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**BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
BLOCK 122 CONDOMINIUM**

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section 1. Name and Location. These are the Bylaws of the ASSOCIATION OF UNIT OWNERS OF BLOCK 122 Condominium (hereinafter the "Association"). BLOCK 122 Condominium (hereinafter the "Condominium") is located in the City of Portland, Multnomah County, Oregon, and has been submitted to the Oregon Condominium Act by a declaration filed simultaneously herewith, entitled Declaration Submitting BLOCK 122 Condominium to Condominium Ownership (hereinafter the "Declaration"). The location of the Condominium is more specifically described in the Declaration.

Section 2. Principal Office. The principal office of the Association shall be located at such address as may be designated by the Board of Directors from time to time.

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

Section 4. Applicability of Bylaws. The Association, the Declarant and its successors and assigns, all unit owners, and all persons using the Condominium in any manner, shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

Section 5. Composition of Association. The Association shall be composed of all the unit owners of the Condominium; including the Declarant and the Association itself, to the extent any of these own any units of the Condominium.

Section 6. Definitions. Except as otherwise provided herein, the definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

Section 7. Incorporation. The Association is incorporated under the Oregon Non-Profit Corporation law. These Bylaws shall constitute the Bylaws of the Incorporated Association.

Section 8. Reserve Study and Maintenance Plan. Pursuant to ORS 100.175, the Declarant has conducted an initial reserve study, prepared an initial maintenance plan, and established a reserve account.

ARTICLE II

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

1.

Section 1. Membership in the Association. Upon becoming the legal owner or contract purchaser of a unit, said owners shall automatically be a member of the Association and shall remain a member of the Association until such time as his/her ownership ceases for any reason. Unit ownership shall be determined, for all purposes of the Bylaws and the administration of the property, from the record of unit ownership maintained by the Association. The Board of Directors may, at its discretion, require that a unit owner file with the Association satisfactory proof of ownership, including a copy of the deed to or land sale contract for his/her unit, to which shall be affixed the certificate of the recording office of the County of Multnomah, Oregon, showing the date and place of recording of such deed or contract. Notwithstanding the foregoing, the Declarant shall be the owner of all previously unsold units, although no deed or land sale contract, with respect to such units, has been filed with the Association.

Section 2. Voting. Each unit shall have one vote. No voting rights are associated with the Storage Units. The Declarant shall be entitled to vote as to any units owned by the Declarant. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such unit owner shall be disregarded completely in determining the proportion of votes given with respect to such matter. Notwithstanding the foregoing, if a valid court order has established the right of the co-owners' authority to vote, the court order shall control.

Section 3. Binding Vote; Percent of the Vote. The term "binding vote" shall mean more than fifty percent (50%) of the vote of the unit owners, present in person or by proxy, at a meeting at which a quorum is constituted. Such binding vote shall bind all unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

Section 4. Majority Vote. The term "majority vote" or "majority of unit owners" means more than fifty percent (50%) of all votes allocated to the units by the Declaration. The term "percent of all votes" shall mean a percent of all the voting rights allocated to the units by the Declaration.

Section 5. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of unit owners who own four (4) units shall constitute a quorum. A subsequent joinder of a unit owner in the action taken at a meeting by signing and conferring 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 the unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by

proxy, may adjourn the meeting. The quorum for a subsequent meeting shall be (a) one half of the quorum required by these Bylaws, or (b) twenty percent (20%) of the voting rights of the Association, whichever is greater.

Section 6. Proxies. A vote may be cast in person or by proxy, but not by absentee ballot, unless the Board of Directors elect to use a written ballot in lieu of meetings pursuant to ORS 100.425. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing, dated, signed by such owner, and shall be filed with the Secretary. A unit owner may not revoke a proxy that has been granted except by actual notice of revocation given to the person presiding over the meeting. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specified a shorter term, and every proxy shall automatically cease upon sale of the unit by its owner. The Board of Directors may not require that a proxy be on a form prescribed by the Board. A copy of the proxy provided to the Association by facsimile, electronic mail or other means of electronic communications is valid. A unit owner may pledge or assign his voting rights to a mortgagee. In such case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled hereunder and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any mortgagee may designate a representative to attend all or any meetings of the Association.

Section 7. Fiduciaries. An executor, administrator, guardian or trustee may vote, in person or by proxy, at a meeting of the Association with respect to a unit owner or held in a fiduciary capacity, whether or not the same shall have been transferred to the fiduciary, if the person satisfied the Secretary that the person is the executor, administrator, guardian or trustee holding the unit in a fiduciary capacity.

Section 8. Authority to Vote. All owners shall be entitled to vote. An owner's right to vote may not be revoked.

ARTICLE III

MEETINGS OF THE ASSOCIATION

Section 1. Place of Meetings. Meetings of the Association shall be held at such suitable place convenient to the unit owners as may be designated by the Board of Directors. The Board may decide by majority of its members to hold meetings through the internet, telephone or other electronic media.

Section 2. Informational Meetings. Prior to the initial meeting (the first annual meeting), the Declarant may call meetings of the unit owners, formally or informally, for such purposes as Declarant deems necessary or appropriate.

Section 3. Turnover Meetings. Within ninety (90) days of the earlier of: (a) the date of conveyance to persons other than the Declarant of fifty percent (50%) of the units, or (b) three (3) years from the date the first unit is conveyed, the Declarant shall call a meeting of the unit owners for the purpose of transferring control of the Association to all unit owners, including Declarant. Notice of such meeting shall be given to each unit owner at least ten (10) but not more than fifty (50) days prior to the meeting, and shall state the purpose and the time and place where it is to be held. At such turnover meeting, the interim Board of Directors will resign and successor directors will be selected by the unit owners as provided in Article IV, of these Bylaws. At such meeting the Declarant shall deliver to the Association such information and documents as may be required by the Act.

The Declarant may, at its option, call the turnover meeting prior to the time specified herein; if Declarant has not called a meeting within the time specified herein, the meeting may be called and notice given by any unit owner or any first mortgagee of a unit.

In order to facilitate an orderly transition, during the three-month period following the turnover meeting, the Declarant or an informed representative shall be available to meet with the Board of Directors on at least three mutually acceptable dates to review the documents delivered to the Association.

Section 4. Annual Meeting. The Association shall hold at least one meeting of the unit owners each calendar year. The first annual meeting of the Association shall be the initial meeting; it shall be held approximately one year after the sale of the first unit and shall be set by action of the Board of Directors, unless the turnover meeting shall have occurred sooner. If the turnover meeting has occurred sooner, the turnover meeting shall be the first annual meeting. The date of successive annual meetings may be changed from time to time, but must be held annually. At such meetings the vacancies created by those members of the Board of Directors whose terms have expired shall be filled by the unit owners in accordance with the provisions of Article IV, Section 3 of these Bylaws. The unit owners may also transact such other business of the Association as may properly come before them.

Section 5. Special Meetings. Special meetings of the Association may be called by the Chairperson, by a majority of the Board of Directors, or by the Secretary, upon receipt of a petition signed by at least thirty percent (30%) of the unit owners, according to their voting rights, which states the items to be included on the agenda and is presented to the Secretary. Upon a special meeting having been called in such manner, the Board of Directors shall, by resolution, set the time and place for the special meeting, which may be by formal gathering or by written ballot. The notice of any special meeting shall comply with Section 6 below. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the unit owners, or as otherwise set out in these Bylaws.

