

AFTER RECORDING, RETURN TO:
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Lane County Clerk
Lane County Deeds and Records

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DECLARATION OF CONDOMINIUM OWNERSHIP FOR THE WATERSHED BUILDING CONDOMINIUMS

THIS DECLARATION is made and executed by The WaterShed Building, LLC, an Oregon limited liability company, hereafter called “Declarant.”

Declarant desires to create a condominium to be known as The WaterShed Building Condominiums, which will be located in the City of Eugene, Lane County, Oregon. The purpose of this Declaration is to submit the lands herein described and improvements thereon to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act (ORS Chapter 100).

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

1. **DEFINITIONS.** When used herein the following terms shall have the following meanings:
 - 1.1 “**Act**” means the Oregon Condominium Act (ORS Chapter 100).
 - 1.2 “**Association**” means The WaterShed Building Condominium Association, a nonprofit corporation.
 - 1.3 “**Board of Directors**” means the directors selected pursuant to the provisions of this Declaration and the Bylaws to govern the affairs of the Association.
 - 1.4 “**Bylaws**” means the Bylaws of the Association adopted as provided herein, as the same may be amended from time to time.
 - 1.5 “**Commercial Units**” means those Units designated in Section 4 for commercial use only.
 - 1.6 “**Declarant**” means The WaterShed Building, LLC and its successors and assigns.
 - 1.7 “**Eligible Mortgagee**” means a Mortgagee in first position on a Unit who has requested notice of certain matters from the Association in accordance with Section 11.2 below.

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- 1.8** “**Mortgage**” means a recorded mortgage or trust deed creating a lien against a Unit.
- 1.9** “**Mortgagee**” means any person who is: (a) a mortgagee under a mortgage; (b) a beneficiary under a trust deed; or (c) the vendor under a land sale contract.
- 1.10** “**Owner**” or “**Unit Owner**” means the owner or owners of a Unit, but shall not include a Mortgagee unless in possession of a Unit.
- 1.11** “**Plat**” means the plat of The WaterShed Condominiums, recorded simultaneously with the recording of this Declaration.
- 1.12** “**Residential Units**” means those Units designated in Section 4 for residential use only.
- 1.13** “**Unit**” means the part of the condominium designated in Section 4 as comprised of the space enclosed by each of their respective boundaries as described in Section 4, and the Units are referred to herein, collectively, as the “Units.”

Except as otherwise provided in this Declaration, each of the terms used herein shall have the meaning set forth in ORS 100.005, a part of the Act.

The exhibits referenced herein and attached hereto are part of this Declaration. For reference, they are:

Exhibit A – Legal Description

Exhibit B – Designation, Location and Area in Square Feet of Each Unit

Exhibit C – Use of Limited Common Elements

Exhibit D – Undivided Interests in the Common Elements

Exhibit E – Bylaws

2. PROPERTY SUBMITTED. The property submitted hereunder is owned in fee simple by Declarant and is located in the City of Eugene, Lane County, Oregon, and more particularly described in **Exhibit A** attached hereto. The property submitted hereunder includes the land so described, all buildings, improvements and structures thereon, and all easements, rights and appurtenances belonging thereto.

3. NAME. The name by which the property submitted hereunder shall be known is “The WaterShed Building Condominiums.”

4. UNITS.

4.1 General Description of Units. The development consists of one courtyard building with a total of seven (7) Units (the “Building”). Unit 1 through Unit 5, inclusive, are Residential Units. Unit 6 and Unit 7 are Commercial Units. The approximate aggregate square footage of the Units is 8,865 square feet. The designation, location, description of boundaries, and area in square feet of each Unit are shown on **Exhibit B** attached hereto and on the Plat. Portions of the Building consist of four (4) levels above grade. The Building is constructed of cement blocks. The roof is

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stainless steel throughout. The dimensions of each Unit are shown on the Plat filed contemporaneously herewith and made a part of this Declaration as though fully set forth herein.

NOTICE

THE SQUARE FOOTAGE AREAS STATED IN THIS DECLARATION AND THE PLAT ARE BASED ON THE BOUNDARIES OF THE UNITS AS DESCRIBED IN THIS DECLARATION AND MAY VARY FROM THE AREA OF UNITS CALCULATED FOR OTHER PURPOSES.

