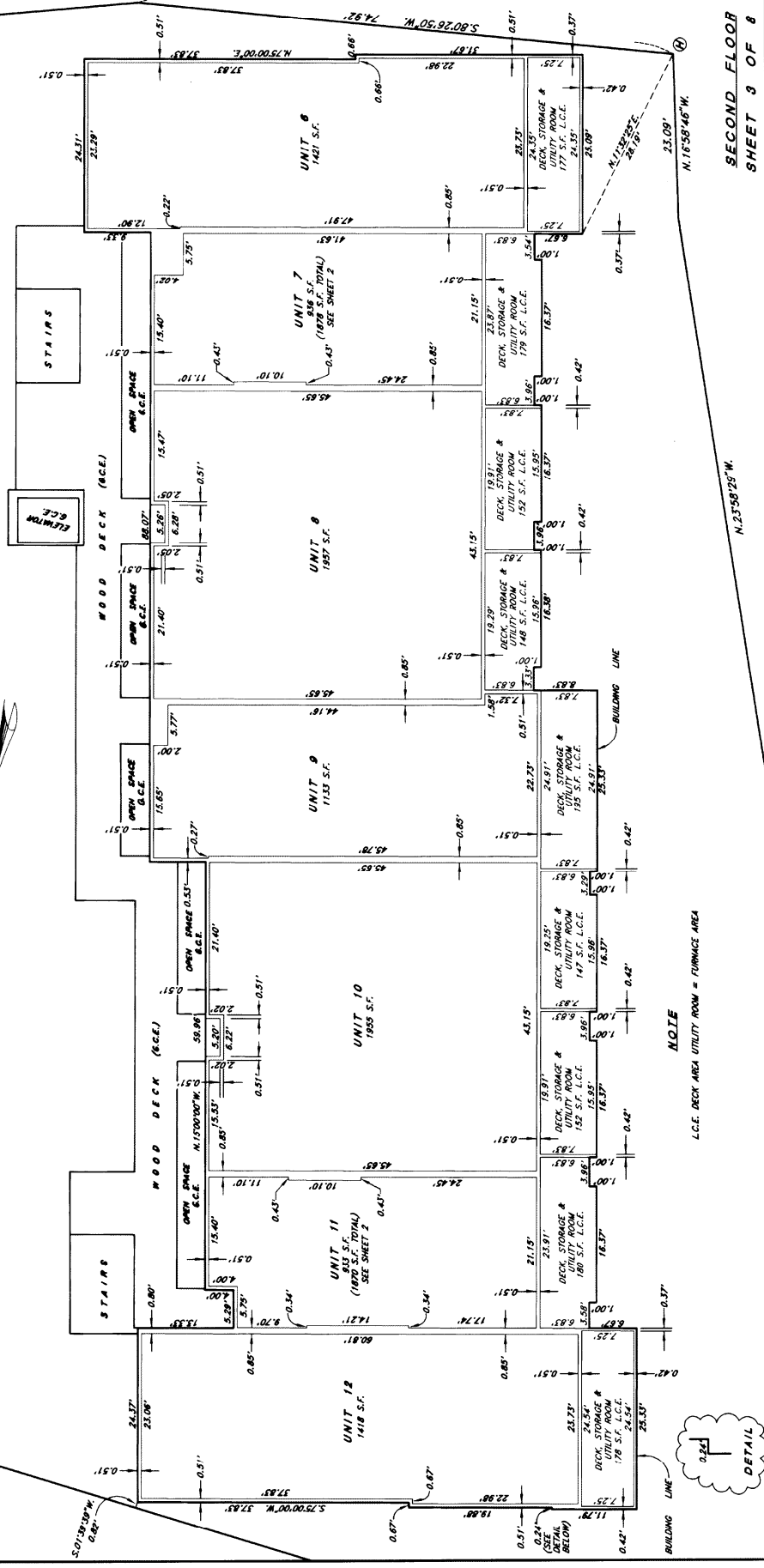
DATE: JUNE 19, 2000
 FILE NO. 10
 JOB NO. 10142

BY: CHASE, JONES & ASSOCIATES, INC.
 PORTLAND, OREGON 97214
 PHONE: (503) 228-8844

REGISTERED PROFESSIONAL LAND SURVEYOR
 Randal W. Engelage
 OREGON
 JUN. 23, 1980
 RANDY W. ENGELGAU
 JUNE 23, 1980
 EXPIRES: 12/31/01

THIS TRACING IS AN EXACT COPY OF THE ORIGINAL

NOTE
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 G.C.E. = GENERAL COMMON ELEMENT
 L.C.E. = LIMITED COMMON ELEMENT
 S.F. = SQUARE FEET



SECOND FLOOR
 SHEET 9 OF 8

WAVERLY LANDING CONDOMINIUMS

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33
SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4
CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON

BY: CHASE, JONES & ASSOCIATES, INC.
716 S. 117TH AVE.
PORTLAND, OREGON 97214
PHONE: (503) 228-5844

DATE: JUNE 19, 2000
SCALE: 1" = 10'
JOB NO. 10142

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Randy W. Engelgau

OREGON
LAND SURVEYOR
RANDY W. ENGELGAU
2423

EXPIRES: 12/31/01
THIS DRAWING IS AN EXACT
COPY OF THE ORIGINAL

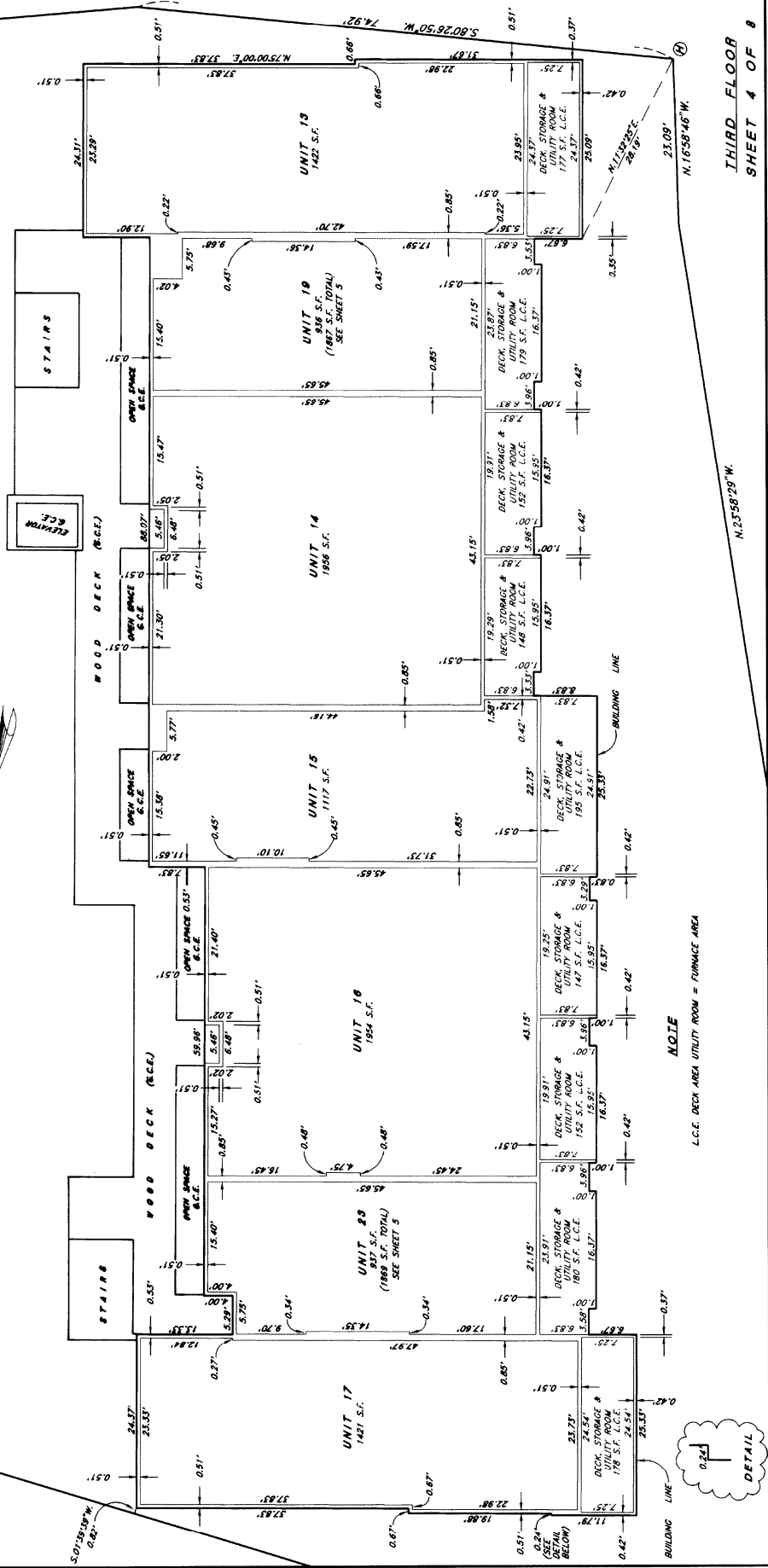
NOTE

ALL BUILDING AND UNIT LINES
ARE PARALLEL AND PERPENDICULAR.

G.C.E. = GENERAL COMMON ELEMENT

L.C.E. = LIMITED COMMON ELEMENT

S.F. = SQUARE FEET



NOTE

L.C.E. DECK AREA UTILITY ROOM = FUNNACE AREA

WAVERLY LANDING CONDOMINIUMS

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33

SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4.
CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON

DATE: JUNE 19, 2000
SCALE: 1" = 10'
JOB NO. 10142

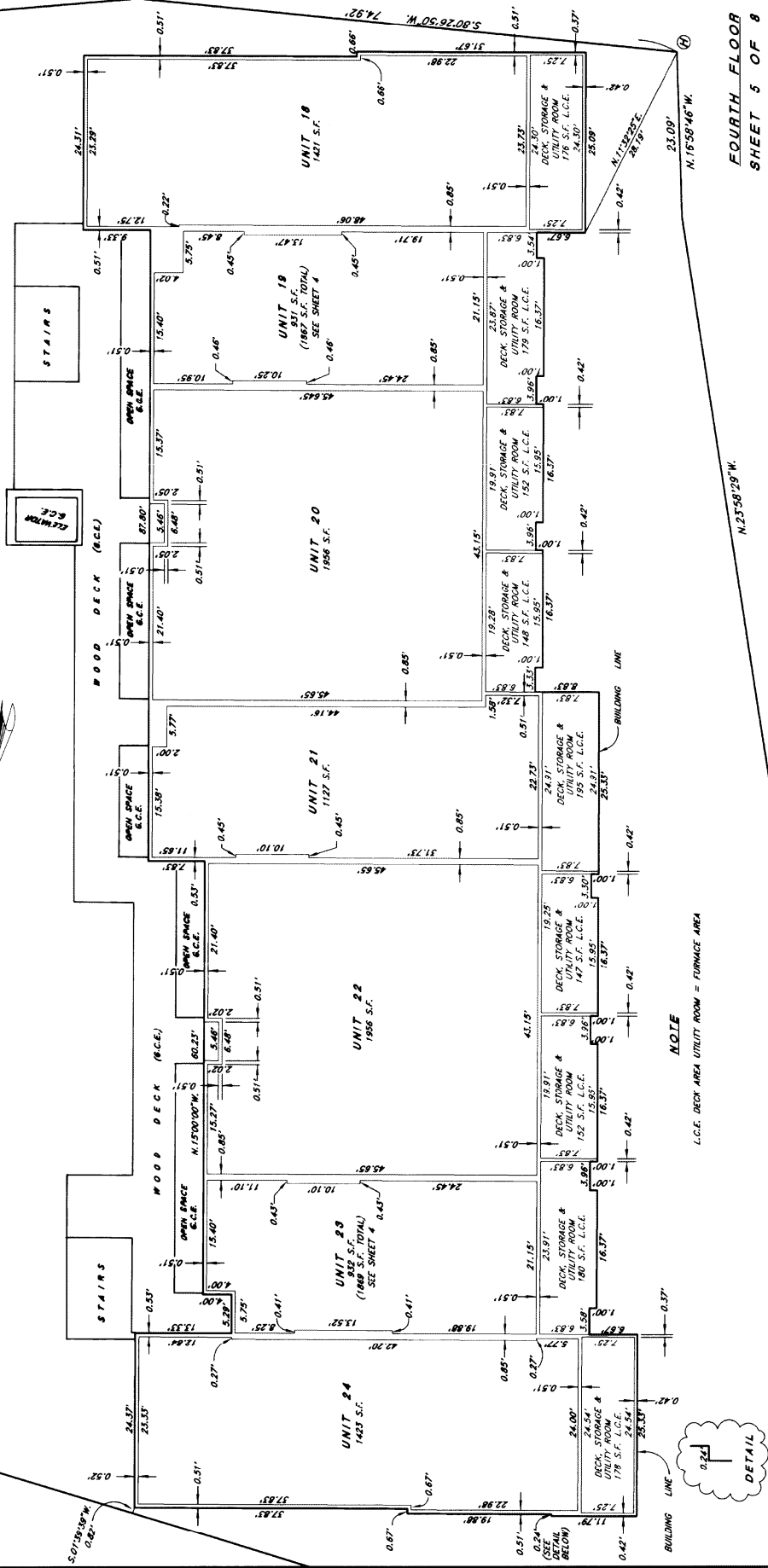
BY: CHASE, JONES & ASSOCIATES, INC.
1000 NE 11TH AVE., SUITE 100
PORTLAND, OREGON 97214
PHONE: (503) 228-8644