If the unit owners request a special meeting under this Section, and notice of the meeting is not given within 30 days after the date a written request is delivered to the Chairperson, or Secretary, a unit owner who signed the request may set the time and place of the meeting and give notice of the meeting pursuant to Section 6 herein.

Section 6. Notice of Meetings. Notices of meetings shall state whether the meeting is to be held at a formal gathering or by ballot, the time and place of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, or any proposal to remove a director or officer of the Association. It shall be the duty of the Secretary to either hand deliver, mail or email a notice of each meeting of the unit owners to each owner of record, at least ten (10) days, but not more than fifty (50) days prior to such meeting, or the date when ballots for a ballot meeting are required to be returned. The delivery or mailing shall be to the mailing address of the unit owner or to the address designated to the Secretary in writing by the unit owner. If unit ownership is split or the unit has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. The Secretary shall also mail a copy of the notice to all mortgagees who have requested such notice. The mailing or actual delivery of a notice in the manner provided in this Section shall be considered notice served. Notice of a meeting may be waived by any unit owner before or after the meeting.

Section 7. Additional Meetings. If any gathering of unit owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours or more than thirty (30) days from the time the original meeting was called. No notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place. .

Section 8. Rules of Order; Order of Business. Unless other rules of order are required by a resolution of the Association or its Board of Directors, meetings of the Association and the Board of Directors shall be conducted according to the latest edition of Robert's Rules of Order, published by the Robert's Rules Association. A decision by the Association or the Board may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied. A decision of the Association or the Board is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made, unless the error appears on the face of a written instrument memorializing the decision.

The order of business at meetings of the unit owners shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees, if any.
- (f) Election of directors.
- (g) Unfinished business.

- (h) New business.
- (i) Adjournment.

Section 9. Written Ballot in Lieu of Meeting. At the discretion of the Board of Directors, any action except those precluded by ORS 100.425, that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association member that is entitled to vote on the matter. If the Board decides to utilize the written and/or electronic ballot, the Board shall comply with ORS 100.425, ORS 100.427 and ORS 100.428.

ARTICLE IV

BOARD OF DIRECTORS QUALIFICATIONS, ELECTION, MEETINGS

Section 1. Number and Qualifications.

The affairs of the Association shall be governed by a Board of Directors composed of three persons. Each member of the Board must be an individual and an owner or co-owner of a unit, with the following limited exceptions. A director appointed by a declarant under ORS 100.200 need not be an owner or co-owner. If a corporation, limited liability company or partnership owns a unit in the condominium or owns an interest in an entity that owns a unit in the condominium, an officer, employee or agent of a limited liability company, or a partner, employee or agent of a partnership may serve on the board of directors. A trustee may serve on the board of directors if the trustee holds legal title to a unit in the condominium in trust for the benefit of the owner of the beneficial interest in the unit. An executor, administrator, guardian, conservator, or other individual appointed by a court to serve in a fiduciary capacity for an owner of a unit, or an officer or employee of an entity if the person appointed is an entity, may serve on the board of directors. Any individual described in these exceptions, shall provide the board with documentation satisfactory to the board that the individual is qualified to represent the entity or is a trustee or is serving in a fiduciary capacity for the owner of a unit. If an individual no longer meets the requirements of these exceptions, the position on the board of directors automatically becomes vacant. The qualifications for directors set forth herein do not apply to interim directors appointed by the Declarant

Section 2. Interim Directors. Upon the recording of the Declaration, the Declarant will appoint an interim board of three directors who shall serve until replaced by Declarant or until his or her successor has been appointed by the unit owners as hereinafter provided.

Section 3. Transitional Committee. Unless the organizational and turnover meeting described in Article III, Section 3 above has already been held, Declarant shall call a meeting of the unit owners for the purpose of forming a transitional committee. The meeting shall be called within sixty (60) days of conveyance to persons other than Declarant of fifty percent (50%) of the units. Declarant shall give notice of the meeting as provided in Article III, Section 6 above. The committee shall consist of two or more members elected by the unit owners other than Declarant and not more than one representative of Declarant. The members

shall serve until the organizational and turnover meeting. The transitional committee shall be advisory only and its purpose shall be to enable ease of transition from control of the administration of the Association by the Declarant to control by the unit owners. The committee shall have access to the information, documents and records that Declarant must turn over to the unit owners at the time of the organizational and turnover meeting. If Declarant fails to call the meeting to elect a transitional committee within the time specified, the meeting may be called and notice given by any unit owner pursuant to ORS 100.205(4).

Section 4. Selection and Term of Office. At the turnover meeting, the interim director shall resign and if a quorum of the unit owners are present, the owner or owners of the units shall elect, by binding vote, three directors to the Board of Directors, or if not enough unit owners run for election, such number of directors sufficient to constitute a quorum pursuant to Article IV, Section 12 herein. Each director shall have equal voting power on the Board of Directors. The term of office of each director shall be one (1) year, except that the term of the Chairperson elected at the turnover meeting shall be two (2) years. Thereafter, the term shall be two (2) years with the Chairperson and the other Directors being elected in alternate years. Any director may be re-elected to successive terms. The directors shall hold office until their successors have been appointed and hold their first meeting.

If the unit owners present do not constitute a quorum, or the unit owners fail to elect the number of directors sufficient to constitute a quorum of the Board of Directors at the turnover meeting held in accordance with this section:

(a) At any time before the election of the number of directors sufficient to constitute a quorum, a unit owner or first mortgagee of a unit may call a special meeting for the purpose of election for directors and shall give notice of the meeting in accordance with the notice requirements in the Bylaws for special meetings. The unit owners and first mortgagees present at the special meeting shall select a person to preside over the meeting.

(b) A unit owner or first mortgagee of a unit may request a court to appoint a receiver pursuant to ORS 100.420.

Section 5. Vacancies, Removal. A vacancy on the Board of Directors, for any reason other than failure to attend three consecutive meetings of the Board of Directors, shall be filled by a majority vote of the remaining directors. Vacancies in the interim Board of Directors shall be filled by Declarant. If a director fails to attend three (3) consecutive meetings of the Board of Directors, such director shall be automatically removed or shall be replaced in accordance with the provisions above.

Section 6. Open Meetings. All meetings of the Board of Directors shall be open to unit owners except that, in the discretion of the Board, the following matters may be considered in executive session: (a) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (b) personnel matters, including salary negotiations and employee discipline; and (c) the negotiation of contracts with third parties. Except in the case of an emergency, the Board shall vote in an

open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer on the Board shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to unit owners.

Section 7. Organizational Meeting. The first meeting of a newly appointed Board of Directors shall be held within ten (10) days of election, at such place as shall be fixed by the directors at the meeting at which such directors were appointed, and no notice shall be necessary to the newly appointed directors in order to legally hold such meeting, providing a majority of the newly appointed directors are present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. This may include if agreed to by a majority of the Board members in accordance with the methods allowed for emergency meetings set forth in Section 10 below.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the Chairperson or Secretary or on the written request of one (1) director. Special meetings of the Board of Directors may be called on three (3) days' notice to each director, given personally or by mail, telephone, telegraph, facsimile or email, which notice shall state the time, place and purpose of the meeting.

Section 10. Conference Call Meetings. In emergency situations, meetings of the Board of Directors may be conducted by telephonic and or other forms of electronic communication. Such telephonic and/or electronic meetings may be carried on by means of a "conference call," in which each director may speak with any of the other directors. The directors shall keep telephone numbers and email addresses on file with the Chairperson to be used for telephonic meetings.