4.2 Boundaries of Units. Each Unit shall be bounded by the interior unfinished surfaces of its perimeter and bearing walls, floors, ceilings, skylights (if any), windows and window frames, doors and door frames, and trim. The Residential Units are multi-level as follows: (i) Unit 1 includes Unit 1-LF, Unit 1-MF and Unit 1-UF, as shown on the Plat, (ii) Unit 2 includes both Unit 2-LF and Unit 2-UF, as shown on the Plat, (iii) Unit 3 includes both Unit 3-LF and Unit 3-UF, as shown on the Plat, (iv) Unit 4 includes Unit 4-LF, Unit 4-MF and Unit 4 UF, as shown on the Plat, and (v) Unit 5 includes both Unit 5-LF and Unit 5-UF, as shown on the Plat. Each Unit shall include all lath, furring, wallboard, plaster board, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof (including the unexposed face of such materials), except those portions of the walls, floors, interior stairs, ceilings, or flashings that materially contribute to the structural or shear capacity of the condominium. Each Unit shall include all air spaces, nonbearing interior partitions, interior doors, interior stairs, and all other fixtures and improvements within the boundaries of the Unit (except for the Heat Recovery Ventilation systems), and the glazing and screening of windows and unit access doors. In addition, each Unit shall include the outlet of any utility service lines and ducts, including but not limited to power, light, gas, hot and cold water, heating, refrigeration, air conditioning and waste disposal within the boundaries of the Unit, but shall not include any part of such lines or ducts themselves. Other than in common, the Unit Owners shall not be deemed to own the undecorated or unfinished surfaces of the exterior walls and roofs surrounding their respective Units, nor shall the Unit Owners be deemed to own pipes, wires, conduits, or other public utility lines running through the respective Units which are utilized for and serve more than one Unit, except as tenants-in-common with other Unit Owners.

4.3 Use of Units. The Commercial Units shall be occupied and used only for nonresidential purposes, as more particularly described in and subject to the Bylaws. The Residential Units shall be occupied and used only for residential purposes, as more particularly described in and subject to the Bylaws.

4.4 Maintenance, Repair, and Replacement of Units. Except as otherwise provided in the Declaration or Bylaws for damage or destruction by casualty:

4.4.1 Commercial Units. Maintenance, repairs, upkeep and replacements to the Commercial Units shall be made by the Owner of such Commercial Unit, who shall keep the same in good order, condition and repair. In addition, each Owner of a Commercial Unit shall be responsible for the maintenance, repair, or replacement of (i) window and door glass or door seals, interior doors and door assemblies and any plumbing, heating fixtures, heating, ventilation and air conditioning equipment and ducts, range hoods, telephones, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, or other appliances and accessories in the Commercial Unit or above the ceiling

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or behind the walls of the Commercial Unit and (ii) entry doors and door assemblies which provide the means of ingress or egress to and from the Commercial Unit (including the repair of any damage thereto and the adjustment of such doors), provided all such work shall be performed to the standards of the Association. The Owners of the Commercial Units shall be jointly and severally responsible, at their expense, for keeping those portions of the sidewalks within forty (40) feet of the entrances to the Commercial Units free of debris or trash associated with commercial activity.

4.4.2 Residential Units. Maintenance, repairs, upkeep and replacements to the Residential Units shall be made by the Owner of such Residential Unit, who shall keep the same in good order, condition and repair. In addition, each Owner of a Residential Unit shall be responsible for (i) the maintenance, repair, or replacement of interior doors and door assemblies and any plumbing, heating fixtures, range hoods, telephones, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, or other appliances and accessories in the Residential Unit or above the ceiling or behind the walls of the Residential Unit and (ii) the maintenance of the interior surfaces of the entry door and door assembly and all window washing.