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Randy W. Engelgau
PROFESSIONAL
LAND SURVEYOR
JAN 23, 1980
RANBY W. ENGELGAU
2463

EXPIRES: 12/31/01
THIS DRAWING IS AN EXACT
COPY OF THE ORIGINAL

NOTE
ALL BUILDING AND UNIT LINES
ARE PARALLEL AND PERPENDICULAR.
G.C.E. = GENERAL COMMON ELEMENT
L.C.E. = LIMITED COMMON ELEMENT
S.F. = SQUARE FEET



FOURTH FLOOR
SHEET 5 OF 8

NOTE

L.C.E. DECK AREA UTILITY ROOM = FURNACE AREA

WAVERLY LANDING CONDOMINIUMS

BOOK 1247 PAGE 413

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33
SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4.

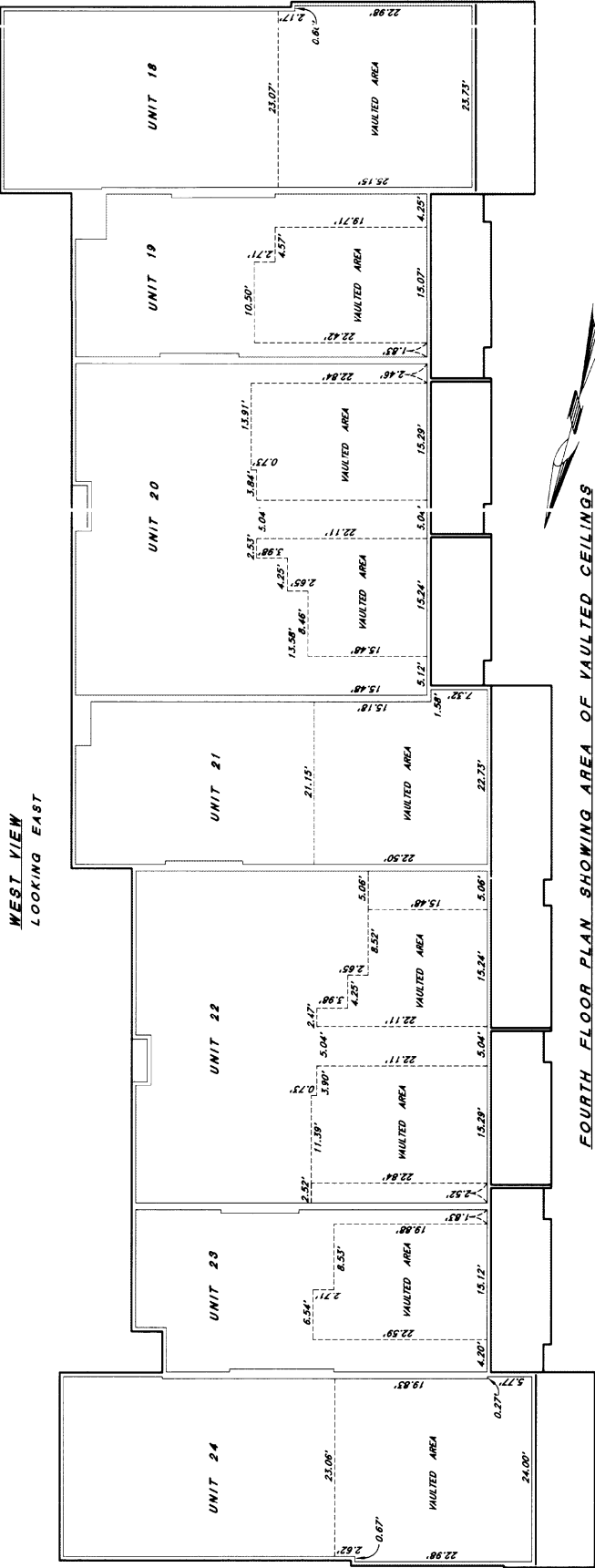
CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON
BY: CHASE, JONES & ASSOCIATES, INC.
716 S.E. 11TH AVE.
PORTLAND, OREGON 97214
PHONE: (503) 228-3644

REGISTERED
PROFESSIONAL
LAND SURVEYOR
Randy W. Engelgau
OREGON No. 2523
Randy W. Engelgau
EXPIRES: 12/31/01
PEAK=83.98

THIS TRACING IS AN EXACT
COPY OF THE ORIGINAL

| | | | | | | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---|
| CEILING EL.=78.04 UNIT 24 FLOOR EL.=67.73 | CEILING EL.=76.02 UNIT 23 | CEILING EL.=76.02 UNIT 22 | CEILING EL.=76.02 UNIT 21 | CEILING EL.=76.02 UNIT 20 | CEILING EL.=76.02 UNIT 19 | CEILING EL.=76.02 UNIT 18 FLOOR EL.=67.73 |
| CEILING EL.=66.30 UNIT 17 | UNIT 23 | UNIT 16 | UNIT 15 | UNIT 14 | UNIT 19 | CEILING EL.=66.30 UNIT 13 |
| FLOOR EL.=57.71 CEILING EL.=56.30 UNIT 12 | UNIT 11 | UNIT 10 | UNIT 9 | UNIT 8 | UNIT 7 | FLOOR EL.=57.71 CEILING EL.=56.30 UNIT 6 |
| FLOOR EL.=46.28 CEILING EL.=47.70 UNIT 5 | UNIT 11 | UNIT 4 | UNIT 3 | UNIT 2 | UNIT 7 | FLOOR EL.=47.70 CEILING EL.=46.28 UNIT 1 |
| FLOOR EL.=37.14 | | | | | | FLOOR EL.=37.14 |

WEST VIEW
LOOKING EAST



FOURTH FLOOR PLAN SHOWING AREA OF VAULTED CEILINGS

BENCH MARK: CITY OF PORTLAND B.M. NO. 2075 LOCATED AT S.E. CORNER OF S.E. 9TH AVE., ELEVATION (ELL) = 84.63.

ELEVATION VIEW
SHEET 6 OF 8

WAWERLY LANDING CONDOMINIUMS

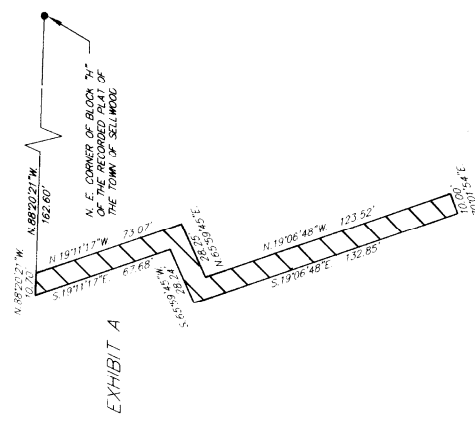
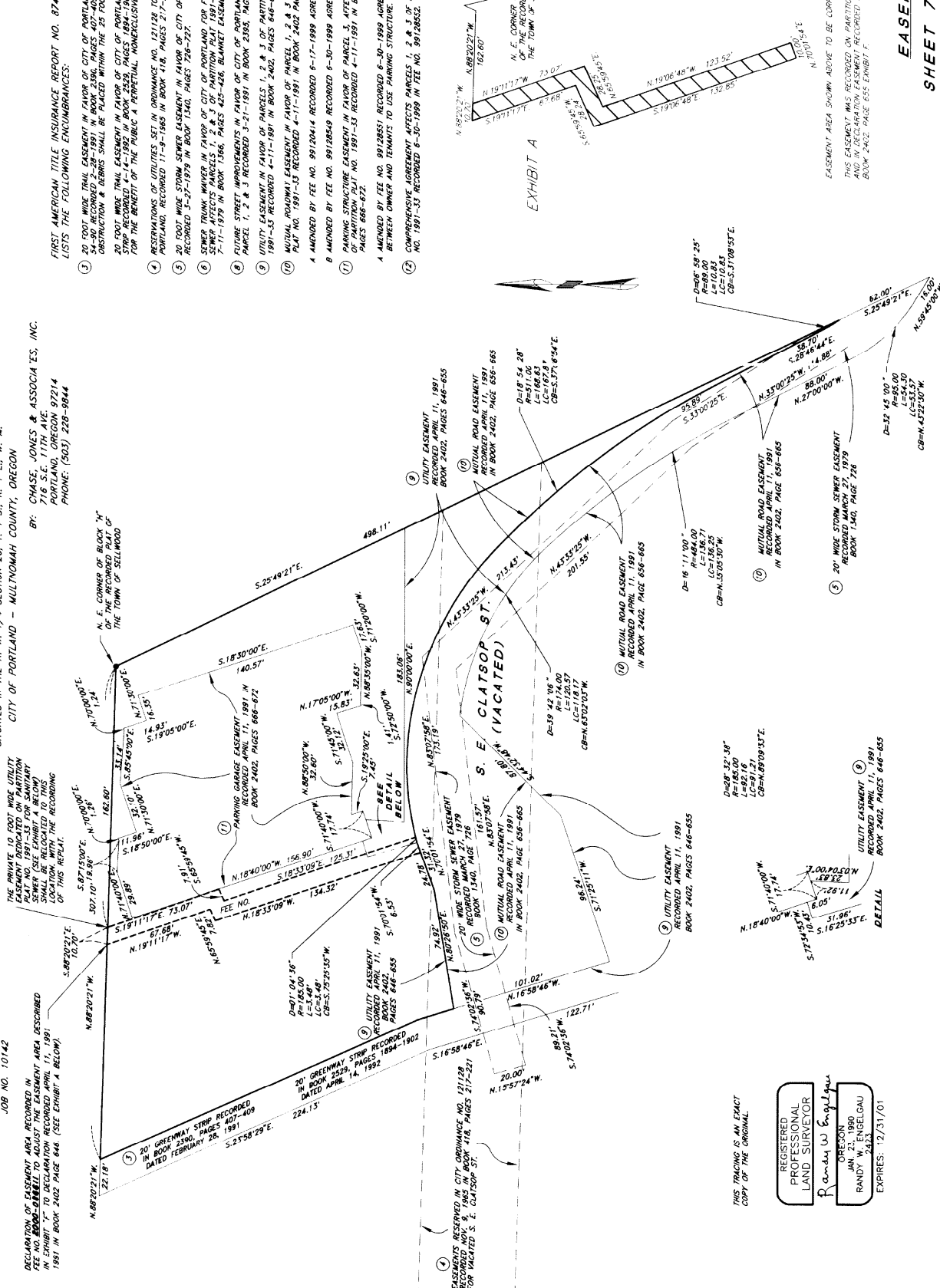
REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33

DATE: JUNE 18, 2000
SCALE: 1" = 40'

DECLARATION OF EASEMENT AREA RECORDED IN BOOK 1240, PAGE 644. (SEE EXHIBIT A BELOW).
IN EXHIBIT A TO RECLAMATION RECORD NO. 1991-33 IN BOOK 2402 PAGE 644. (SEE EXHIBIT A BELOW).