Section 11. Waiver of Notice. Before, at, or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice by him or her at the time and place thereof. If all the directors are present at any meeting of the Board of Directors, no notice to such directors shall be required, and any business may be transacted at such meeting.

Section 12. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Compensation of Directors. No director shall be compensated in any manner except for out-of-pocket expenses, not exceeding \$100 in any three (3) month period, unless such compensation is approved by binding vote of the unit owners.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a Chairperson (who shall be a member of the Board of Directors), a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Chairperson shall be a unit owner. The Secretary and Treasurer need not be unit owners.

The Board may, at any time, appoint an Assistant Secretary and an Assistant Treasurer, and any such other officers as in their judgment may be necessary or desirable.

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

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her replacement 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.

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

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He/she shall attend to the giving and serving of all notices to the unit owners and directors. He/she shall have charge of such records of the Association as the Board may direct, and he/she shall, in general, perform all the duties incident to the office of Secretary and as may be required by the directors.

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

by the Board of Directors. He/she shall perform all other duties incident to the office of Treasurer and as may be required by the directors.

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

Section 8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by binding vote of the unit owners.

ARTICLE VI

ASSOCIATION RESPONSIBILITIES; BOARD OF DIRECTORS' POWER AND DUTIES

Section 1. Association Responsibilities. The Association will have the responsibility of administering the Condominium; approving the annual budget; establishing and collecting assessments; arranging for the operation, management, and maintenance of the Condominium, including negotiating and contracting with the supervising of any person, persons, or business entity with respect to such matters, subject to Section 6 of this Article, instituting, defending or intervening in litigation or proceedings in his own name or on behalf of two or more unit owners with respect to any cause of action relating to the Condominium or more than one unit; and taking such other actions and exercising such other powers as are authorized and/or required by the provisions of the Act as the same may be amended from time to time. The Association must file an Annual Report with the Corporate Division of the Oregon Secretary of State each and every year to keep its corporate status active.

Section 2. Board's Powers and Duties. Except as limited by the Declaration and Bylaws, the Board of Directors shall have all powers and duties necessary to carry out the responsibilities of the Association, and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the unit owners; specifically and without limitation, the Board of Directors shall carry out and be responsible for the following matters:

(a) Operation, care, maintenance, repair, replacement and supervision of the Association's property, the general common elements and the limited common elements, including the preparation, review and update of the reserve study, except to the extent this obligation is imposed on the unit owners in the Declaration or these Bylaws.

(b) Determination of and establishing a budget for the amounts required for operation, maintenance, repair and replacement of common elements, funding the reserve account, and other affairs of the Association, including the preparation, annual review and update of the initial Maintenance Plan and the initial Reserve Study; preparation and adoption of operating budgets and maintenance places; and setting assessments therefore.

(c) Collection of assessments from the unit owners, both pro rata assessments and individual assessments.

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

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

(f) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association, and preparing and filing income tax returns and any other required tax returns or forms, including, but not limited to the preparation and distribution of annual financial statements in accordance with ORS 100.480(2), (4) and (5) Provided, however that the Board may not incur more legal fees greater than \$5000 in any dispute, claim mediation arbitration or litigation unless seventy five per cent (75%) of the Unit Owners approve the expenditure by affirmative vote at a meeting of the Association called for the purpose of approving such expenditure. This limitation shall not apply to legal fees incurred in defending the Association or the Board of Directors in actions brought against them. This section may be amended by a seventy-five percent (75%) vote of the unit owners.

(g) Opening of bank accounts on behalf of the Association and designating the signatories required therefore.

(h) Purchasing units of the Condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all unit owners, as provided in these Bylaws. In any foreclosure action instituted by the Board of Directors, the Board shall enter a bid at the sale for the amount of the unpaid liens and costs and expenses incurred in such action. No other purchase of a unit can be undertaken unless the unit owners have authorized the purchase by majority vote.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to, or otherwise dealing with units of the Condominium acquired by the Association or its designee on behalf of all unit owners.

(j) Obtaining insurance or bonds pursuant to the provisions of these Bylaws.

(k) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the Board if the total cost will exceed the amount of \$2,500, unless the project has been approved by unanimous vote of the unit owners. This limitation shall not be applicable to the

operation, care, maintenance, repair or replacement of the common elements undertaken pursuant to subparagraph (a) above.

(l) Granting, executing, acknowledging, delivering and recording on behalf of the unit owners, leases, easements, right of ways, licenses and other similar interest affecting the general and limited common elements or consenting to vacations of roads after the granting of such interests or consents has been approved by the unit owners as provided in the Declaration. A permit or authorization issued by the Board of Directors pursuant to authority granted to the Board under law, the Declaration, or the Bylaws, may be recorded in the deed records of the county where the Condominium is located, pursuant to ORS 100.405(10).

(m) Promulgation of rules and regulations by majority vote of the Board of Directors governing the Condominium and use thereof which shall be consistent with the restrictions set out in Article IX of these Bylaws.

(n) Enforcement by legal means or otherwise of the provisions of the Act, the Declaration, these Bylaws and any rules and regulations adopted hereunder.

(o) Modifying, closing, removing, eliminating or discontinuing the use of a general common element facility or improvement or portion of the common element landscaping, in accordance with ORS 100.405(9).

Section 3. Reports and Audits; Record Keeping.

(a) The Board or its designee shall maintain, within the State of Oregon, detailed, accurate records in chronological order, of the receipts and expenditures affecting the common elements, itemizing the maintenance and repair expenses of the common elements and any other expenses incurred, and shall keep any other financial records sufficient for proper accounting purposes.

(b) An annual report or financial statement consisting of a balance sheet and income and expense statement for the preceding year shall be distributed by the Board of Directors to all unit owners, and to all mortgagees of units who have requested the same, within ninety (90) days after the end of each fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association. At any time any unit owner or mortgagee may, at his/her own expense, cause an audit or inspection to be made of the books and records of the Association.

(c) The Board of Directors shall maintain, at all times, within the State of Oregon, the records and documents of the Association, including those received from Declarant at the turnover meeting. Such records and documents shall be reasonably available for examination by a unit owner or a mortgagee; upon written request from the unit owner or mortgagee, such records and documents shall be made available for duplication. The Board shall maintain copies, suitable for duplication, of the Declaration,

Bylaws, rules and regulations (and amendments thereto), current operating budget, and the most recent annual report. Upon written request of a prospective purchaser, such copies and documents shall be made available for duplication during reasonable hours. The Board may charge a reasonable fee, including reasonable personnel costs, for furnishing copies to a unit owner, mortgagee or prospective purchaser.

(d) The Association shall provide, within ten (10) business days of receipt of a written request from a unit owner, a written statement that provides: (i) the amount of assessments due from that owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, and late payment charges, (ii) the percentage rate at which interest accrues on assessments that are not paid when due, and (iii) the percentage rate used to calculate the charges for late payments or the amount of fixed charge for late payment. Notwithstanding the foregoing, the Association is not required to provide such written statement if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due. The Board may charge a reasonable fee for the preparation of such written statement.

Section 4. Managing Agent. The Board of Directors may employ a managing agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to the duties otherwise delegated to the Secretary or Treasurer in Article V of these Bylaws. The managing agent shall have the right to contract with any unit owner, individually or collectively with other unit owners, for the management or lease of a particular unit or units.