4.4.2.1 Terraces. Each Owner of a Residential Unit with use of a terrace as provided in Section 5.2 below shall maintain, repair and replace the terrace door interior trim and assembly, keep the terrace clean and free of debris and water, and maintain the plants in planters placed there by the Owner or occupant, if any, in healthy, attractive condition. Except as expressly provided in this paragraph, the Association shall maintain, repair and replace the terraces, including, but not limited to, (i) terrace doors and terrace door glass, seals, frames and exterior trim, (ii) galvanized-metal planters, irrigation systems, and all plantings installed by the Declarant or the Association, and (iii) the terrace floor pavers, and charge the cost as a common expense as provided in Section 6; provided, that if such maintenance, repair or replacement has been necessitated by acts or omissions of a Unit Owner or its tenants or invitees by reason of which the Unit Owner is responsible under applicable law or under the Declaration or Bylaws for all or a portion of the costs thereof, such costs shall be charged solely to the Unit Owner so responsible. However, should actual collection of such costs from the responsible Unit Owner within a reasonable period of time prove impossible after reasonable collection efforts, the uncollected portion may be charged as a common expense in accordance with Section 6 of this Declaration, subject to reimbursement of any amounts later collected from the responsible Unit Owner.

4.4.3 General Common Elements Located Within Units. The Units are designed with exposed beams, columns and other general common elements that crossover or are located within Units. Each Owner of a Unit shall keep such common elements clean and make no alterations, including without limitation painting, nail holes or adhesives, or hang or attach anything to such common elements.

5. COMMON ELEMENTS.

5.1 General Common Elements. The general common elements consist of the following, except as portions thereof are expressly designated in this Declaration as part of a Unit or as limited common elements:

- (a) The land, accessways and sidewalks;

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- (b) The foundations, columns, girders, beams, supports, bearing and shear walls, perimeter walls, main walls, windows, except glazing and screening, unit access and terrace doors except glazing and screening, roof, stairs, halls, corridors, fire escapes, storage rooms, recycling rooms, mechanical rooms, and utility rooms, trash chutes and rooms, entrances and exits of the Building;
- (c) Installations of utility services, such as power, light, gas, water, refrigeration, air conditioning, heat, trash chutes, waste disposal and incinerators, up to the outlets within any Unit;
- (d) The pipes, conduits, tanks, pumps, motors, fans, compressors, ducts and, in general, all utility apparatus and installations existing for common use, including without limitation, the two rainwater collection cisterns, the heat pump, the solar panels and the solar water heating array;
- (e) The Heat Recovery Ventilation systems; and
- (f) All other elements of the Property normally in common use.

5.2 Limited Common Elements. Each limited common element is shown and designated on the Plat with “LCE” and pertains to the Unit specified on **Exhibit C** attached hereto. The use of each limited common element is restricted to the Unit(s) to which it pertains.

5.3 Undivided Interest in Common Elements. The general common elements and the limited common elements are referred to herein, together, as the “common elements.” Each Unit shall have the undivided interest in the common elements shown on **Exhibit D** attached hereto, based on an allocation of the undivided interest based on the ratio of each Unit’s square footage compared to the total square footage of all of the Units in the Building. The allocation reflects each Unit’s equal right to use and enjoy the general common elements. Each Unit’s undivided interest shall be deemed to be conveyed or encumbered with a conveyance or encumbrance of said Unit, even though the description in the instrument of conveyance or encumbrance may refer only to the Unit.

5.4 Use of Common Elements. No person shall use the common elements or any part thereof in any manner contrary to or not in accordance with this Declaration, the Bylaws or such rules and regulations pertaining thereto which from time to time may be promulgated by the Board of Directors.

5.5 Maintenance, Repair, and Replacement of Common Elements. Maintenance, repairs, upkeep and replacements to the common elements shall be as follows, except as otherwise provided in Article XI of the Bylaws for damage or destruction caused by casualty:

- (a) All maintenance, repairs, upkeep, and replacements to the common elements (including any common elements that cross over or are located within Units), shall be made by the Association and shall be charged to the Unit Owners as a common expense as provided in Section 6; except that each Residential Unit Owner shall be responsible for the

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terrace(s) that pertain to its Residential Unit as provided in Section 4.4.2.1, and provided, that (i) if such maintenance, repair or replacement has been necessitated by acts or omissions of a Unit Owner or its tenants or invitees by reason of which the Unit Owner is responsible under applicable law or under the Declaration or Bylaws for all or a portion of the costs thereof, or (ii) the need for any changes to permitting, insurance or other additional Association cost results from a change of use, change in intensity of use, remodeling, wear and tear, or any other change to a Unit or the condition of a Unit, such costs shall be charged solely to the Unit Owner so responsible and may, in the discretion of the Board of Directors, be added to and become a part of the assessment to which such Unit is subject and a lien shall attach thereon. However, should actual collection of such costs from the responsible Unit Owner within a reasonable period of time prove impossible after reasonable collection efforts, the uncollected portion may be charged as a common expense in accordance with Section 6, subject to reimbursement of any amounts later collected from the responsible Unit Owner.