SITUATED IN THE N. W. 1/4 SECTION 26, T. 1 S., R. 1 E., W. 4.
CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON
BY: CHASE, JONES & ASSOCIATES, INC.
716 S.E. 11TH AVE.
PORTLAND, OREGON 97214
PHONE: (503) 228-9844

- FIRST AMERICAN TITLE INSURANCE REPORT NO. 874345
LISTS THE FOLLOWING ENCUMBRANCES:
- ① 20 FOOT WIDE TRAIL EASEMENT IN FAVOR OF CITY OF PORTLAND FILE NO. (SP) 54-30 RECORDED 2-28-1991 IN BOOK 2300, PAGES 407-408, ITEM C AND OBSTRUCTION & DEBRIS SHALL BE PLACED WITHIN THE 20 FOOT GREENWAY STRIP RECORDED 4-14-1992 IN BOOK 2520, PAGES 1894-1902, EXHIBIT B FOR THE BENEFIT OF THE PUBLIC A PERPETUAL NONEXCLUSIVE EASEMENT.
 - ② RESERVATIONS OF UTILITIES SET IN ORDINANCE NO. 121128 TO CITY OF PORTLAND, RECORDED 11-9-1985 IN BOOK 418, PAGES 217-221.
 - ③ 20 FOOT WIDE STORM SEWER EASEMENT IN FAVOR OF CITY OF PORTLAND RECORDED 5-27-1979 IN BOOK 1540, PAGES 726-727.
 - ④ SEWER TRUNK WAIVER IN FAVOR OF CITY OF PORTLAND FOR FUTURE TRUNK SEWER AFFECTS PARCELS 1, 2 & 3 OF PARTITION PLAT 1991-33 RECORDED 7-11-1979 IN BOOK 1586, PAGES 425-426, BLANKET EASEMENT NOT LOTTED.
 - ⑤ FUTURE STREET IMPROVEMENTS IN FAVOR OF CITY OF PORTLAND AFFECTS PARCEL 1, 2 & 3 RECORDED 3-21-1991 IN BOOK 2390, PAGES 2684-2688.
 - ⑥ UTILITY EASEMENT IN FAVOR OF PARCELS 1, 2 & 3 OF PARTITION PLAT NO. 1991-33 RECORDED 4-11-1991 IN BOOK 2402, PAGES 646-653.
 - ⑦ MUTUAL ROADWAY EASEMENT IN FAVOR OF PARCELS 1, 2 & 3 OF PARTITION PLAT NO. 1991-33 RECORDED 6-17-1989 AGREEMENT BETWEEN PARTIES.
 - ⑧ AMENDED BY FEE NO. 99120414 RECORDED 6-17-1989 AGREEMENT BETWEEN PARTIES.
 - ⑨ AMENDED BY FEE NO. 99128549 RECORDED 6-30-1989 AGREEMENT BETWEEN PARTIES.
 - ⑩ PARKING STRUCTURE EASEMENT IN FAVOR OF PARCELS 1, 2 & 3 OF PARTITION PLAT NO. 1991-33 RECORDED 4-11-1991 IN BOOK 2402, PAGES 646-653.
 - ⑪ AMENDED BY FEE NO. 99128651 RECORDED 6-30-1989 AGREEMENT BETWEEN OWNER AND TENANTS TO USE PARKING STRUCTURE.
 - ⑫ COMPREHENSIVE AGREEMENT AFFECTS PARCELS 1, 2 & 3 OF PARTITION PLAT NO. 1991-33 RECORDED 6-30-1989 IN FEE NO. 99128652.



EASEMENT AREA ABOVE TO BE CORRECTED OR RELOCATED.
THIS EASEMENT WAS RECORDED ON PARTITION PLAT NO. 1991-33 AND SHOULD HAVE BEEN RECORDED ON RECORDED APRIL 11, 1991 IN BOOK 2402, PAGE 655 EXHIBIT F.

REGISTERED PROFESSIONAL LAND SURVEYOR
Randy W. Engelage
OREGON
JAN. 21, 1990
RANDY W. ENGELGAU
JAN. 21, 1990
EXPIRES: 12/31/01

WAWERLY LANDING CONDOMINIUMS

REPLAT OF PARCEL NO. 2 OF PARTITION PLAT NO. 1991-33
SITUATED IN THE N. W. 1/4 SECTION 28, T. 1 S., R. 1 E., W. 4 W.
CITY OF PORTLAND - MULTNOMAH COUNTY, OREGON

DECLARATION

I, RANDY W. ENGELGAU, DO HEREBY CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH A OVER
PARTITION PLAT NO. 1991-33 SITUATED IN THE N. W. 1/4 SECTION 28, T. 1 S., R. 1 E., W. 4 W., CITY OF PORTLAND, MULTNOMAH
COUNTY, OREGON BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE INITIAL POINT BEING THE MOST SOUTHWEST CORNER OF PARCEL NO. 2 OF THE RECORDED
PARTITION PLAT NO. 1991-33 BEING A ROUND 3/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED
"CHASE, JONES & ASSOC."; THENCE ALONG THE BOUNDARY OF SAID PARCEL 2, THE FOLLOWING COURSE:
S. 16°28'44"E. 25.09 FEET, N. 07°26'52"E. 74.83 FEET, N. 70°34'E. 51.52 FEET;
TO THE BEGINNING OF A NON-TANGENT 125'-FOOT RADIUS CURVE TO THE RIGHT; THENCE ALONG THE ARC OF SAID CURVE
BY A CHORD WHICH BEARS N. 82°02'52"E. 81.31 FEET, TO A POINT OF BEGINNING OF A 200' 00"-FOOT
RADIUS CURVE TO THE RIGHT; THENCE ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 200.00 FEET
WHICH BEARS S. 61°14'06"E. 104.00 FEET TO A POINT OF BEGINNING OF A 150'-FOOT RADIUS CURVE
ALONG THE ARC OF SAID CURVE, A CENTRAL ANGLE OF 183°29'28" A LENGTH OF 165.87 FEET TO
A POINT OF TANGENCY; THENCE SUBTENDED BY A CHORD WHICH BEARS N. 11°02'-FOOT RADIUS CURVE
TO THE LEFT; THENCE ALONG THE ARC OF SAID CURVE THROUGH A
CENTRAL ANGLE OF 106°55'E. 106.53 FEET (SAID CURVE IS SUBTENDED BY A CHORD WHICH BEARS
S. 51°08'55"E. 106.53 FEET TO THE INITIAL POINT.

WAWERLY LANDING, L.L.C., AN OREGON LIMITED LIABILITY COMPANY
BY: Marty Kende ITS SOLE MEMBER
BY: Marty Kende PRESIDENT

ACKNOWLEDGEMENT

STATE OF OREGON }
COUNTY OF MULTNOMAH } S.S.

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON June 23rd 2000 BY
THE SIGNERS OF THE INSTRUMENT, WAWERLY LANDING, L.L.C., AN
OREGON LIMITED LIABILITY COMPANY, ON BEHALF OF SAID LIMITED LIABILITY COMPANY.



NOTARY PUBLIC FOR THE STATE OF OREGON
MY COMMISSION EXPIRES: 5/23/08

SURVEYOR'S CERTIFICATE

I, RANDY W. ENGELGAU, DO HEREBY CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH A OVER
PARTITION PLAT NO. 1991-33 SITUATED IN THE N. W. 1/4 SECTION 28, T. 1 S., R. 1 E., W. 4 W., CITY OF PORTLAND, MULTNOMAH
COUNTY, OREGON BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE INITIAL POINT BEING THE MOST SOUTHWEST CORNER OF PARCEL NO. 2 OF THE RECORDED
PARTITION PLAT NO. 1991-33 BEING A ROUND 3/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED
"CHASE, JONES & ASSOC."; THENCE ALONG THE BOUNDARY OF SAID PARCEL 2, THE FOLLOWING COURSE:
S. 16°28'44"E. 25.09 FEET, N. 07°26'52"E. 74.83 FEET, N. 70°34'E. 51.52 FEET;
TO THE BEGINNING OF A NON-TANGENT 125'-FOOT RADIUS CURVE TO THE RIGHT; THENCE ALONG THE ARC OF SAID CURVE
BY A CHORD WHICH BEARS N. 82°02'52"E. 81.31 FEET, TO A POINT OF BEGINNING OF A 200' 00"-FOOT
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CENTRAL ANGLE OF 106°55'E. 106.53 FEET (SAID CURVE IS SUBTENDED BY A CHORD WHICH BEARS
S. 51°08'55"E. 106.53 FEET TO THE INITIAL POINT.

THIS TRACING IS AN EXACT
COPY OF THE ORIGINAL.

REGISTERED PROFESSIONAL LAND SURVEYOR
Randy W. Engelgau
OREGON
JAN. 23, 1980
RANDY W. ENGELGAU
NO. 2423
EXPIRES: 12/31/01

COMPLETION CERTIFICATE

I, RANDY W. ENGELGAU, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT
THE PLAT OF "WAWERLY LANDING CONDOMINIUMS" FULLY AND ACCURATELY DEPICTS THE BOUNDARIES OF
THE UNITS OF THE BUILDING AND THAT CONSTRUCTION OF THE SAID UNITS AND BUILDING AS DEPICTED
ON SUCH PLAT, HAS BEEN COMPLETED.

DATED THIS 23rd DAY OF JUNE, 2000
Randy W. Engelgau
RANDY W. ENGELGAU - P.L.S. NO. 2423

APPROVALS

APPROVED THIS 28th DAY OF JUNE, 2000
MULTNOMAH COUNTY SURVEYOR
BY: Rick A. Hurd

ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES AS
PROVIDED BY OR.L.C. 100.110 HAVE BEEN PAID AS OF
THIS 28th DAY OF JUNE, 2000
DIRECTOR, DIVISION OF ASSESSMENT & TAXATION
MULTNOMAH COUNTY, OREGON
BY: [Signature]

STATE OF OREGON }
COUNTY OF MULTNOMAH } S.S.
I DO HEREBY CERTIFY THAT THE APPLICABLE
CONDOMINIUM PLAT WAS RECEIVED FOR RECORD AND
RECORDED THIS 28 DAY OF JUNE, 2000
AT 4:00 P.M. IN BOOK 1247 PAGES 44-51

COUNTY RECORDING OFFICE
BY: [Signature]
DOCUMENT NO. 2000-089862

AFTER RECORDING, RETURN TO:

Ball Janik LLP
101 SW Main Stret
Suite 1100
Portland, Oregon 97204
Attn: Daniel P. Semmens

Recorded in the County of Multnomah, Oregon

C. Swick, Deputy Clerk
Total : 359.00
2000-089863 06/28/2000 04:00:28pm ATLJH
G11 69 REC SUR DCR OLIS
345.00 3.00 10.00 1.00

DECLARATION OF WAVERLY LANDING CONDOMINIUMS

Dated: June 13, 2000

Declarant: Waverly Landing, LLC

::ODMA\PCDOCS\PORTLAND\1864113

69

25x10

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Exhibits to Declaration

- Exhibit A - Property Description
- Exhibit B - Allocation of Undivided Interest in Common Elements
- Exhibit C - Bylaws of Waverly Landing Condominiums Owners' Association

DECLARATION OF WAVERLY LANDING CONDOMINIUMS

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT

This Declaration, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this ___ day of _____, 2000, by Waverly Landing, LLC, an Oregon limited liability company ("Declarant").

Declarant proposes to create a residential condominium to be known as Waverly Landing Condominiums, composed of 24 Units located in the City of Portland, Multnomah County, Oregon. The purpose of this Declaration is to submit the Property, together with all easements, rights, and appurtenances thereto, and all improvements now existing or hereafter constructed on the Property to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation

1.1 Definitions.

As used in this Declaration, the Articles of Incorporation of Waverly Landing Condominiums Owners' Association, its Bylaws, its Rules and Regulations, and any exhibits thereto, unless the context shall otherwise require, the following definitions shall be applied:

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

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

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

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

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

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

1.1.7 Declaration shall mean this Declaration of Waverly Landing Condominiums and any amendments thereto.

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

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

1.1.10 Limited Common Elements shall mean that part of the Condominium designated as such in Section 7 and reserved for the exclusive use of Owners as provided in Section 7.