Section 5. Annual Report. After the turnover meeting described in Article III, Section 3, has been held, the Board of Directors or its designee shall annually prepare and deliver to the office of the Oregon Real Estate Agency, not later than the report date, an annual report as provided in the Act. The report date shall be the anniversary date on which the Condominium Information Report was filed in the office of the Oregon Real Estate Agency. The annual report shall set forth:

- (a) The name of the Association;
- (b) The name of the condominium and the county in which the condominium is located;
- (c) The mailing address, including the street and number, if any, and county of the Association;
- (d) The name and residence or business address, including the street and number, of the person designated as agent to receive service of process in cases provided in ORS 100.550(1) and any other legal proceeding related to the condominium or Association; if the designated agent has been changed since the last annual report was filed, the report shall contain a statement that the new agent has consented to the appointment; and

(e) The names and addresses of the Chairperson and Secretary of the Association.

Within thirty (30) days after there is a change in the information contained in a report, the Board or its designee shall prepare and deliver to the Oregon Real Estate Agency an amendment in accordance with the Act, which amendment shall set forth:

(a) The name of the Association as shown on the current records of the Oregon Real Estate Agency;

(b) The name of the condominium and county in which the condominium is located;

(c) A statement of the information as changed; and

(d) If the current designated agent is to be changed, the name of the new designated agent and residence or business address, including the street and number, and a statement that the new agent has consented to the appointment.

The reports and amendment shall be made on forms proscribed and furnished by the Oregon Real Estate Agency, shall be accompanied by one exact or conformed copy and the correct filing fee, shall contain information current as of thirty (30) days before delivery for filing, shall be executed by the designated agent and the Chairperson or Secretary of the Association, and shall state beneath or opposite the signature, the name of the person and the capacity in which the person signs; and shall contain any additional identifying information that the Oregon Real Estate Agency shall require by rule.

Section 6. Legal Proceedings Except Dispute Resolution. Before initiating litigation or any administrative proceeding in which the Association and a unit owner have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to use any dispute resolution program available within the county in which the condominium is located that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The offer shall be in writing and must be hand delivered or mailed by certified mail, return receipt requested, to the address contained in the records of the Association, for the other party.

If the party receiving the offer does not accept the offer within ten (10) days after receipt of the written notice described above, the initiating party may, subject to the remaining provisions of this Section 6, commence the litigation or the administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address, and the telephone number of the body administering the qualified dispute resolution program selected by the accepting party.

If a qualified dispute resolution program exists within the county in which the condominium is located and an offer to use the program is not made as required above,

litigation or an administrative proceeding may be stayed for thirty (30) days upon a motion of the non-initiating party. If the litigation or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

Unless a stay has been granted as described above, if the dispute resolution process is not completed with thirty (30) days after receipt of the initial offer, the initiating party may, subject to the remaining provisions of this Section 6, commence litigation or an administrative proceeding without regard to whether the dispute resolution is completed.

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

(b) Arbitration. Any claim, controversy or dispute by or among Declarant (including members, officers, directors, shareholders and affiliates of Declarant), Association, the manager or managing agent, or one or more unit owners, or any of them, arising out of or related to the Declaration, these Bylaws or the Condominium shall be first subject to mediation as provided in Section 6(a) above or otherwise and, if not timely settled by mediation, resolved by arbitration in accordance with this Article VI, Section 6. The decisions and award of the arbitrator shall be final, binding and nonappealable. The arbitration shall be conducted in Portland, Oregon pursuant to the arbitration statutes of the State of Oregon and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action ("lis pendens").

Selection of Arbitrator. The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties. The arbitrator selected shall be neutral and unbiased, except to the extent the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree upon the arbitrator within ten (10) days after a party's demand for arbitration, upon application of any party, the Presiding Judge of the Circuit Court of Multnomah County, Oregon shall designate the arbitrator.

Consolidated Arbitration. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration.

Discovery. The parties to the arbitration shall be entitled to such discovery as would be available to them in an action in Multnomah County Circuit Court. The arbitrator shall have all the authority of the Court incidental to such discovery, including without limitation authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition and to impose appropriate sanctions including without limitation award against a party for failure to comply with any order.

Evidence. The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, except where any of the parties is absent, in default or has waived its right to be present.

Excluded Matters. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Section (but shall be subject to the applicable provisions of Section 6(c) below): (a) actions relating to the collection of fees, assessments, fines, and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this Article VI, Section 6. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article.

Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the non-prevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. Should any suit, action or arbitration be commenced in connection with any dispute related to or arising out of the Declaration or these Bylaws,, to obtain a judicial construction or any provision of the Declaration or these Bylaws, to rescind the Declaration or these Bylaws or to enforce or collect any judgment or decree of any court or any award obtained during arbitration, the prevailing party shall be entitled to recover its costs and disbursements, together with such investigation, expert witness and attorneys' fees incurred in connection with such dispute, as the court or arbitrator may adjudge reasonable, at trial, in the arbitration, upon any motion for reconsideration, upon petition for review, and on any appeal of such suit, action or arbitration proceeding. The determination of who is the prevailing party and the amount of reasonable attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard, or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

Survival. The mediation and arbitration agreement set forth in this Article VI, Section 6 shall survive the transfer by any party of its interest or involvement to the Condominium and any unit therein and the termination of the Declaration of these Bylaws.

(c) Initiating or Defending in Legal Proceedings. Subject to Subsection (a) and (b) above, the Association, through its Board of Directors, may:

(i) Defend against any claims, proceedings or actions brought against it;

(ii) Subject to the notice set forth in Subsection (iii) below, initiate or intervene in litigation or administrative proceedings in its own name, and without joining the individual unit owners, in the following: (A) matters relating to the collection of assessments and the enforcement of governing documents of the condominium; (B) matters arising out of contracts to which the Association is a party; (C) actions seeking equitable or other non-monetary relief regarding matters that affect the common interests of the unit owners, including but not limited to the abatement of nuisance; (D) matters relating to or affecting common elements, including but not limited to actions for damage, destruction, impairment or loss of use of any common element; (E) matters relating to or affecting the units or interest of unit owners, including but not limited to damage, destruction, impairment or loss of use of a unit or portion thereof, if resulting from a nuisance or a defect in or damage to a common element, or required to facilitate repair to any common element; and (F) any other matter to which the Association has standing under law or pursuant to the Declaration or Bylaws.

(iii) At least ten (10) days prior to instituting any litigation or administrative proceeding to recover damages under Subsection (E) above, the Association shall provide written notice to each affected owner of the Association's intent to seek damages on behalf of the owner. The notice shall be mailed to the mailing address of each unit or to the mailing addresses designated by the unit owners in writing to the Association. The notice shall, at a minimum: (A) inform each owner of the general nature of the litigation or proceeding; (B) describe the specific nature of the damages to be sought on the owner's behalf; (C) set forth the terms under which the Association is willing to seek damages on the owner's behalf, including any mechanism proposed for the determination and distribution of any damages recovered; (D) inform each owner of the owner's right not to have the damages sought on the owner's behalf, and specify the procedure for exercising the right; and (E) inform the owner that exercising the owner's right not to have damages sought on the owner's behalf relieves the Association of its duty to reimburse or indemnify the owner for the damages, does not relieve the owner from the owner's obligation to pay dues or assessments relating to the litigation or proceeding, does not impair any easement owned or possessed by the Association, and does not interfere with the Association's right to make repairs to common elements.