(b) Without limitation of the forgoing, the Association is responsible for the exterior surfaces of all the Units (including, without limitation, the inspection, repair, and replacement of the roof, exterior and Unit entry doors, terrace doors and terrace door glass, seals, frames and exterior trim and assemblies, window glass, frames, flashing and assemblies); cleaning of the common areas; maintenance, repair and replacement of and cleaning of debris from the sidewalk adjacent to the Building (such as leaves, trash not associated with commercial activity next to the Commercial Units, snow and ice when commercially reasonable to remove); and the cutting, pruning, trimming, and watering of all landscaping except plants in planters placed on a terrace by an Owner. The Association is responsible for maintaining warranties in effect for all portions of the common elements, to the fullest extent possible.

6. COMMON PROFITS AND COMMON EXPENSES. The common profits and common expenses of the Condominium shall be allocated to the Unit Owners according to the allocation of undivided interest of such Unit in the common elements. Except upon termination of the Condominium or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any such common profits shall be used solely for the purpose of maintaining, repairing and replacing the common elements or for other expenses or reserves of the Association to be carried out by the Board as provided in the Bylaws. The Board may, in its discretion, use such income to meet the expense of maintaining the common elements, or for such other purpose as may benefit the Association and the Unit Owners in a substantially equal manner.

7. SERVICE OF PROCESS. The designated agent to receive service of process in cases provided in ORS 100.550(1) is named in the Condominium's Information Report which will be filed with the Real Estate Agency in accordance with ORS 100.250(1).

8. EASEMENTS, ENCROACHMENTS AND RESTRICTIONS ON ALIENATION.

8.1 Right of Access. The Association, through its Board of Directors, shall have the right to have access to each Unit as may be necessary for the maintenance, repair or replacement of the common elements, or to make emergency repairs therein necessary for the public safety or to prevent

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damage to the common elements or to another Unit. In case of an emergency originating in or threatening a Unit, or other portion of the condominium, each Unit Owner hereby grants the right of entry to any person authorized by the Board of Directors or the Association, whether or not the Unit Owner is present at the time. Each Commercial Unit Owner shall, upon request, leave a key to such Commercial Unit Owner's Unit with the Board of Directors to be used in such emergencies.

8.2 Encroachments. Each Unit and all common elements shall have an easement over all adjoining Units and common elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and common elements so long as the encroachments shall exist, and except as otherwise provided in the Act the rights and obligations of owners shall not be altered in any way by the encroachment, nor shall the encroachments be construed to be encumbrances affecting the marketability of title to any Unit.

8.3 Granting of Interest Affecting Common Elements. The Association, pursuant to ORS 100.405(5) and (8), shall have the authority to grant easements, rights of way, licenses or other similar interests affecting the general common elements. Except as otherwise provided by ORS 100.405(6), the granting of any such interest shall first be approved by at least seventy-five percent (75%) of all Votes as required by ORS 100.405(6). The instrument granting any such interest shall be executed by the Chairperson and Secretary of the Association and acknowledged in the manner provided for acknowledgment of such instruments by such officers and shall state that such grant was approved by the requisite percentage of all Votes. Unit Owner approval may be solicited by any means the Board of Directors determines is reasonable and need not be at a meeting of the Association.

8.4 Restrictions on Alienation. This Declaration and the Bylaws impose no restrictions on alienation of any Unit.

9. VOTING RIGHTS. The total votes of the Unit Owners equal seven (7) votes (the "Votes"). Each Unit Owner, including Declarant for any Unit owned by Declarant, shall be entitled to one (1) vote for each Unit owned. Fractional voting is prohibited. With respect to any Unit which is subject to sale under a recorded contract of purchase, the Vote(s) applicable to said Unit shall be exercised by the contract vendee unless the contract expressly provides otherwise.