1.1.11 Mortgage shall include a deed of trust and a contract for the sale of real estate.

1.1.12 Mortgagee shall include a mortgagee under a mortgage, a deed of trust beneficiary, and a vendor under a contract for the sale of real estate.

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

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

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

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

1.1.17 Turnover Meeting shall mean the meeting at which Declarant relinquishes control of the administration of the Association pursuant to ORS 100.210.

1.1.18 Units shall mean those parts of the Condominium designated as Units pursuant to Section 4; Unit shall mean any one of the Units.

1.1.19 Other Definitions. Capitalized terms that are not defined in this Section 1 but are defined in other provisions of this Declaration shall have the respective meanings given them in such provisions.

1.2 Liberal Construction.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Oregon law. The terms used herein are intended to have the same

meaning as may be given in the Act to such terms unless the context clearly requires otherwise or definition in this manner would have an unlawful consequence.

1.3 Mortgagee Approval.

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

1.4 Original Owner of Units.

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

1.5 Captions and Exhibits.

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

1.6 Miscellaneous.

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

2. Property Submitted.

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

3. Name.

The name by which the Property is to be identified is "Waverly Landing Condominiums."

4. Units.

4.1 General Description of Buildings.

The Condominium consists of one four-story building containing 24 Units. The Units are of wood construction. The building has a composition roof.

4.2 General Description, Location, and Designation of Units.

The Condominium has a total of 24 Units. The Units are located on a generally level site, as shown on the Plans. The areas of the Units in square feet are set forth on the attached Exhibit B. The Units are designated numerically from 1 to 24. The building has no basements.

4.3 Boundaries of Units.

Each Unit identified on the Plans as a unit shall be bounded by the interior surfaces of its perimeter and bearing walls, the drywall of its ceilings, the interior surfaces of the topping slab of its floors, windows and window frames, doors and door frames, and trim, and shall include the surfaces so described and the air space so encompassed. Each Unit shall also include the portion of the fireplace and chimney serving the Unit that is located within the boundaries described in the preceding sentence. In addition, each Unit shall include the outlet of any utility service lines, including water, sewer, electricity, or cable television, and of any ventilating or air conditioning ducts, but shall not include any part of such lines or ducts themselves.

5. Description of General Common Elements.

The General Common Elements shall consist of those portions of the Condominium, exclusive of the Units and the Limited Common Elements, shown on the Plans and include, without limitation, the following:

5.1 All floor slabs, foundations, exterior windows, crawl spaces, roofs, columns, beams, girders, supports, and bearing walls (to the extent not located within a Unit).

5.2 Pipes, ducts (other than the portions of fireplaces and chimneys located within Units pursuant to Section 4.3.1), conduits, wires, and other utility installations, in each case to their respective outlets.

5.3 The parking garage (including storage and parking spaces on the second floor of the parking garage), streets, sidewalks, stairways, elevators, driveways, exterior walkways, skybridge connected to the second level of the parking garage, landscaping, and common trash repositories.

5.4 Controlled access system and garage gate.

5.5 The greenway trail with its associated signage.

5.6 The air space containing the elements described in Sections 5.1 through 5.4.

5.7 All decks that are other than the decks described in Section 7.

5.8 All other elements of the Condominium necessary or convenient to its existence, maintenance, or safety, or normally in common use, except as may be expressly designated herein as a part of a Unit or a Limited Common Element.

6. Allocation of Interest in Common Elements.

Each Owner shall be entitled to an undivided percentage ownership interest in the Common Elements determined by the ratio that the area of an Owner's Unit bears to the total area of all Units combined, as shown on the attached Exhibit B.

7. Limited Common Elements.

The Limited Common Elements shall consist of the decks adjoining each Unit, the use of which is reserved exclusively for the use of the Unit that each adjoins, as shown on the Plans, together with any furnace and storage closets (or utility rooms) located on the deck.

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

8.1 Method of Allocation.

8.1.1 The common profits of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements.

8.1.2 The common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements.

8.1.3 Assessments for common expenses shall commence upon closing of the first sale of a Unit, provided that Declarant may elect to defer the commencement of common expenses (other than assessments for reserves pursuant to Section 14.2) for a period not exceeding 60 days from such closing. Assessments for reserves pursuant to Section 14.2 shall commence upon closing of the first sale of a Unit, subject to the right of Declarant to defer the payment of assessments for reserves pursuant to Section 14.2. Declarant shall give not less than 10 days' written notice to all Owners of the commencement of all common expenses. Until the commencement of assessments for all common expenses, Declarant shall be responsible for payment of all common expenses of the Association (other than assessments for reserves pursuant to Section 14.2).

8.2 No Exception.

No Owner may claim exemption from liability for contribution toward the common expenses by waiver by the Owner of the use or enjoyment of any of the Common Elements or by abandonment by the Owner of any of the Owner's Units. No Owner may claim

an offset against an assessment for common expenses for failure of the Board of Directors to perform its obligations.

8.3 Default in Payment of Common Expenses.

In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments), such Owner shall be obligated to pay interest on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. No interest or late charges will be assessed on common expenses paid within 30 days after the due date therefor. Delinquent payments of common expense assessments shall bear interest from the date thereof at a rate equal to four percentage points over the prime or base rate of interest offered by U.S. National Bank of Oregon, or a similar rate of interest at a similar institution if the foregoing rate or bank no longer exists, as in effect on the due date for such payment, but in no event higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Board of Directors shall have upon such Owner's Unit with respect to all such obligations.

8.4 Foreclosure of Liens for Unpaid Common Expenses.

In any action brought by the Association to foreclose a lien on a Unit because of unpaid common expenses, the 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. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same.

8.5 First Mortgages; Liability of Subsequent Purchaser.

Any lien of the Association against a Unit or Units for common expenses shall be subordinate to tax and assessment liens and any first Mortgage of record, unless there has been compliance with all requirements of ORS 100.450(7). Where the purchaser or Mortgagee of a Unit or Units obtains title to such Unit or Units as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee, his successors and assigns shall not be liable for any of the common expenses chargeable to such Unit or Units that became due prior to the acquisition of title to such Unit or Units by such purchaser or Mortgagee except to the extent provided in ORS 100.475(2); provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of ORS 100.465(1); and provided further, that any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit from the lien of, any

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

8.6 Acceleration of Assessments.

In the event any monthly assessment attributable to a particular Unit remains delinquent for more than 60 days, the Board may, upon 15 days' written notice to the Owner of such Unit, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly assessments and other charges which the Board reasonably determines will become due during the next succeeding 12 months with respect to such Unit.

8.7 Delinquent Assessment Deposit.

8.7.1 An Owner may be required by the Board, from time to time, to make and maintain a deposit of not less than one (1) month nor in excess of three (3) months' estimated monthly assessments and charges, which may be collected in the same manner as other assessments and charges. Such deposit shall be held in a separate fund, be credited to the Unit owned by such Owner, and be for the purpose of establishing a reserve for delinquent assessments.

8.7.2 Resort may be had thereto at any time when such owner is 10 days or more delinquent in paying his monthly or other assessments and charges. Such deposits shall not be considered as advance payments of regular assessments. In the event the Board should draw upon such deposit as a result of an Owner's delinquency in payment of any assessments, such Owner shall continue to be responsible for the immediate and full payment of such delinquent assessment (and all penalties and costs related thereto) and thus the full restoration of such deposit, and the Board shall continue to have all of the rights and remedies for enforcing such assessment payment and deposit restoration as provided by this Declaration and the Bylaws.

8.7.3 Upon the sale of a Unit, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Unit pursuant to this or any other Section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, the Unit purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the Purchaser appropriate compensation therefor.

9. Voting Rights.

Unit. Subject to the provisions of Section 21 hereof, one vote shall be allocated to each

10. Use.

The Units shall be limited to residential use in accordance with the Bylaws.

11. Service of Process.

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

12. Authority Regarding Easements and Other Property Rights.

The Association has the authority, pursuant to ORS 100.405(5), to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 12 (other than leases having a term of two years or less) shall first be approved by the Owners of at least 75 percent of the Units.

13. No Restrictions on Alienation.

This Declaration and the Bylaws impose no restrictions on the alienation of any Unit. An Owner intending to sell a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying the Unit to be sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. It is understood, however, that a violation of this Section 13 shall not invalidate a sale, transfer, or other conveyance of a Unit which is otherwise valid under applicable law. Except to the extent set forth in this Section 13 and certain restrictions on leasing set forth in Section 7.1 of the Bylaws, this Declaration and the Bylaws impose no restrictions on the alienation of any Unit.

14. Maintenance and Repairs of Units; Reserve Fund.

14.1 Maintenance of Units.

All maintenance of and repairs to any Unit shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair and shall do all redecorating, painting, and staining that at any time may be necessary to maintain the good appearance and condition of that Owner's Unit. Each Owner shall maintain the interior surface of doors which provide the means of ingress and egress to and from that Owner's Unit (including the deck adjoining that Unit), and the interior surfaces of windows opening on to that Owner's

Unit, notwithstanding that such surfaces may be part of the Common Elements. If an Owner fails properly to perform his or her maintenance and repair responsibility, the Association may enter on to the Owner's Unit and perform such maintenance and/or repair and assess all costs incurred by the Association against the Unit and the Owner as a special assessment pursuant to Section 5.2.12 of the Bylaws.

14.2 Reserve Funds for Replacing Common Elements.

Declarant shall establish in the name of the Association a reserve fund for replacement of Common Elements that will normally require replacement in more than three and fewer than 30 years for exterior painting if the common elements include exterior painted surfaces, and for such other items as may be required by this Declaration and Bylaws. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements that will normally require replacement in more than three and fewer than 30 years such that the reserve fund is reasonably expected to provide sufficient funds for replacement of such Common Elements. Declarant in establishing each reserve fund shall make a good faith projection of the requirements of the Association with respect to replacement of such Common Elements but such projection may vary substantially from the actual requirements of the Association. Declarant may elect to defer payments of the assessments for the reserve fund with respect to a Unit until the time of conveyance of the Unit. The Association shall administer the reserve fund and shall adjust at regular intervals the amount of the periodic payments into it to reflect changes in current replacement costs over time. Following the second year after the Turnover Meeting, future assessments for the reserve fund may be reduced, eliminated, or increased by the Association. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve fund shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for replacement of the Common Elements that will normally require replacement in more than three and fewer than 30 years and is to be kept separate from the assessments described in Section 5.3 of the Bylaws. After the Turnover Meeting, however, the Board of Directors may borrow amounts from each reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other temporary expenses that will later be paid from special or regular assessments. In addition, after the Turnover, the Association may, by unanimous vote of the Owners, elect not to fund the reserve account.

14.3 Reserve Study.

The Board of Directors shall annually conduct a reserve study, or review and update an existing study, of the Common Area components to determine the requirements of the reserve fund described in Section 14.2 above. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule.

15. Rights of Access and Use; Special Declarant Rights and Easements.

15.1 In General.

Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each of the Common Elements adjoining such Owner's Unit as may be required for ingress and egress to and from such Owner's Unit; for the support of such Owner's Unit; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Unit, including, but not limited to, water, natural gas, air conditioning, cable television, electrical power and wiring, light, or plumbing serving a Unit. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

15.2 Additional Rights Created by Association.

The Association, upon prior approval of the Owners holding at least 75 percent of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the Common Elements. No such right may be granted with respect to a Common Element unless the Owners and Mortgagees of the Units having the right to use such Common Elements consent to the creation of such a right. The Association shall expressly have the right to assign and designate parking spaces on the second level of the parking garage forming a part of the General Common Elements to Units. Nothing in this Section 15.2 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

15.3 Right of Entry.

The Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter any Unit in the case of any emergency originating in or threatening the Common Elements or other Units to protect public safety, whether or not the Owner is present at the time.