(iv) Within ten (10) days of mailing the notice described in Subsection (iii) above, any owner may request in writing that the Association not seek damages with regard to the objecting owner's unit or interest and shall be relieved of any duty to reimburse or indemnify the owner for damages under the litigation proceeding.

(c) Legal Proceedings Not Obligatory. Notwithstanding any implication to the contrary in this Section 6, the Association shall not be required to institute, defend or intervene in proceedings in its own name or on behalf of one or more unit owners with respect to any cause of action relating to the condominium, and the Board of Directors' failure to do so shall not be deemed a breach of fiduciary duty.

(d) Majority of Vote Required. Notwithstanding any provision to the contrary in this Section or elsewhere in these Bylaws, and in addition to the requirements set forth above; except for legal action to collect delinquent assessments or to foreclose liens filed with respect thereto, the Board of Directors shall not institute legal action against third parties, Declarant, or unit owners unless such legal action has been approved by vote of seventy five per cent (75%) of the unit owner.

ARTICLE VII

EXPENSES AND ASSESSMENTS

Section 1. Assessments.

(a) All residential unit owners are obligated to pay assessments imposed by the Board of Directors to meet all the common expenses and for such other reasons and purposes as provided in the Bylaws. The term "assessment," as used in the Declaration or Bylaws, means any charge imposed or levied by the Association on or against a unit owner or unit pursuant to the Declaration, the Bylaws, or the Act. Assessments may not be waived due to limited or nonuse of common elements or abandonment of a unit. A unit owner may not claim an offset against an assessment for failure of the Association to perform its obligations.

(b) All assessments shall be deposited in one or more separate bank accounts, located within the State of Oregon, in the name of the Association. All expenses shall be paid from the Association's bank account, except those for which Declarant is responsible pursuant to Section 2(b) below.

Section 2. Declarant's Obligations; Deferring Commencement of Assessments.

(a) Except as provided in Subsection (b) below and Section 5 of this Article, from the date of conveyance of the first unit, the Declarant shall pay (i) assessments due for common expenses on all unsold units; and (ii) assessments due for reserves on all unsold units.

(b) Except with respect to reserves described in Section 5 of this Article, Declarant may elect to defer commencement of all or part of common expense assessments as to all units in the condominium until the turnover meeting. If Declarant so elects to defer commencement of all or part of common expense assessments, Declarant shall pay as they accrue and be responsible for all or part of the common

expenses attributable to the condominium for which assessments have been deferred, until assessments commence for all common expenses. Declarant shall give not less than ten (10) days written notice to all affected unit owners prior to the commencement of common expense assessments if such a deferral occurs.

(c) With respect to reserves described in Section 5 of this Article, reserve assessments do not begin to accrue until after Declarant has conveyed the first unit in the condominium to persons other than Declarant. Thereafter, Declarant may elect to defer payment of accrued assessments for reserves for a unit until the date the unit is conveyed; however, the Declarant may not defer payment of accrued assessments for reserves beyond the date of the turnover meeting, or, if a turnover meeting is not held, the date that the unit owners assume administrative control of the Association; and in any event, election by Declarant to defer payment of such accrued assessments shall be limited to a period of three (3) years from the date the Declaration is recorded. The Declarant shall pay reserves, including any deferred reserves, within thirty (30) days of the date they are due. The books and records of the Association shall reflect the amount the Declarant owes for all reserve account assessments.

Section 3. Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Costs of insurance or bonds obtained in accordance with these Bylaws.
- (d) Cost of funding reserves.
- (e) Any deficit in common expenses for any prior period.
- (f) Utilities for the common elements and other utilities with a common meter or commonly billed, such as sewer and water (including hot water).
- (g) Any other items properly chargeable as an expense of the Association or properly assessed against a unit owner or owners as provided herein.
- (h) Any other items agreed upon as common expenses by all unit owners.

Section 4. Annual Budget. The initial budget and estimated assessment shall be determined by Declarant. The budget and assessment shall thereafter be determined by the Board of Directors. The Board shall from time to time, and at least annually, estimate the expenses to be incurred during the coming year or fiscal period, adopt the annual budget for such year or period, and determine the annual assessment and any special assessments to be paid during such year or period. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary thereof to all unit owners and shall notify the unit owners of the annual and special assessments. Account shall be taken of any expected income and any surplus

available from the prior year's operations. The budget may provide for reserves for working capital and unexpected contingencies. If any sums estimated and budgeted for any purpose prove inadequate for any reason (including a unit owner's failure to pay assessments for any reason), the Board may at any time levy a further assessment.

Section 5. Reserve Accounts for Replacement of Common Elements. The initial budget provided by Declarant shall make provision for a reserve account or accounts for replacement of those common elements, all or a part of which will normally require replacement in more than one (1) and less than thirty (30) years, for exterior painting, and for such items (if any), as may be required by the Declaration or these Bylaws or that the Board, in its discretion, may deem appropriate. The amount assessed shall take into account the estimated remaining life of such items and the current replacement cost thereof. The reserve account must be funded by assessments against the individual units for the purposes for which the reserve account is being established. The reserve account need not include those items that could reasonably be funded from operating assessments.

The amount of payments to the reserve account shall be adjusted at least annually to recognize changes in current replacement costs over time. The Board annually shall conduct a reserve study, or review and update any existing study, of the common elements, to determine the reserve account requirements and may adjust the amount of payments in accordance with the study or review, and/or provide for other reserve items that the Board, in its discretion, may deem appropriate. The reserve study shall include:

- (a) Identification of all items for which the reserves are established;
- (b) The estimated remaining useful life of each item as of the date of the reserve study;
- (c) An 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 reserves, to meet the maintenance, repair and replacement schedule.

The assessment for the reserve account will accrue from the time of the conveyance of the first individual unit assessed. The reserve account has been established by Declarant in the name of the Association. It is to be used only for the purposes for which reserves have been established and is to be kept separate from other funds of the Association. Notwithstanding the foregoing: After the turnover meeting, The Board of Directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses which will later be paid from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds, not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. Restrictions on the use of the reserve account do not prohibit its

prudent investment subject to any constraints on investment of Association funds imposed by rules of the Association.

Section 6. Special Assessments for Capital Improvements. In the case of any duly authorized capital improvements to the common elements, the Board of Directors may establish separate assessments for the same and maintain the proceeds from such assessments in separate accounts.

Section 7. Assessments Allocated for Capital Improvements. Except as otherwise provided, all unit owners shall be assessed in accordance with the undivided interest in the common elements allocated to each unit by the Declaration. However, the costs of maintenance, repair, replacement, and reserves for the parking units shall be allocated to the units to which the parking units are assigned. Further, unit owners may be assessed additional amounts individually for common expenses incurred through such unit owner's fault or direction or the fault or direction of such unit owner's tenants; and unit owners may be assessed additional amount individually for fines, charges and expenses in the process of collection of assessments and enforcement of the Declaration, Bylaws, and rules and regulations, and as otherwise provided in these Bylaws.

Section 8. Omission of Budget and Assessments. The omission by the Board of Directors before the expiration of any fiscal year to fix the budget, estimate the expenses, and/or determine the assessment for the forthcoming year shall not be deemed a waiver or modification in any respect of the provision of these Bylaws, or a release of the unit owner from the obligation to pay the assessment or any installment thereof; the last adopted budget shall continue in effect and assessments fixed for the preceding year and unpaid portions or prior special assessments shall continue until new assessments are fixed.