10. ASSOCIATION OF UNIT OWNERS.

10.1 Organization; Adoption of Bylaws. Upon the execution and recording of this Declaration, the Association shall be organized to serve as a means through which the Unit Owners may take action with regard to the administration, management, and operation of the condominium. Declarant shall simultaneously adopt and record Bylaws for the Association, attached as **Exhibit E**.

10.2 Membership; Board of Directors. Each Unit Owner shall be a member of the Association, and membership therein shall be limited to Unit Owners only. The affairs of the Association shall be governed by a Board of Directors as provided in the Bylaws.

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10.3 Power and Duties of the Association. The Association shall have such powers and duties as may be granted to it by the Oregon Condominium Act, together with such additional powers and duties contained in this Declaration and the Bylaws.

10.4 Declarant Control of Association; Interim Board of Directors. Declarant will appoint an interim Board of Directors for the Association. Declarant hereby reserves the right to control the Association until the date which is the earlier of (i) three (3) years after the date Declarant conveys the first Unit to a person other than Declarant or (ii) the date of conveyance to persons other than Declarant of seventy-five percent (75%) of the Units.

10.5 Management Agreements, Contracts, and Leases. The Board of Directors, including the interim Board of Directors, shall have the right to contract with a professional manager or management firm to manage the affairs of the Association. However, if entered into prior to the turnover meeting of the condominium, no management agreement, service contract or employment contract which is directly made by or on behalf of the Association, the Board of Directors, or the Unit Owners as a group shall be in excess of three years and may be terminated without penalty by the Association or the Board of Directors upon not less than thirty (30) days written notice to the other party given not later than sixty (60) days after the turnover meeting. The foregoing restrictions shall not apply to renewable energy contracts or performance-based energy or water efficiency contracts as set forth in ORS 100.485(2).

11. MORTGAGEES.

11.1 Notice to Association. At the request of the Board of Directors, each Unit Owner shall promptly supply to the Board of Directors the name and address of the Mortgagee or Mortgagees of such owner's Unit.

11.2 Notice to a Holder, Insurer, or Guarantor of a Mortgage. A holder, insurer, or guarantor of a mortgage on a Unit, who submits a written request to the Association stating the name and address of the holder, insurer, or guarantor and the Unit number or address of the mortgaged Unit shall be entitled to timely written notice of the following:

- (a) Any condemnation or casualty loss that affects either a material portion of the condominium or the Unit securing its mortgage;
- (b) Any sixty-day (60-day) delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage;
- (c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

11.3 Consent to Termination of the Condominium. Except with respect to termination of the condominium as a result of destruction, damage, or condemnation, any termination of the

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condominium shall require the approval of all Eligible Mortgagees. This approval shall be in addition to such other approvals and procedures as may be required by the Declaration, Bylaws, and Act. Approval shall be deemed given if the Eligible Mortgagee does not object in writing within thirty (30) days after notice of the proposed transfer.

11.4 Subordination; Discharge of Lien Upon Foreclosure. The lien of the Association shall be subordinate to any first mortgage and to other liens that have priority pursuant to applicable law, except as provided in ORS 100.450. Where the purchaser of a Unit obtains title to a Unit as a result of foreclosure of the first mortgage or first trust deed, such purchaser, its successors and assigns, shall not be liable for any of the common expenses chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of common expenses shall be a common expense of all the Unit Owners including such purchaser, its successors and assigns. Provisions of this section shall apply only to Mortgagees of a first mortgage of record or beneficiaries of a first trust deed of record constituting first liens against the Unit or purchasers holding under them.

11.5 Right to Examine Books and Records. All Mortgagees (and insurers and guarantors of Mortgagees) shall have the right to examine the books and records (including the Declaration, Bylaws, rules and regulations, and financial statements) of the Association upon written request. Such books and records shall be available for duplication, at the Mortgagee's expense, at reasonable times; a Mortgagee shall be entitled to have an audited financial statement prepared at his own expense if such audited statement is not otherwise available; the Association, its Board of Directors and its officers shall cooperate to facilitate the necessary auditing and review process.

12. AMENDMENT.

12.1 Approval Required. Except as may otherwise be provided in this Declaration or by the Act, the Declaration may be amended if such amendment is approved by seventy-five percent (75%) or more of all Votes. No amendment may change the allocation of undivided interest in the common elements, method of determining liability for common expenses, right to common profits, or voting rights of any Unit unless such amendment has been approved by the owners of the affected Units.