15.4 Special Declarant Rights.

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

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

15.4.2 Sales Facilities of Declarant. Declarant and its agents, employees, and contractors shall be permitted to maintain during the period of sale of the

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

15.4.3 Termination of Declarant Rights. Except as otherwise provided in this Declaration, the special Declarant rights set forth in this Section 15.4 shall continue for so long as (i) Declarant is completing improvements which are within or may be added to this Condominium or (ii) Declarant owns any Units; provided, that Declarant may voluntarily terminate any or all of such rights at any time by recording an amendment to this Declaration, which amendment specifies which right is thereby terminated. Notwithstanding the foregoing, the special Declarant rights provided in this Section 15.4.3 shall terminate three (3) years from the closing of the first sale of a Unit.

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

15.5 Parking Garage; Assignment of Parking Easement.

A Declaration of Easement (Parking Structure), dated March 1, 1991, recorded in Book 2402, Page 666 of the Official Records of Multnomah County, Oregon, on April 11, 1991, as amended by that certain Amendment to Declaration of Easement (Parking Structure), dated June 24, 1999, recorded under Fee No. 99128551 of the Official Records of Multnomah County, Oregon on June 30, 1999 (together, the "Parking Easement"), relates to that certain parking garage located on the Property that forms a part of the general common elements of the Condominium. As set forth in, and subject to the terms of, Section 1 of the Parking Easement, Declarant, as the Owner of all the Units, hereby, and by separate instrument, assigns and delegates all of the rights and obligations of the owners of Parcel 2 (as defined in the Parking Easement) to the Association. The Association shall assign and designate exclusive rights to parking spaces and storage spaces on the second floor of the parking garage to the Units as set forth in Section 7.17 of the Bylaws.

16. Encroachments.

16.1 Each Unit shall have an easement over all Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or

projection. There shall be a valid easement for the maintenance of the encroaching Units so long as the encroachment shall exist and, except as otherwise provided in Section 16.2, the rights and obligations of Owners shall not be altered in any way by the encroachment.

16.2 The easement described in Section 16.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve the Declarant or any contractor, subcontractor, or materialman of liability for failure to adhere to the Plans.

16.3 The encroachments described in Section 16.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

17. Notices to Mortgagees.

The Association shall provide timely written notice of the following matters to any Mortgagee of a Unit, or any insurer or guarantor of a Mortgage on a Unit, who makes a written request therefor to the Association:

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

17.2 Any delinquency of 45 days in the payment of common expenses assessed to a Unit in which it holds an interest;

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

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

18. Operating Entity.

Waverly Landing Condominiums Owners' Association, an Oregon nonprofit corporation, has been organized to administer the operation and management of the Condominium and to undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and the Bylaws. A copy of the Bylaws, which have been adopted by the Declarant as required by ORS 100.410(1), is attached hereto as Exhibit C. The Owner of each Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in any Unit and the membership of an Owner shall terminate automatically upon such Owner's being divested of all of such Owner's ownership interest in the Unit, regardless of the means by which such ownership interest is divested. Each Owner shall be entitled to vote in the manner prescribed in the Articles of Incorporation of the Association and the Bylaws. Until the Turnover Meeting, the members of the Board need not be Owners. No person or entity holding any Mortgage, lien, or other encumbrance on any Unit shall be entitled, by virtue of such Mortgage, lien, or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership, except as specifically described in this Declaration. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to

enforce the provisions of this Declaration, to levy and collect assessments, and to adopt, promulgate, and enforce Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of an ownership interest in a Unit by an Owner shall constitute appointment of the Association as that Owner's attorney-in-fact in connection with proceedings, negotiations, settlements, and agreements arising from condemnation, destruction, liquidation, or termination of the Condominium, subject to the rights of the Owners described in the Bylaws.

19. Managing Agent.

Subject to the rights of the Association to terminate such agreement without penalty or cause upon not less than 30 days' written notice given not later than 60 days after the Turnover Meeting, the Board shall have the authority, on behalf of the Association, to enter into a management agreement with respect to the Condominium prior to the Turnover Meeting for a term not to exceed three years. On behalf of the Association, the Board may, after the Turnover Meeting, employ or contract for a managing agent or manager in accordance with the Bylaws at a compensation to be established by the Board. The Board may delegate to the managing agent or manager such duties and powers as the Board may authorize. In the absence of such appointment, the Board shall act as manager of the Condominium.

20. Taxation of Units.

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

21. Administrative Control.

Except as otherwise provided in this Declaration or in the Bylaws, Declarant reserves control until the earlier to occur of the date that is three years after the date on which the first Unit is conveyed to a person other than the Declarant or the date at which 75 percent of all Units have been conveyed to persons other than the Declarant, during which period:

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

21.2 Declarant shall have five votes for each Unit owned by it, notwithstanding the provisions of Section 9;

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

21.4 Declarant shall have the right to occupy the Common Elements in connection with its planning, design, development, construction, and repair activities as described in Section 15.4; and

21.5 Declarant shall have the right to approve amendments to this Declaration, the Bylaws, the Plans, and the Rules and Regulations.

22. Casualty.

22.1 Responsibility of Association.

The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the Common Elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the Units. Each Owner shall be responsible for the repairing, reconstructing, or rebuilding of that Owner's Unit to the extent not covered by the Association's insurance within 12 months of the occurrence of such casualty. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements and, to the extent of the Association's insurance coverage, of the Units, so that the Property is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless Owners of at least 75 percent of the Units and 75 percent of all first Mortgagees of Units and the beneficiary under any deed of trust securing payment of the purchase price of the entire Condominium, if any, agree that the Property shall not be rebuilt or restored. The Association shall represent the Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the Property is to be rebuilt and restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all Owners as a common expense. If the required number of Owners of Units and first Mortgagees of Units agree that the Property shall not be rebuilt and restored, the Property shall be considered removed from the provisions of the Act in accordance with ORS 100.605, and any proceeds resulting from such removal shall be distributed in accordance with ORS 100.615.

22.2 Responsibility of Owner.

If, due to the act or neglect of an Owner, or of a member of his family or his household pet or of a guest, servant, invitee, or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit owned by others, or maintenance, repairs or replacements shall be required that would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, to the extent not covered by the Association's insurance. In the event of casualty to a Unit not covered by the Association's insurance, the Owner of such Unit shall cause it to be repaired or rebuilt to a good and neat condition within 12 months of the occurrence of such casualty, unless the casualty is part of a casualty affecting other portions of the Property and Owners of at least 75 percent of the Units and 75 percent of all first Mortgagees of Units agree that the Property shall not be rebuilt or

restored. Owners of Units are required to carry homeowner's insurance on a Unit, as specified in Section 9 of the Bylaws. Each Owner shall be responsible for repairing, reconstructing, or rebuilding his Unit.

23. Condemnation.

23.1 Total Condemnation.

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

23.2 Partial Condemnation.

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

24. Fidelity Bond.

The Board of Directors shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, shall furnish a fidelity bond as the Board of Directors deems adequate under this Section 24. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three months of common expense assessments on all Units. Any such bond shall include a provision requiring not less than ten days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof before cancellation or

substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association.

25. Amendment.

25.1 Approval by Owners.

Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by the Owners holding at least 75 percent of the voting power of the Association. Sections 15.2 and 17 of this Declaration may not be changed unless all Owners agree to such change as evidenced by their signature on an amendment to the Declaration implementing such change. Except as otherwise provided in the Act, no amendment may change the size, location, or method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the Owners of the affected Unit. For a period of three (3) years from the date of closing of the first sale of a Unit, the Bylaws, the Rules and Regulations, and this Declaration may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designee, or otherwise so as adversely to affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

25.2 Approval by Mortgagees.

Amendment of any of the following provisions of this Declaration shall require the prior written approval of at least 51 percent of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees:

- 25.2.1 Section 4.3, which addresses Unit boundaries;
- 25.2.2 Section 7, which addresses the Limited Common Elements;
- 25.2.3 Section 8.1, which addresses the allocation of common profits and expenses and related matters;
- 25.2.4 Section 9, which addresses voting rights;
- 25.2.5 Section 13, which addresses restrictions on alienation of Units;
- 25.2.6 Section 14, which addresses maintenance and repairs and the establishment of reserve funds;
- 25.2.7 Sections 15.1, 15.3, and 15.5, which address use of and access to Units and Common Elements;
- 25.2.8 Section 17, which addresses notices to Mortgagees;

- 25.2.9 Section 22, which addresses casualty loss;
- 25.2.10 Section 23, which addresses condemnation;
- 25.2.11 Section 24, which addresses fidelity bonds;
- 25.2.12 This Section 25;
- 25.2.13 Section 26, which addresses termination of the Condominium;

and

25.2.14 Any other provision of this Declaration that expressly benefits Mortgagees of a Unit or insurers or guarantors of a Mortgage on a Unit.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the size, location, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the holders of any Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 25 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Declaration within 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested.

25.3 Approval by Governmental Authorities.

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

25.4 Recordation.

Amendments to this Declaration shall be effective upon recordation of the Declaration as amended, or of the amendment thereto, certified by the chairman and secretary of the Association and approved by the county assessor and the Oregon Real Estate Commissioner, if required by law, in the deed records of Multnomah County, Oregon.

26. Termination.

Termination of the Condominium shall be effected in accordance with ORS 100.600 and any other applicable provision of the Act, but in no event shall be consummated, other than in connection with the substantial destruction or condemnation of the Property, without the prior written consent of at least 67 percent of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees. The common profits and expenses of the Property following termination of the Condominium shall be allocated in accordance with the Act.

27. General Provisions.

27.1 No Impairment.

The creation of this Condominium shall not be impaired and title to the Unit and Common Elements shall not be rendered unmarketable or otherwise affected by reason of any insignificant failure of this Declaration or the Plans or any amendment thereto to comply with the Act.

27.2 No Partition.

Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of interest in the Common Elements made without the Unit to which that interest is allocated is void.

27.3 No Waiver of Strict Performance.

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

27.4 Liability for Utility Failure, Etc.

Except to the extent covered by insurance obtained by the Board pursuant to this Declaration and the Bylaws, neither the Association nor the Board nor Declarant shall be liable for: any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust, or sand which may leak or flow from the outside or from any parts of Unit structures, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

27.5 Rule Against Perpetuities.

The rule against perpetuities may not be applied to defeat any provisions of this Declaration or the Bylaws or Rules and Regulations. It is understood that Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, all of

Declarant's rights, powers, privileges, and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, privileges, and authority are in addition to those arising from Declarant's ownership of one or more Units).

27.6 Transfer of Declarant's Powers.

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

27.7 Severability.

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

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 13th day of June, 2000.

Declarant: WAVERLY LANDING, LLC, an Oregon limited liability company
By: KEHOE COMPANY, an Oregon corporation
Its: Member
By: [Signature]
Martin T. Kehoe, President

STATE OF OREGON)
) ss.
COUNTY OF MULTNOMAH)

The foregoing instrument was acknowledged before me on this 13th day of June, 2000, by Martin T. Kehoe, who is the President of Kehoe Company, the Member of Waverly Landing, LLC, an Oregon limited liability company, on behalf of the limited liability company.



Linda Lee Kaelin
Notary Public for Oregon
My Commission Expires: April 23 2004

By [Signature] 6-28-00
County Assessor

By [Signature] 06.28.00
County Tax Collector

The foregoing Declaration is approved pursuant to ORS 100.110 this 23rd day of June, 2000, and in accordance with ORS 100.110(7), this approval shall automatically expire if this declaration is not recorded within two (2) years from this date.