Section 9. Debt Obligation; Installment; Interest. Each assessment shall be the joint and several personal obligations of the owner or owners of the unit as of the time it is assessed. Assessments shall be paid monthly. Any assessment or installment thereof unpaid when due shall be delinquent and shall bear interest at twelve percent (12%) per annum from its due date until paid.

Section 10. Association's Lien against Unit. The Association, upon complying with ORS 100.450 or as the same may be amended, shall have a lien upon the individual unit and any and all Paring Units owned by the owner and undivided interest in the common elements appertaining to such unit for any unpaid assessments and interest. The lien shall be prior to all other liens or encumbrances upon the unit except:

- (a) tax and assessment liens;
- (b) a prior mortgage or trust deed of record; and

(c) notwithstanding subparagraph (b) above, the Association's lien shall also be prior to the lien of any prior mortgage or trust deed of record for the unit and the undivided interest in the common elements if:

(1) The Association has given the lender under the mortgage or trust deed ninety (90) days prior written notice that the owner of the unit is in default in payment of an assessment. The notice shall contain: (i) name of the borrower; (ii) recording date and recording information of the trust deed or mortgage; (iii) name of condominium, unit owner and unit identification; and (iv) amount of unpaid assessment; the notice must also set forth the following in 10-point type: "NOTICE: The lien of the Association may become prior to that of the lender pursuant to ORS 100.450;"

(2) The lender has not initiated judicial action to foreclose the mortgage or requested an issuance of a trustee's notice of sale under the trust deed or accepted a deed in lieu of foreclosure in the circumstances described in Section 11 of this Article prior to the expiration of ninety (90) days following the notice by the Association;

(3) The Association has provided the lender, upon request, with copies of any liens filed on the unit, a statement of the assessments and interest remaining unpaid on the unit and other documents which the lender may reasonably request;

(4) The borrower is in default under the terms of the mortgage or trust deed as to principal and interest; and

(5) A copy of the notice has been verified, filed and recorded in the manner prescribed in ORS 100.450(3).

Section 11. Deed in Lieu of Foreclosure. A deed in lieu of foreclosure accepted by the holder of a first mortgage or the beneficiary of a first deed of trust in respect to a unit shall have the effect of extinguishing a lien of the Association filed to secure unpaid assessments in the following circumstances:

(a) When the purchaser of a unit obtains title to the unit as a result of foreclosure of the first mortgage or trust deed, such purchaser, his successors and assigns, shall not be liable for any unpaid assessment against such unit or its owner which became due prior to the acquisition of title to such unit by such purchaser. Such unpaid assessments shall be a common expense of all the unit owners, including such purchaser, his successors and assigns.

(b) In a voluntary conveyance of a unit, the grantee shall be jointly and severably liable with the grantor for all unpaid assessments against the grantor of the unit to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. 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, and the grantee in that case shall not be liable for, nor shall the unit, when conveyed, be subject to a lien filed thereafter for any unpaid assessments against the grantor in excess of the amount therein set forth.

ARTICLE VIII

COLLECTION OF ASSESSMENTS; ENFORCEMENT

Section 1. Compliance with Declaration, Bylaws, Rules and Regulations. Each unit owner shall comply with the Declaration, Bylaws, and rules and regulations adopted pursuant thereto, as well as with such other covenants, conditions and restrictions contained in the deed to the unit. Failure to comply therewith shall be grounds for an action maintainable by the Association or by an aggrieved unit owner.

Section 2. Authority to Enforce and Collect. The Board of Directors, on behalf of the Association, shall take prompt action against any violator to enforce the provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto, including prompt action to collect any unpaid assessment. In doing so, the Board may exercise one or more of the remedies, separately or concurrently, specified in this Article, as well as any other remedies which may be available at law or in equity.

Section 3. Abatement and Enjoining of Violations. In the event of the violation of the Declaration, Bylaws, or any rules or regulations adopted pursuant thereto, the Board of Directors shall have the right to:

(a) enter the unit or limited common elements in which or as to which such violation exists and summarily abate and remove, at the expense of the unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the documents (except that judicial proceedings must be instituted before items of construction can be altered or demolished), and the Board and its agents shall not thereby be deemed guilty of any manner of trespass; and/or

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

Section 4. Late Charges; Fines. The Board may, if it deems appropriate, impose charges for late payments of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations adopted pursuant thereto; provided, however, that the charge imposed or fine levied must be based on a resolution, which may be a continuing resolution, that is adopted by the Board and is delivered to each unit, either by mailing to the mailing address of each unit or mailed to the mailing addresses designated by the owners in writing.

Section 5. Acceleration of Assessment. In the event that a unit owner fails to pay an installment of an assessment when it is due, the Board may, after ten (10) days written notice, declare the defaulting unit owner's entire annual special assessment due immediately, and interest thereafter shall accrue on the entire assessment at twelve percent (12%) per annum until paid.

Section 6. Foreclosure of Lien against Unit; Appointment of Receiver; Power to Bid at Foreclosure Sale. The Board of Directors, on behalf of the Association, may bring suit to foreclose the lien against the unit pursuant to ORS 100.450. In any such foreclosure suit, the unit owner shall be required to pay reasonable rental for the unit. The plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect the rent. The Board of Directors, acting on behalf of the unit owners, shall have the power to bid for the unit at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same, subject to restrictions in Article VI, Section 2(h).

Section 7. Action to Obtain and Recover a Money Judgment. The Board of Directors, on behalf of the Association, may bring an action to obtain a money judgment against a unit owner for damages and/or for unpaid assessments. An action to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, referred to in Article VII, Section 10 of these Bylaws.

Section 8. Termination of Utility Services or Access to Facilities. The Board of Directors may adopt rules regarding the termination of utility services paid for out of assessments of the Association and, after giving written notice and an opportunity to be heard, terminate the rights of any owners to receive such benefits until the correction of any violation covered by such rule has occurred.

Section 9. Attorney's Fees. In any suit or action brought by the Association or the Declarant to foreclose its lien, collect delinquent assessments, or to enforce compliance with the terms and provisions of the Act, the Declaration or Bylaws, all amendments or supplements thereto, or any rules or regulations adopted hereunder, the prevailing party shall be entitled to recover reasonable attorney fees therein and in any appeal therefrom. The Board shall be entitled to assess the delinquent unit owner, as an individual assessment, an amount equal to the actual attorney's fees the Board has incurred in collecting or attempting to collect delinquent assessments, whether or not suit or action is filed; the Board shall provide the delinquent unit owner with written notice of the amount of attorney's fees that have been incurred within sixty (60) days after incurring them.

ARTICLE IX

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

Section 1. Maintenance and Repair.

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

(b) Each unit owner shall be responsible for the repair, maintenance, or replacement of windows, doors, and any plumbing, furnaces, furnace ducts, other heating or air conditioning fixtures, telephones, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, ovens, washers, dryers, or other appliances and accessories that are located in and used exclusively for his unit, regardless of whether such items are designated as common elements.

(c) Each unit owner shall keep the decks, any exterior areas that are assigned to his unit as a limited common element, in a neat, clean, safe and sanitary condition.

(d) Each parking unit owner shall keep the parking unit in a neat, safe and sanitary condition.