12.2 Recordation. The amendment shall be effective upon recordation of the Declaration as amended or of the amendment thereto, certified by the Chairperson and Secretary of the Association as being adopted in accordance with the Declaration and the provisions of ORS Chapter 100, and, if required by law, approved by the Real Estate Commissioner and county assessor or tax collector, in the Deed Records of Lane County.

12.3 Change of Person to Receive Service of Process. The Board of Directors of the Association may elect to designate a person other than the one named in this Declaration to receive service of process. Upon adoption of a resolution by the Board of Directors in accordance with the Bylaws, the Board of Directors, without the need for further action by the Association or approval under ORS 100.110 and 100.135, shall record an amendment to the Declaration. The amendment shall be certified by the Chairperson and the Secretary of the Association, and shall state the name of the successor with the successor's residence or place of business as required by ORS 100.105(1)(j),

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that the person named in the amendment has consented to the designation and that the resolution was duly adopted by the Association.

13. DECLARANT'S RIGHTS. Notwithstanding any provision to the contrary in this Declaration or the Bylaws, Declarant shall have the following special rights:

13.1 Amendment to Declaration and Bylaws. No amendment to the Declaration and Bylaws shall be effective without the written consent of Declarant for so long as Declarant owns a Unit. No amendment may limit or diminish any right of Declarant reserved under the Declaration, the Act, or any other special Declarant right without the written consent of Declarant until such time as Declarant waives in writing this right of consent.

13.2 Other. Declarant shall be entitled to any and all other special Declarant rights, in addition to those specified herein, that are reserved for the benefit of or created by the Declarant under the Declaration, Bylaws, or the provisions of the Act.

14. ASSESSMENTS. Assessments against Unit Owners for common expenses shall be made pursuant to the Bylaws of the Association and shall be allocated as provided in Section 6. In addition to a regular annual or other regular periodic assessment or charge as established by the Association, there may also be special assessments and reserve assessments. Said assessments shall be fixed and established from time to time as provided in the Bylaws of the Association. Any and all unpaid assessments shall constitute a lien upon the property against which the assessment is made. Each assessment, together with late fees, interest, costs and reasonable attorney fees incurred in collecting the assessment, shall also be the personal obligation of the individual or individuals who are the owners of the property at the time the assessment came due. Such obligations shall remain a lien on the property until paid or foreclosed, and shall also be a personal obligation of all successor(s) in title.

15. ADOPTION OF BYLAWS. The Declarant, subject to this Declaration, hereby adopts, pursuant to the Oregon Condominium Act, the Bylaws attached hereto and by this reference made a part hereof, marked **Exhibit E**, to govern the administration of the Property.

16. MISCELLANEOUS.

16.1 No Impairment. The creation of this condominium shall not be impaired and title to the Units and common elements shall not be rendered unmarketable or otherwise affected by reason of any insignificant failure of this Declaration or the Plat or any amendment thereto to comply with the Act.

16.2 No Partition of Common Elements. Except where permitted by the Act, the common elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfers of interest in the common elements made without the Unit to which that interest pertains is void.

16.3 No Waiver of Strict Performance. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of this Declaration, or of the Bylaws, or to

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exercise any right or option contained in such documents, or to serve any notices or to institute any action, shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction shall remain in full force and effect. The receipt by the Board of Directors of any assessment from an Owner, with knowledge of any such breach, shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provisions hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.

16.4 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board of Directors pursuant to this Declaration and the Bylaws, neither the Association nor the Board of Directors nor Declarant shall be liable for: (i) any failure of any utility or other service to be obtained and paid for by the Board of Directors; (ii) injury or damage to person or property caused by the elements, or (iii) inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

16.5 Rule Against Perpetuities. The rule against perpetuities may not be applied to defeat any provisions of this Declaration or the Bylaws or any rules and regulations pertaining thereto which from time to time may be promulgated by the Board of Directors.