SCOTT W. TAYLOR
Real Estate Commissioner

By: [Signature]
Brian DeMarco

EXHIBIT A

A parcel of land situated in the Northwest one-quarter Section 26, Township 1 South, Range 1 East, of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, being more particularly described as follows:

Beginning at the initial point being the most Southerly corner of Parcel No. 2 of the recorded PARTITION PLAT NO. 1991-33 being a found $\frac{1}{4}$ inch iron rod with a yellow plastic cap marked "Chase, Jones & Assoc."; thence along the boundary of said Parcel 2, the following courses; thence North $25^{\circ}49'21''$ West, 494.21 feet; thence North $88^{\circ}20'21''$ West, 307.10 feet; thence South $23^{\circ}58'29''$ East, 215.75 feet; thence South $16^{\circ}58'46''$ East, 23.09 feet; thence North $80^{\circ}26'50''$ East, 74.92 feet; thence North $70^{\circ}01'54''$ East, 31.32 feet to the beginning of a non-tangent 185 foot radius curve; thence along said curve on the arc of a 185.00 foot radius curve to the right and through a central angle of $28^{\circ}32'38''$ a length of 92.16 feet (said curve is subtended by a chord which bears North $89^{\circ}09'33''$ East, 91.21 feet), to a point on a compound 201.00 foot radius curve; thence along said curve having a radius of 201.00 feet and a central angle of $30^{\circ}00'00''$ a length of 105.24 feet (said curve is subtended by a chord which bears South $61^{\circ}34'08''$ East, 104.05 feet), to a compound curve with a 511.00 foot radius; thence along said curve having a 511.00 foot radius and a central angle of $18^{\circ}54'28''$ a length of 168.63 feet (said curve is subtended by a chord which bears South $37^{\circ}06'54''$ East, 167.87 feet), to a point of tangency; thence South $27^{\circ}39'40''$ East, 78.86 feet to the beginning of a 89.00 foot radius curve; thence along said curve on the arc of a 89.00 foot radius curve to right and through a central angle of $31^{\circ}08'53''$ a length of 10.83 feet (said curve is subtended by a chord which bears South $31^{\circ}08'53''$ East, 10.83 feet to the point of beginning.)

TOGETHER WITH a perpetual easement for ingress and egress over tract "A".

EXHIBIT B
Unit Square Footage
Allocation of Undivided Interests in Common Elements

| <u>Unit No.</u> | <u>Square Footage</u> | <u>Interest in Common Elements</u> |
|-----------------|-----------------------|------------------------------------|
| 1 | 1421 | 3.643% |
| 2 | 1956 | 5.015% |
| 3 | 1133 | 2.905% |
| 4 | 1955 | 5.012% |
| 5 | 1418 | 3.636% |
| 6 | 1421 | 3.643% |
| 7 | 1878 | 4.815% |
| 8 | 1957 | 5.017% |
| 9 | 1133 | 2.905% |
| 10 | 1955 | 5.012% |
| 11 | 1870 | 4.794% |
| 12 | 1418 | 3.636% |
| 13 | 1422 | 3.646% |
| 14 | 1956 | 5.015% |
| 15 | 1117 | 2.864% |
| 16 | 1954 | 5.010% |
| 17 | 1421 | 3.643% |
| 18 | 1421 | 3.643% |
| 19 | 1867 | 4.787% |
| 20 | 1956 | 5.015% |
| 21 | 1127 | 2.889% |
| 22 | 1956 | 5.015% |
| 23 | 1869 | 4.792% |
| 24 | 1423 | 3.648% |
| <hr/> | | |
| Totals: | 39004 | 100.000% |

EXHIBIT C

Bylaws

::ODMA\PCDOCS\PORTLAND\1864113

25 X 11

**BYLAWS
OF
WAVERLY LANDING CONDOMINIUMS OWNERS' ASSOCIATION**

::ODMA\PCDOCS\PORTLAND\1864123

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Exhibit A - Legal Description of the Marina

**BYLAWS OF
WAVERLY LANDING CONDOMINIUMS
OWNERS' ASSOCIATION**

1. GENERAL PROVISIONS

1.1 Identity.

Waverly Landing Condominiums Owners' Association (the "Association"), a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Office of the Oregon Corporation Commissioner on the _____ day of _____, 2000, has been organized for the purpose of administering the operation and management of Waverly Landing Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Waverly Landing, LLC, an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in Multnomah County, Oregon, as more particularly described in the Declaration of Waverly Landing Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the records of Multnomah County, Oregon.

1.2 Bylaws Subject to Other Documents.

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

1.3 Defined Terms.

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

1.4 Applicability.

All Owners of Units ("Owners"); tenants and occupants of any Unit; the Declarant and its successors or assigns; and their respective agents, servants, invitees, licensees, and employees that use the Condominium, or any part thereof, are subject to these Bylaws, and all rules and regulations thereunder as promulgated from time to time.

1.5 Office.

The office of the Association shall be at Portland, Oregon, or at any other place within the State of Oregon designated by the Association.

2. MEETINGS OF OWNERS

2.1 Administrative Control.

Notwithstanding any other provisions of these Bylaws, until the Turnover Meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 21 of the Declaration.

2.2 Transitional Committee.

Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners within 60 days after the conveyance to persons other than the Declarant of 50 percent of all Units. Notice of the meeting shall be given as provided in Section 2.8 to each Owner at least seven but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional committee (the "Transitional Committee"), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory only and shall consist of two or more members selected by Owners other than the Declarant and shall not include more than one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records which the Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting.

The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within 90 days of the expiration of the period of Declarant's administrative control described in Section 21 of the Declaration. The Declarant shall give notice (as provided in Section 2.8) of the Turnover Meeting to each Owner at least seven but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting, the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control; the Owners shall elect a board of directors as set forth in these Bylaws; and the Declarant shall deliver to the Association the items specified in ORS 100.210(5). During the three-month period following the Turnover Meeting, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to ORS 100.210(5). If the Declarant has complied with the terms of ORS 100.210, then, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant shall not be responsible for the failure of the Owners to comply with the provisions of ORS 100.210(4), and

the Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner for any unsold Unit.

2.4 Annual Meetings.

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

2.5 Place of Meetings.

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

2.6 Ballot Meetings.

Any meeting of the Association (other than the Turnover Meeting, the meeting to select the Transitional Committee and special meetings called by petition of Owners) may be by written ballot, as the Board of Directors may elect, rather than a formal gathering. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

2.6.1 Matters that may be voted on by written ballot shall be deemed approved or rejected as follows: (a) if approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposed shall be deemed to be approved when the date for return of ballots has passed, a quorum of Owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected; and (b) if approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed

and such required percentage has not been met. Votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are counted. In any case, the vote of a ballot meeting shall be determined by the Board of Directors no later than forty-eight (48) hours of the final return date.

2.6.2 All solicitations for votes by written ballot shall state the following: (a) if approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to meet such quorum requirement; and (b) if approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.

2.6.3 All solicitations for votes by written ballot shall specify the period during which the Association shall accept written ballots for counting, which period shall end on the earliest of the following dates: (a) if approval of a proposed action by written ballot requires that a certain percentage of Owners approve the proposal, the date on which the Association has received a sufficient number of approving ballots; (b) if approval of a proposed action by written ballot requires that a certain percentage of the Owners approve the proposal, the date on which the Association has received a sufficient number of disapproving ballots to render approval impossible; and (c) in all cases, a date certain on which all ballots must be returned to be counted. Each Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting within ten (10) days after the result of the ballot meeting has been determined.

2.7 Special Meetings.

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

2.8 Notice.

The Chairperson or Secretary shall give written notice of each meeting of the Association, at least 10 days but not more than 50 days prior to the date set for such meeting, stating the purpose (including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director or an Officer), time, and place of the meeting, to each Owner of record (and to any first Mortgagee of record requesting such notice), at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the Chairperson or Secretary at least 14 days prior to the giving of such notice by the Chairperson or Secretary. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery,

shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.9 Voting.

Except as to those limited matters identified in the immediately following sentence, the total number of votes of all Owners shall be equal to the total number of Units in the Condominium and each Owner or group of Owners shall be entitled, subject to the provisions of Section 21 of the Declaration (which grants Declarant five votes for each Unit owned by it prior to the Turnover Meeting), to a number of votes equal to the number of Units owned by such Owner or group of Owners. The Declarant shall be entitled to vote as the Owner of any Units and the Board shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board shall not be entitled to vote such Units in any election of Directors.

2.10 Proxies.

A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid if it is undated or purports to be revocable without notice. Unless a shorter term is stated in the proxy, a proxy shall terminate one year after its date, and every proxy shall automatically cease upon sale of a Unit conferring voting rights by its Owner. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding at a meeting of the Association. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.11 Fiduciary, Corporate and Joint Owners.

An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Owners with respect to any Unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; provided, however, that he shall satisfy the Secretary that he is the executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or other entity shall provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof. 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 of the Owners then present, in the absence of protest by a co-Owner. In the event of disagreement among the co-Owners, the vote of such Unit shall be

disregarded completely in determining the proportion of votes given with respect to the matter voted upon.

2.12 Quorum.

At any meeting of the Association, the presence, in person or by proxy, of a number of Owners owning 35 percent or more of the Units shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.13 Binding Vote.

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

2.14 Order of Business.

The order of business at an annual meeting of the Association shall be:

- 2.14.1 Calling of the roll and certifying of proxies;
- 2.14.2 Proof of notice of meeting or waiver of notice;
- 2.14.3 Reading of minutes of preceding meeting;
- 2.14.4 Reports of officers;
- 2.14.5 Reports of committees, if any;
- 2.14.6 Election of directors;
- 2.14.7 Unfinished business;
- 2.14.8 New business; and
- 2.14.9 Adjournment.

3. BOARD OF DIRECTORS

3.1 Number, Term and Qualification.

The affairs of the Association shall be governed by the Board of Directors, which shall consist of between one and three persons. Until the Turnover Meeting shall have been held, the Board of Directors shall consist of the sole Director named in the Articles of Incorporation of the Association, subject to the appointment and removal powers of the Declarant described in Section 21 of the Declaration. At the Turnover Meeting, three Directors shall be elected by all Owners of Units to serve until the first annual meeting of the Association. At the first annual meeting of the Association, two Directors shall be elected by the Owners of Units to serve for a term of two years and one Director shall be elected by such Owners to serve for a term of one year. Election by Owners shall be by plurality. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, his successor shall be elected as provided in this Section 3.1 to serve for a term of two years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board of Directors after he ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company that owns a Unit shall be considered co-owners of any such Unit.

3.2 Powers and Duties.

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts which by or under law, the Declaration or these Bylaws may not be performed by the Board of Directors or delegated to the Board of Directors by the Owners. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Operation, care, upkeep, repair and maintenance of the Common Elements and association property and the floor and exterior walls of any furnace and storage closets located on the decks for which the Association is responsible for maintaining under the Declaration.

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

3.2.3 Collection of the common expenses from the Owners.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the maintenance, upkeep and repair of the Common Elements and the floor and exterior walls of any furnace and

storage closets located on the decks for which the Association is responsible for maintaining under the Declaration; engagement of or contracting for the services of others; and making purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); provided, however, that any agreement for management services entered into prior to the Turnover Meeting on behalf of the Association shall not be in excess of three years and must be terminable by the Association without penalty upon not more than 30 days' written notice given to the other party not later than 60 days after the Turnover Meeting; and provided further, that any such agreement entered into after the Turnover Meeting must be terminable by the Association for cause upon not more than 30 days' notice, must have a reasonable term not exceeding two years, and must be renewable with the consent of the Association and the manager.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.17 hereof.

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

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

3.2.8 Purchasing Units at foreclosure sales (judicial or non-judicial) or other judicial or execution sales, in the name of the Association or its designee, corporate or otherwise, on behalf of all Owners upon the consent or approval of the Owners of not less than 75 percent of the Units.

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

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

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

3.2.12 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof.

3.2.13 Making additions and improvements to, or alterations of, the Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks for which the Association is responsible for maintaining under the Declaration; provided, however, that no such project of a non-structural or non-capital nature may be undertaken by the Board of Directors if the total cost will exceed the amount of Ten Thousand Dollars (\$10,000), unless the Owners have enacted a resolution authorizing the project by a vote of Owners of at least 75 percent of the voting power of the Association, present in person or by proxy at a meeting of the Owners. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Subsection 3.2.1.

3.2.14 Levying fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations; provided, that for any offense for which a fine is levied, the minimum fine, shall be Seventy-Five Dollars (\$75) for the first offense, One Hundred Dollars (\$100) for the second offense and Two Hundred Fifty Dollars (\$250) for the third or any later offenses of the same nature, and that the maximum fine for any single offense shall in no event exceed Two Hundred Fifty Dollars (\$250) per occurrence.

3.2.15 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks for which the Association is responsible for maintaining under the Declaration; provided, however, that (i) the consent of Owners owning at least 75 percent of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Owner of such Unit. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Subsection 3.2.15 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien that said creditor shall have filed or shall have the right to file against such Owner's Unit.