(e) A unit owner shall promptly reimburse the Association for any expenditures incurred in repairing or replacing any common element damaged through his fault or at his direction or at the fault or direction of his tenant, as provided in Article X, Section 7 of the Bylaws.

(f) All other maintenance, repair and replacement to the general and limited common elements shall be made by the Association as a common expense (with the allocations described in Article VII of the Bylaws).

Section 2. Use of Units; Renting Units; Internal Changes; Alterations.

(a) The residential units shall be occupied and used by the respective owners for residential purposes for the owner, family, and social guests, and for any use permitted use under the City of Portland Zoning Code Sections applicable to the unit provided such use is in compliance with all the applicable laws and regulation of said unit. A unit owner shall have the right to lease or rent the unit only with prior written permission of the Board of Directors, which shall not be unreasonably withheld. It will be deemed conclusively reasonable within the meaning of this section of the Board of Directors denies a request to rent a unit if the rental would endanger the ability of the Association Members or as buyer thereof to obtain financing for a Unit either pursuant to a refinance or a sale. If permission is provided, any lease or rental agreement shall be in writing and shall provide that the terms of said agreement shall be subject in all respects to the provisions of the Declaration, Bylaws and rules and regulations adopted by the Board of Directors, and that any failure by the tenant to comply with the terms of such documents shall be in default under said agreement; copies of any lease or rental agreement shall be given to the Board of Directors. A unit owner may be assessed individually for common expenses incurred in enforcing the Declaration, Bylaws and rules and regulations with respect to such tenant.

(b) The storage unit shall be used for storage only as provided in the Declaration and for no other purpose. The storage unit may be rented only to an owner of a residential unit or to a tenant of an owner of a residential unit

(c) A unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the condominium, reduce the value thereof, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained. Subject to this limitation, however, a unit owner may:

(i) After acquiring an adjoining unit or an adjoining part of an adjoining unit, any owner may submit a written request to the Board of Directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition, in whole or in part, is a common element. The Board of Directors shall approve the change unless it determines within forty-five (45) days that the proposed change will impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. The Board of Directors may require the unit owner, at his own expense, to submit an opinion of a registered architect, preferably Carson Veit Architects of Salem, Oregon, or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

Section 3. Use of the Common Elements. A unit owner may not change the appearance of the common elements, including the limited common elements, or the exterior appearance of a unit without permission of the Board of Directors. Subject to limitations contained in these Bylaws, a unit owner may use the common elements in accordance with the purposes for which they are intended; but a unit owner may not hinder or encroach upon the lawful rights of the other unit owners.

Section 4. Rules of Conduct. The following rules of conduct apply to all unit owners and all other persons using the condominium in any manner:

(a) Without prior written approval of the Board of Directors, which shall not be unreasonably withheld, no advertisements, posters, signs of any kind shall be displayed to public view on or from any unit or the common elements, except signs to advertise units for sale or lease.

(b) No person shall create disturbances, make noises, or use musical instruments, radios, television or amplifiers that disturb residents in other units. No smoking of any tobacco or similar product within the common areas of the Condominium.

(c) No pets of any kind shall be raised, kept or permitted within the condominium, or any part thereof, for commercial purposes. The owners of each unit shall have no more than one dog, not exceeding 50 pounds in weight, two cats, or one dog and one cat in the condominium at any one time. Pet owners shall at all times strictly comply with any and all municipal or other laws and regulations relating to pets, including leash and licensing laws. No pet owner shall permit his pet to bark or otherwise annoy, by any unreasonable behavior, other unit owners. Pets must be kept on leash in common areas. All pet owners must pick up pet waste from their own pets, which shall be disposed of in plastic materials. After sending two notices in writing to the unit owner of violations of any provision of this Section, the Board shall have the right to require removal of a pet from the condominium.

(d) No garments, rugs, sheets or similar items shall be hung from the windows or from any of the facades or decks of the condominium. It is prohibited to hang or to shake dust rags, mops and similar items from the windows or decks, or to clean such items by beating them on an exterior part of the building.

(e) No garbage, trash, recycling items, or other waste shall be deposited or maintained on any part of the common elements except in containers and in areas designated by the Board of Directors for such items.

(f) No person shall install wiring for electrical or telephone installation, television antennae, telecommunication equipment, satellite dishes, machines or air conditioning units, or similar devices, on the exterior of the condominium or cause them to protrude through the walls or the roof of the condominium. No exterior window guards, awnings or shades, exterior lights or noise making devices shall be installed without the prior written consent of the Board of Directors.

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

(h) No portion of the condominium or the common areas of the condominium shall be used for barbequing without the consent of the Board of Directors.

(i) No person shall carry on any criminal activities in the condominium.

Section 5. Additional Rules Adopted by Board of Directors. In addition, the Board of Directors from time to time may adopt, modify, or revoke such other rules and regulations governing the conduct of persons and the operation and use of the condominium, the units, and any use and enjoyment of the condominium. Upon the written request of unit owners representing at least thirty percent (30%) of the vote of the unit owners, any such rule or regulation shall be voted on by the unit owners at a meeting of the Association or by written

ballot, and such rule or regulation may be modified or repealed by binding vote of the unit owners. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

ARTICLE X

INSURANCE AND BONDS

Section 1. Insurance (“Master Policy”). For the benefit of the Association and the unit owners, the Board of Directors shall secure and maintain the following insurance coverage and shall pay for the same out of the common expense funds.

(a) Fire Extended Coverage. A policy or policies of property insurance equal to full replacement value (i.e. one hundred percent (100%) of current “replacement” cost), exclusive of land, excavation and other items normally excluded from coverage of a condominium project, but including all buildings, units, service equipment and the like and any fixture or equipment within an individual unit which is financed under a mortgage, with an Agreement and Inflation Guard Endorsement or its equivalent, if available. Such policy or policies shall name the Declarant, the Association and the unit owners as insureds and shall provide for a separate loss payable in favor of all mortgagees, their successors and assigns. Such policy or policies shall provide protection against loss or damage by fire and other hazards covered by standard extended coverage endorsements and by vandalism and malicious mischief. Such policy or policies may provide protection against loss or damage from earthquake, windstorm, water damage, and such other risks as are customarily covered in similar condominium projects. Such policy or policies shall be with an insurer with a policy holder’s rating of at least B and a financial rating or not less than III (or as an alternative, an A general) under Best’s Insurance Reports.

(b) Liability Coverage. A comprehensive policy or policies insuring the Association, the unit owners individually, the Board of Directors, and the manager, if any, against liability to the public, the unit owners and their invitees or tenants, incident to the ownership, supervision, control or use of the property. There may be excluded from the policy required under this paragraph, coverage of a unit owner, other than coverage as a member of the Association or Board of Directors, for liability arising out of acts or omissions of that unit owner and liability incident to the ownership or use of the part of the property as to which that unit owner has the exclusive use or occupancy. Liability insurance required under this paragraph shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement providing that the rights of a named insured under the policy shall not prejudice any action against another named

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

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

Section 2. Policy Provision. The Board of Directors shall obtain, if reasonably available, the following terms in insurance policies:

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

(b) A provision that the policies cannot be cancelled or substantially modified without at least ten (10) days prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the policy.

(c) A provision that the master policy is primary in the event the unit owner has other insurance covering the same loss.

Section 3. Fidelity Coverage. The Board of Directors may secure and maintain in the name of the Association as obligee, fidelity insurance to protect the Association against dishonest acts by its officers, directors, trustees and employees, and all others who shall be responsible for handling the funds of the Association; the cost of said fidelity coverage shall be a common expense.