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

3.2.17 Filing all appropriate income tax returns.

3.2.18 Filing of the Annual Report described in ORS 100.260 with the Real Estate Agency pursuant to ORS 100.250.

3.2.19 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder.

3.2.20 Conducting the annual reserve study.

3.2.21 Assigning parking spaces and accepting the rights and obligations under, undertaking actions and making determinations with respect to, the Parking Easement.

3.3 Limitation.

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

3.4 Organizational Meeting.

Within 30 days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.5 Regular and Special Meetings.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the Chairperson and must be called by the Secretary at the written request of at least two Directors. Notice of any special meeting shall be given to each Director, personally or by mail, telephone, telegraph, or telecopy at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to the Owners, except that, in the discretion of the Board, the following matters may be considered in executive session: (i) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation or criminal matters; (ii) personnel matters, including salary negotiations and employee

discipline; and (iii) the negotiation of contracts with third parties. Such meetings may be conducted by telephonic communication, except that if a majority of the Units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication.

3.6 Waiver of Notice.

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

3.7 Quorum.

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

3.8 Removal.

At any regular or special meeting of the Owners, any one or more of the members of the Board of Directors may be removed with or without cause, but only by approval of at least a majority of the Owners of Units, notwithstanding the quorum provisions of Section 2.12, and a successor may then and there or thereafter be elected by such Owners to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.9 Resignation.

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

3.10 Vacancies.

Vacancies on the Board of Directors caused by any reason other than the removal of a member pursuant to Section 3.8 shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors for the remainder of the term of the member whose position was vacated and until a successor shall be elected or appointed as provided in these Bylaws at the next annual meeting of the Owners.

3.11 Compensation.

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

3.12 Liability and Indemnification of Directors, Officers, Manager or Managing Agent.

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

3.13 Insurance.

The Board of Directors shall comply with the insurance requirements contained in Article 9 of these Bylaws. In addition, the Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, the Board of Directors or the Owners.

3.14 Special Committees.

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

vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

4. OFFICERS

4.1 Designation.

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

4.2 Election.

The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected and qualified. If any office shall become vacant, the Board of Directors shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

4.3 Removal.

Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

4.4 Chairperson.

The Chairperson shall be the chief executive officer of the Association. He shall preside at all meetings of the Owners and of the Board of Directors. He shall have all of the general powers and duties that are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association.

4.5 Vice Chairperson.

The Vice Chairperson shall take the place of the Chairperson and perform his duties whenever the Chairperson shall be absent or unable to act. If neither the Chairperson nor

the Vice Chairperson is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the Chairperson on an interim basis. The Vice Chairperson shall also perform such other duties as shall from time to time be prescribed by the Board of Directors or by the Chairperson.

4.6 Secretary.

The Secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. He shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice Chairperson, taking the place of the Vice Chairperson and performing his duties whenever the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

4.7 Treasurer.

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

4.8 Execution of Instruments.

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the Chairperson. All checks shall be signed by the Treasurer, or in his absence or disability, by the Chairperson or any duly elected Assistant Treasurer. Notwithstanding the foregoing, all checks of Two Thousand Five Hundred Dollars (\$2,500) or more shall require the signatures of at least two authorized signatories.

4.9 Compensation of Officers.

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

5. BUDGETS, EXPENSES AND ASSESSMENTS

5.1 Budget.

5.1.1 Budget for Association Expenses. The Board of Directors shall from time to time, at least annually, prepare and adopt a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses in accordance with Section 8.1 of the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks that will normally require replacement in more than three and fewer than 30 years. Within thirty (30) days after adopting the annual budget, the Board of Directors shall advise each Owner in writing of the amount of common expenses payable by him, and furnish copies of summaries of each budget and amended budget on which such common expenses are based to appropriate Owners and, if requested, to their Mortgagees. Failure to deliver a copy of any summary of a budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment, and in the event the Board fails to adopt an annual budget, then the last adopted budget shall continue in effect. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 21 of the Declaration shall be based on Declarant's good faith projection of the requirements of the Association for the period in question, but such projection may vary substantially from the actual requirements of the Association for such period. After the Turnover Meeting, the Board of Directors shall be responsible, in its sole discretion, for preparation of each budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant.

5.1.2 Expenses for Parking Garage. The Board of Directors shall also include in the budget described in subsection 5.1.1 a good faith estimate of the expenses associated with the maintenance and repair of the parking garage and other parking garage expenses under the Parking Easement, including the real property taxes and assessments reasonably attributable to the parking garage, for the following calendar year. Within 90 days after the end of each such calendar year, the Board of Directors shall make an accounting of the actual costs associated with the parking garage. Notwithstanding the foregoing, in the first year that the Condominium is created the Board of Directors shall prepare a good faith estimate of the expenses associated with the parking garage for the remainder of the current year.

5.2 Determination of Common Expenses.

Common expenses shall include:

5.2.1 Expenses of administration.

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

5.2.3 A general operating reserve to the extent not already established under Section 5.2.5.

5.2.4 Maintenance and repair of, and insurance for, the parking garage and other expenses under the Parking Easement.

5.2.5 Owners' one-third share of the costs of maintaining the roadway as provided in Declaration of Mutual Roadway Easement and Maintenance Agreement recorded April 11, 1991 at Book 2402, Page 656, official records of Multnomah County, State of Oregon.

5.2.6 Maintenance, repair, and replacement of those stormwater improvements described in that certain Operation and Maintenance Plan for Stormwater Quality Control Facilities.

5.2.7 Reserve for replacements and deferred maintenance and costs for preparation of annual reserve study.

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

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

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

5.2.11 Professional management services, gardening, snow removal, waste removal, painting, cleaning, and maintenance, decorating, repair and replacement of the Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks for which the Association is responsible for maintaining under the Declaration (but not including the interiors of windows and interior surfaces of Units, which the Owners shall paint, clean, decorate, maintain and repair) and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper, which the Board of Directors shall have the exclusive right and duty to acquire for the Common Elements.

5.2.12 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board of Directors is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and which the Board of Directors determines should be assessed to the Owners under Section 5.3.

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

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

5.2.15 Any other items properly chargeable as an expense of the Association.

5.3 Assessment of Common Expenses.

All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund for Common Elements described in Section 14.2 of the Declaration, as updated from time to time following the annual reserve study required under Section 14.3 of the Declaration. Assessments may not be waived due to limited use or nonuse of Common Elements. Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 8.1 of the Declaration, including the deferral rights of Declarant described therein. At the time of closing of the initial sale of each Unit, the purchaser shall make the contribution described in Section 5.4.3 to the working capital fund. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due, which remains unpaid by him for more than 30 days from the due date for its payment (except as provided above for the Declarant).

5.4 Special Assessments.

5.4.1 Capital Improvements. In the case of any duly authorized capital improvement to the Common Elements, the Board of Directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the Owners, and the proceeds of which shall be used only for the special capital improvements described in the resolution.

5.4.2 Other Reserve Trust Funds. The Board of Directors may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 14.2 of the Declaration. Extraordinary expenditures not originally included in the annual estimate

which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed to the Owners according to each Owner's percentage ownership in the Common Elements. The Board of Directors shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses that is due more than 30 days after the delivery or mailing of such notice of further assessment. Any reserve fund established by Declarant shall be based upon Declarant's good faith projection of the applicable reserve requirements of the Association, but such projection may vary substantially from the actual requirements of the Association.

5.4.3 Working Capital Fund. Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in Section 5.3. At the time of closing of the initial sale of each Unit, the purchaser shall make an initial contribution to the working capital fund equal to two months of Association assessments for each Unit, but, in any event, not less than the amount that may have been contributed to the working capital fund on behalf of such Unit by Declarant under this Section 5.4.3. At or prior to the Turnover Meeting, Declarant shall make a contribution to the working capital fund equal to two months of Association assessments for all Units then existing but not yet conveyed to persons other than Declarant; provided, however, that the contribution by the initial purchaser of a Unit described in the preceding sentence shall be paid to Declarant at the closing of such purchase in reimbursement of contributions made to the working capital fund by Declarant. At or prior to the Turnover Meeting, Declarant shall transfer the amount of the working capital fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.4.2. During the period of administrative control described in Section 21 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

5.5 Statement of Common Expenses.

The Board of Directors shall promptly provide any Owner who makes a request in writing with a written statement of his unpaid common expenses but need not undertake any special auditing expense to do so.

5.6 Violation by Owners; Remedies.

The violation of any Rule or Regulation or other determination duly adopted by the Board of Directors, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Board of Directors the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Board of Directors, or its

agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Board of Directors must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Board of Directors in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 8.3 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his respective share of the common expenses. The Board of Directors shall have a lien for all of the same upon any of the Units of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Units or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board of Directors. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board of Directors to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against any of the offending Owner's Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.7 Liability of Owners.

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

5.8 No Waiver.

The failure of the Association or of an Owner to enforce any right, provision, covenant or condition that may be granted by any of the provisions of the Declaration, these Bylaws or any Rules or Regulations shall not constitute a waiver of the right of the Association or an Owner to enforce such right, provision, covenant or condition in the future.

5.9 Receiver.

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

6. RECORDS AND AUDITS

6.1 General Records.

The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units. The Association shall maintain a copy, suitable for duplication, of: (i) the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5 hereof; and (iii) the current operating budget of the Association. Such documents shall be available for inspection by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours.

6.2 Records of Receipts and Expenditures.

The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks for which the Association is responsible for maintaining under the Declaration, itemizing the maintenance and repair expenses of the Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks, and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

6.3 Assessment Roll.

The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of each assessment against the Owner, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

6.4 Payment of Vouchers.

The Treasurer shall pay all vouchers up to Two Thousand Five Hundred Dollars (\$2,500) signed by the Chairperson, managing agent, or other person authorized by the Board of Directors. Any voucher in excess of Two Thousand Five Hundred Dollars (\$2,500) shall require the signature of the Chairperson and one other officer of the Association.

6.5 Reports and Audits.

An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board of Directors to all Owners, and to all Mortgagees of Units who have requested the same, within 90 days after the end of each fiscal year. At any time any Owner or Mortgagee of a Unit may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

6.6 Notice of Sale, Mortgage, Rental or Lease.

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

7. OCCUPATION AND USE

7.1 Rental.

The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1. "Leasing or Renting" a Unit means the granting of a right to use or occupy a Unit for a specified term or indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (money, property, or other goods or services of value); but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common, or other forms of co-ownership.

(i) No Transient Rentals. With the exception of a lender in possession of a Unit following a default in a Mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his Unit for any period less than seven days.

(ii) No Partial Leases. No Owner may Lease less than the entire Unit.

(iii) Written Leases. All Leasing or Rental agreements shall be in writing and be subject to this Declaration and the Bylaws (with a default by the tenant in complying with this Declaration and/or Bylaws constituting a default under the Lease or Rental agreement).

(iv) Payments by Tenant or Lessee to Association. If a Unit is Rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, any amounts due the Association hereunder for such Unit, plus interest and costs if the same are in default over 30 days. The renter or lessee shall not have the right to question payment over to the Board. Such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such payment is made to the Association, but will not discharge the liability of the Owner and the Unit under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner, nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

(v) Approval of Lease. Each Owner desiring to rent his Unit shall submit for approval by the Board the lease agreement with the prospective renter or lessee. The Board shall approve such lease agreement as long as (a) any charge due the Association in connection with its review of the lease agreement has been paid by the Owner and (b) the Board determines that the lease agreement satisfies the requirements of this Declaration and the Bylaws relating thereto.

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

7.2 Insurance Risk.

No Unit or Common Elements shall be occupied or used by anyone in such a manner as to result in an increase in the cost of casualty or liability insurance on the Condominium or the risk of cancellation, or threat of cancellation, of any policy of insurance on the Condominium or any Unit or any part of the Common Elements.

7.3 Compliance.

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

7.4 Residential Units.

The Units shall be used for residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests, and similar activities commonly conducted within a residential dwelling; and for

the common social, recreational, or other reasonable uses normally incident to such purposes. An Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Condominium; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Condominium; and (iv) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board.