Section 4. Directors' and Officers' Liability. The Board of Directors may secure and maintain directors' and officers' liability insurance for the directors and officers of the Association; the cost of said liability coverage shall be a common expense.

Section 5. Settlement of Loss. All losses under policies above described shall be settled exclusively with the Board of Directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the unit owners, or, upon demand of any mortgagee, to an insurance trustee acceptable to the Associations and the mortgagees of units.

Section 6. Payment of Deductible. Responsibility for payment and the amount of the deductible under the Association's insurance policy shall be prescribed by resolution adopted by the Board.

Section 7. Unit Owners' Obligations. Each unit owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her property not insured under Section 1(a) and against his or her liability not covered under Section 1(b); provided, however, that no unit owner shall be entitled to exercise his or her right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of the Association and all unit owners, may realize under any insurance policy which the Board of Directors may have in force at any particular time. Additionally, each unit owner must inform the Board of Directors of

all improvements made by such owner to his or her unit which have a value in excess of Five Hundred Dollars (\$500), so that the Board of Directors may make any desired adjustments in insurance coverage.

Section 8. Unit Owners' Reimbursement. A unit owner will promptly reimburse the Association for any expenditures incurred in repairing or replacing any portions of the common elements or units that are damaged or lost through his or her fault or at his or her direction where such damage or loss is not covered by insurance policies carried by the Association for the owner's and the Association's benefit; if such damage or loss is covered by said policies, the unit owner will promptly pay all amounts that would otherwise be paid by the Association pursuant to the deductible clause of said policies, all such amounts to be reimbursed or paid by a unit owner shall be deemed an individual assessment imposed on that unit owner.

Section 9. Review of Insurance Policies; Additional Insurance. At least annually, the Board of Directors shall review all insurance carried by the Association, which review shall include an appraisal of all improvements made to the condominium by a representative of the insurance carrier writing the policy or policies specified in Section 1. The Board may obtain such additional insurance coverage as it deems necessary or appropriate, from time to time, for the benefit of the Association, the unit owners and mortgagees.

ARTICLE XI

DAMAGE AND DESTRUCTION

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

Section 2. Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed property, the damage to, or destruction of, such property shall be promptly repaired and restored by the manager or the Board of Directors, using proceeds of insurance, if any, on such property for that purpose, and all the unit owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration the unit owner's contribution to any individual policy insurance proceeds provided by such unit owner. Provided, however, if seventy-five percent (75%) or more in value of all the property is destroyed or substantially damaged and if the unit owners, by eighty percent (80%) or more or all votes agree that the property shall not be repaired, reconstructed or rebuilt, then the property shall be considered removed from the provisions of the Oregon Condominium Act, and:

(a) The property shall be deemed to be owned in common by all the unit owners;

(b) The respective interest of a unit owner shall be the total of the fair market value of his or her unit and common element interest appertaining to such unit immediately before termination of the condominium. The proportion of any unit owner's interest to that of all unit owners shall be determined by dividing the fair market value of that unit owner's unit and common element interest by the total fair market values of all units and common element interests. The fair market value of each unit and common element interest appertaining to such unit shall be determined by:

(i) Agreement of all unit owners; or

(ii) An independent appraiser selected by the Board of Directors. The decision of the appraiser shall be distributed to the unit owners and shall become final unless, within fifteen (15) days after the distribution, the Board of Directors receives written objection from unit owners holding at least twenty-five percent (25%) of all the votes. In such event, a new appraiser shall be selected by the presiding judge of the Circuit Court for Multnomah County. Such appraiser's decision shall be final.

(c) All costs and expenses incurred under this Section shall be common expenses.

(d) In the event any part of the property has been damaged or destroyed, the appraiser may use any available data and information pertaining to the condominium including, but not limited to, building plans, prior appraisals and information on file with governmental authorities.

(e) Liens affecting any unit shall be liens, in accordance with the then existing priorities, against the undivided interest of the unit owner in the property owned in common.

(f) Removal of the property or any portion thereof, from the provisions of the Act, shall comply with ORS 100.605 and applicable statutes.

(g) The property shall be subject to an action for partition at the suit of any unit owner. If a decree of partition orders the sale of the property, the net proceeds of sale, together with the net proceeds of the policy of insurance on the property, if any, shall be considered as one fund and shall be divided among the unit owners and (their mortgagees as their interests may appear) in proportion to the unit owners' respective undivided interests as determined under ORS 100.600 and 100.610 after first paying out of the respective shares of the unit owners, to the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each unit owner.

ARTICLE XII

CONDEMNATION

The Board of Directors shall have the sole authority to negotiate with any public or private body or person having the power of eminent domain and to sue or defend in any litigation involving such bodies or persons with respect to the common elements of the condominium and shall assist any unit owner whose unit or a part thereof is the subject of any condemnation or eminent domain proceeding. Prompt written notice of any such proceeding shall be given to the unit owners and their mortgagees. With respect to a taking of the common elements or any part thereof, the Board of Directors shall arrange for the repair or restoration of said common elements out of the proceeds of the award unless the unit owners, by ninety percent (90%) or more of all votes agree not to repair or restore said common elements. In that event, the Board of Directors shall disburse the net proceeds of such award to the unit owners (and their mortgagees as their interests may appear) according to the formula and the procedure prescribed herein in Article XI, Section 2. Removal of the property or any portion thereof, from the provisions of the Act shall comply with ORS 100.605 and other applicable statutes.

ARTICLE XIII

AMENDMENTS TO BYLAWS

Amendments to the Bylaws may be proposed by any director on the Board of Directors or by at least thirty percent (30%) of the unit owners. The Bylaws may be amended by approval of a majority of the unit owners, provided, however:

(1) Any amendment which relates to age restrictions, pet restrictions, and limitations on the number of people who may occupy units, must be approved by unit owners holding at least sixty-six percent (66%) of all the votes; and additional limitations on the rental or leasing of units must be approved by at least eighty percent (80%) of all the votes; and

(2) Declarant's written consent to any amendment shall be required until the earlier of the following dates: (a) three (3) years after the first conveyance of a unit in the condominium, or (b) the date on which seventy-five percent (75%) of the total number of units which Declarant has submitted to the condominium have been conveyed to persons other than Declarant.

Prior to the recordation of such amendment, the Association will submit the proposed Amended Bylaws or Amendment to a Bylaw to the Oregon State Real Estate Commissioner for approval in accordance with the Act. If approved, said amendments shall be recorded in Multnomah County. The Commissioner's approval is not required for an amendment to the Bylaws adopted five (5) years after Bylaws are initially recorded.

ARTICLE XIV

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

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

ARTICLE XV

MISCELLANEOUS

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

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

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

IN WITNESS WHEREOF, the foregoing bylaws are approved this 11 day of July, 2013

Tabor Crest Homes LLC
By [Signature]
George Crawford Managing Member

STATE OF OREGON, County of Multnomah) ss.

On this 11 day of July, 2013, before me personally appeared George Crawford who, being duly sworn, did say that he is the Managing member of Tabor Crest Homes LLC an Oregon Limited Liability Company, and did further say that he executed the foregoing instrument for and on behalf of said limited liability company, and acknowledged that said instrument is his free act and deed and of said limited liability company.

[Signature]
NOTARY PUBLIC FOR OREGON
My Commission Expires: 2-7-17