7.5 Alterations.

No Owner shall make any structural alterations, improvements, or additions in or to his Unit or alter the exterior design or color of any part of the Owner's Unit normally visible from the exterior thereof (including any alteration of the window coverings for the Owner's Unit) or make any change to an installation upon the Common Elements, or maintain, decorate, alter or repair any part of the Common Elements, without the prior consent in writing of the Board of Directors. The Board of Directors shall consider the granting of such consent only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board of Directors shall deem appropriate. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board of Directors, for such professional review. During the course of construction and after completion of same, the Board of Directors may cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board of Directors, upon demand. Prior to commencement of construction, the Owner shall provide the Board of Directors with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board of Directors so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board of Directors, each in the amount of at least 125 percent of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

7.6 Occupants of Corporate Unit.

Whenever any Unit is owned in whole or in part by a partnership, corporation, trust, or other entity, such an entity shall designate at the closing of the acquisition of its ownership interest one particular person or family which shall be entitled to use such Unit. Only such designated person or family, its servants and non-paying guests may use such Unit. A different person or family may be so designated as the named user of a Unit by written notice to the Association; provided, however, that no more than two such changes may be made in any calendar year.

7.7 Non-Interference.

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

7.8 Nuisances.

No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board of Directors or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Unit occupants and their guests shall exercise extreme care not to make noises that may disturb other occupants or guests, including the use of musical instruments, radios, televisions and amplifiers.

7.9 Unlawful or Improper Activities.

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

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

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

7.9.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 5.6.

7.10 Contested Legal Requirements.

An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.9, provided that noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest. The Board of Directors may also contest any Legal Requirement without being subject to the conditions described in Section 7.9 as to contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.10 as to deferral of compliance by an Owner, and the costs and expenses of any contest by the Board of Directors shall be a common expense.

7.11 Improper Discharge.

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

7.12 Pets.

Domestic household pets, such as cats and dogs, not exceeding 25 pounds in weight at full growth may be kept by Owners; provided that the keeping of pets shall be subject to such reasonable rules and regulations as the Board may adopt from time to time. Any inconvenience or damage caused by a pet shall be the responsibility of the respective Owners thereof. The Board may require the removal of any animal that the Board in the exercise of reasonable discretion determines to be disturbing other Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Unit to a street or sidewalk. At all times the Common Elements shall be free from pet debris, including food and fecal matter. No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purpose. Any outside facility for pets must be kept clean on a daily basis and no waste products or food may be left in either the facility or on the Property.

7.13 Signs.

No sign of any kind shall be displayed to public view on or from a Unit or Common Element without the prior consent of the Board; provided, however, that the Board shall, by and subject to appropriate rule, permit temporary placement of a sign, at a space designated by the Board, indicating that a Unit is for sale or lease.

7.14 Rubbish and Trash.

No Unit nor any part of the Common Elements shall be used as a dump for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt, and other material resulting from landscaping work shall not be dumped onto streets, the Common Elements, or any Unit. In the event an Owner or occupant fails to remove any trash, rubbish, garbage, yard rakings, or other waste materials from such Owner's or occupant's Unit (or from the street or other Common Elements if deposited thereon by such Owner or occupant) within five days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Unit as provided in Section 5.2.12.

7.15 Overloading.

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

7.16 Temporary Structures.

No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in the Condominium at any time as a residence either temporarily or permanently.

7.17 Parking Garage.

The Association shall assign and designate, at no charge, two parking spaces on the second level of the parking garage forming part of the general common elements of the Condominium to each Unit containing two or three bedrooms for the exclusive use of the Owner of that Unit, and one parking space on the second level of the parking garage forming part of the general common elements of the Condominium to each Unit containing one bedroom for the exclusive use of the Owner of that Unit. The Association shall also assign and designate, at no charge, to each Unit one storage space on the second level of such parking garage for the exclusive use of the Owner of that Unit. The selection of such parking and storage spaces shall be made in the sole discretion of the Association, but the Association may take into account such factors as it determines are relevant in assigning and designating parking and storage spaces to Units. The designation and assignment of parking and storage spaces to Units shall be accomplished by a Master List of Designated Parking and Storage Spaces, which shall be kept on file at the Association offices and shall be available to Owners and Mortgagees upon request. In the event a parking space or storage space is not assigned or is not used, the Association may elect to assign such unassigned or unused parking or storage space to an Owner of a Unit or to Declarant and may, in its discretion, charge a fee therefor.

7.18 Association Rules and Regulations.

In addition to the foregoing requirements, the Board of Directors from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons

and the operation and use of the Units and the Common Elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium. Any such Rules and Regulations may be amended, modified or revoked by the Owners in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

7.19 Activities of the Declarant.

Nothing in this Article 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of the Declarant pursuant to the Declaration with respect to the development, construction, and sale of the Condominium.

8. MAINTENANCE OF CONDOMINIUM PROPERTY

8.1 General.

Except as otherwise provided in the Declaration for damage or destruction caused by casualty:

8.1.1 Units. All maintenance and repairs to any Unit shall be made by the Owner of such Unit, as described in Section 14.1 of the Declaration.

8.1.2 Maintenance of Common Elements. The necessary work to maintain, repair, or replace the Common Elements and the floor and exterior walls of any furnace and storage closets located on the decks shall be the responsibility of the Association and shall be carried out as provided in these Bylaws. Notwithstanding the foregoing, each Owner shall be responsible for the maintenance, repair, and replacement of the exterior doorway or face panel of furnace and storage closets located on the decks and any fixtures thereon, such as knobs, handles, and hinges; the interior surfaces of any furnace and storage closets located on the decks; and any lighting fixtures located within, or attached to the interior of, the furnace and storage closets. If the Mortgagee of any Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect(s) that it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.2 Repairs by Association.

The Association may make repairs that an Owner is obligated to make and that he does not make within a reasonable time. If such repairs are of an emergency nature (in that the repairs must be promptly made to prevent further or imminent potential damage to the Unit involved, other Units or any Common Element), the Association may make such repairs immediately, without notice to the Owner, if he is not available for reasonable notification within the time frame that the nature of the emergency shall reasonably afford. The Association shall indemnify its agents, employees and other of its representatives from any and all liability to any Owner incurred by reason of any reasonable exercise of the right of entry afforded in the Declaration or these Bylaws to effect emergency repairs. The Association shall have no liability to an Owner for any use of its right of entry or right to make emergency repairs if it shall have reasonable cause to believe that such action is required. An Owner shall be deemed to have consented to having such repairs done to any of his Units by the Association. An Owner shall reimburse the Association in full for the cost of such repairs, except to the extent covered by insurance proceeds received by the Association, including any legal or collection costs incurred by the Association in order to collect the costs of such repairs. All such sums of money shall bear interest from the due date therefor at the rate provided in Section 5.6. The Association may collect all such sums of money in such installments as the Board of Directors may determine, which installments shall be added to the monthly contributions towards the common expenses of such Owner, after the Owner's receipt of notice thereof. All such payments are deemed to be additional contributions towards the common expenses and recoverable as such.

9. INSURANCE

9.1 Types.

Each Owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under Subsection 9.1.1 below and against his liability not covered under Subsection 9.1.2 below, unless the Association agrees otherwise. For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times and review no less than annually, and shall pay for out of the common expense funds, the following insurance:

9.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and Common Elements, including any fixtures, building service equipment, and common personal property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding the lesser of Ten Thousand Dollars (\$10,000.00), adjusted by any increase in the Consumer Price Index - All Items - for all urban consumers as published by the U.S. Bureau of Labor Statistics

(or any comparable substitute index, if such shall be discontinued), the base year being 1999, or one percent of the face amount of the policy.

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

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

9.1.4 Directors' liability insurance, if the Board of Directors deems such to be appropriate.

9.2 Mandatory Policy Provisions.

Insurance obtained by the Association shall be governed by the following provisions:

9.2.1 All policies shall be written with the State of Oregon or a company domiciled in the United States and licensed to do business in the State of Oregon and holding a commissioner's rating of at least "A," and a size rating of at least "AAA," by the Best's Insurance Reports current at the time the insurance is written or, prior to the Turnover Meeting, holding ratings acceptable to the Declarant. Should reinsurance be involved, the Board of Directors shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least "AAA."

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

9.2.3 Each Owner shall be required to notify the Board of Directors of all structural improvements made by the Owner to any of his Units. Nothing in this subsection shall permit an Owner to make improvements other than in accordance with the Declaration and the other provisions of these Bylaws.

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

9.3 Discretionary Provisions.

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

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

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

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

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

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

9.3.6 A rider on any master policy patterned after "Use and Occupancy" insurance which will provide relief from monthly assessments while a Unit is uninhabitable or unusable by the payment of the Condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and Mortgage payments. The proceeds from any casualty policy, whether held by the Association or an Owner, payable with respect to any loss or damage to the Common Elements, shall be held in trust for the benefit of all insureds as their interests may appear;

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

9.3.8 A provision that such policy or policies of insurance shall not be canceled or substantially modified without at least 60 days' prior written notice to all parties whose interests appear thereon, including any Mortgagee who has given notice to the insurer;

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

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

9.3.11 An "inflation guard" endorsement;

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

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

9.4 Additional Requirements.

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

9.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Subsection 9.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

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

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

9.5 By the Owner.

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

9.5.1 Insurance on any additions or improvements made by the Owner to any of his Units shall be purchased and maintained for the full insurable value thereof. Insurance also shall be purchased for furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his Unit, and his personal property and chattels stored elsewhere on the Property, including his automobile or automobiles, and for loss of use and occupancy of any of his Units in the event of damage. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.5.2 Public liability insurance in the amount reasonably set by the Board of Directors no more often than every three years, covering any liability of any Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association.

10. AMENDMENTS TO BYLAWS

10.1 How Proposed.

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

10.2 Adoption.

A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Owners and may be approved by the Owners at a meeting called for

this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the voting power of the Association, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by Owners holding at least 75 percent of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51 percent of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees: (i) Section 8, which addresses maintenance and repair; (ii) Section 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws that expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 10.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested. For a period of three (3) years from the date of the closing of the first sale of a Unit, the Bylaws may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

10.3 Execution and Recording.

An amendment shall not be effective until certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded as required by law.

10.4 Rights of Declarant.

Nothing in this Article 10 shall limit the right of the Declarant to amend the Bylaws pursuant to Section 21 of the Declaration.

11. LITIGATION

11.1 By Less than All Owners.

If any action is brought by one or more but less than all Owners on behalf of the Association and recovery is obtained, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; provided, however, that if such action is brought against all of the Owners or against the Board of Directors, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by

all the Owners, the plaintiff's expenses, including counsel's fees, shall not be charged to or borne by the other Owners, as a common expense, or otherwise.

11.2 Complaints Against.

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

12. MISCELLANEOUS

12.1 Notices.

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

12.2 Waiver.

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

12.3 Invalidity; Number; Captions.

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

12.4 Action Without a Meeting.

Any action that the Act, the Declaration or the Bylaws require or permit the Owners or Board of 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 the number of the Owners or Directors required to approve on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or the Board of Directors, as the case may be, shall be filed in the records of minutes of the Association.

12.5 Conflicts.

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

12.6 Liability Survives Termination.

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

12.7 Indexing.

Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 1982-1984 = 100 as the base year.

12.8 Declarant as Owner.

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

Dated at Portland, Oregon, this 13th day of June, 2000, being hereby adopted by the undersigned Declarant on behalf of the Association.

Declarant: WAVERLY LANDING, LLC, an Oregon limited liability company

By: KEHOE COMPANY, an Oregon corporation
Its: Member

By [Signature]
Martin T. Kehoe, Chairperson

STATE OF OREGON)
) ss.
COUNTY OF MULTNOMAH)

The foregoing instrument was acknowledged before me on this 13th day of June, 2000, by Martin T. Kehoe, who is the President of Kehoe Company, the Member of Waverly Landing, LLC, an Oregon limited liability company, on behalf of the limited liability company.



Linda Lee Kaelin
Notary Public for Oregon
My Commission Expires: April 23 2004

EXHIBIT A

Legal Description of the Marina

Parcel 3, PARTITION PLAT 1991-33, a recorded plat in the County of Multnomah, State of Oregon.