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

16.7 Sound Transmission Disclosure. IT IS NORMAL TO EXPERIENCE SOME TRANSMISSIONS OF SOUND BETWEEN CONDOMINIUM UNITS AND BETWEEN CONDOMINIUM UNITS AND COMMON ELEMENTS FROM, AMONG OTHER CAUSES, MUSIC, VOICES, HEELS ON NONCARPETED FLOORS, WATER TRAVELING IN DRAINS, CUPBOARD DOORS, ELEVATORS, AND OTHER CAUSES. ON OCCASION THESE SOUNDS ARE HEARD IN NORMAL CONDITIONS WITH TYPICAL NOISE LEVELS. OWNERS SHOULD EXPECT SOME TRANSMISSION OF SOUND BETWEEN UNITS, COMMON ELEMENTS OR FROM OUTSIDE OF THE CONDOMINIUM, INCLUDING, WITHOUT LIMITATION, SOUND FROM TRAINS, CARS AND BUSES, CHILDREN AND DOGS PLAYING IN PARKS IN THE VICINITY OF THE CONDOMINIUM, FROM BUSINESSES AND OTHER RESIDENCES IN THE VICINITY OF THE CONDOMINIUM OR EVENTS HELD IN THE VICINITY OF THE CONDOMINIUM. DECLARANT MAKES NO WARRANTY REGARDING SOUNDPROOFING OF UNITS AND TRANSMISSION OF SOUNDS BETWEEN UNITS, COMMON ELEMENTS OR FROM OUTSIDE OF THE CONDOMINIUM SHALL NOT BE CONSIDERED A CONSTRUCTION DEFECT OR NUISANCE.

16.8 Acoustic, Light, Air and View. Declarant made no representation or warranty regarding the existence of or changes in the level of noise, light, air or view benefiting or burdening

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the Units specifically or the condominium generally. In addition, Declarant will have no liability if the current level of noise, light, air or view affecting the Units or condominium changes due to future developments.

16.9 Mold and Dry Rot. Mold is a commonly occurring natural substance that can grow in the Units and the common elements where water infiltration and humidity occurs. There is controversy regarding whether and to what extent certain types of mold are toxic to humans. The responsibility of the Declarant is limited to those things that can be controlled during construction. By the same token, it is the responsibility of the Unit Owners or the Association to properly monitor, manage, and maintain the Units and common elements after purchase. This includes elimination of other sources of moisture, a regular program of caulking and sealing against leaks and continued monitoring for signs of water intrusion, moisture, mold or dry rot. Accordingly, Declarant's responsibility for mold and dry rot damage will be limited to such damage as may be caused by construction defects and will not apply to damage relating to mold or dry rot (a) caused by sources other than construction defects, including, but not limited to, living conditions or personal living habits, (b) to the extent resulting from failure of the Unit Owners or the Association to properly manage and maintain the condominium, including, without limitation, failure to regularly inspect for water intrusion or to maintain caulking and seals, or (c) to the extent resulting from failure to promptly notify Declarant of evidence of moisture penetration, mold or dry rot or to permit Declarant to inspect or remedy the problem. The Unit Owners and Association are hereby warned to regularly cause the Units and the common elements to be inspected for mold, dry rot, or any other dangerous condition, and to promptly notify Declarant of any defective condition. Unit Owners and the Association, as applicable, should take prompt action to remedy the underlying water infiltration and humidity conditions that are causing any mold discovered and thereby avoid any possibility of consequential damage or injury from long-term exposure to mold.

16.10 No Other Warranties. TO THE FULLEST EXTENT ALLOWED BY LAW, DECLARANT HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTIES REGARDING CONSUMER PRODUCTS AS DEFINED IN THE MAGNUSSON-MOSS WARRANTY ACT OR THE UNIFORM COMMERCIAL CODE, WITH RESPECT TO THE BUILDING, THE UNITS, COMMON ELEMENTS, OR ANY OTHER PART OF THE CONDOMINIUM (THE "PROPERTY") OTHER THAN THOSE EXPRESSLY DESCRIBED IN EACH UNIT SALES AGREEMENT. WITHOUT LIMITATION TO THE FOREGOING, AND EXCEPT FOR THE EXPRESS WARRANTY OF THE UNIT SALES AGREEMENT, DECLARANT HAS MADE NO REPRESENTATION OR WARRANTY REGARDING (I) COMPLIANCE WITH APPLICABLE BUILDING CODES, (II) ACOUSTICS, CONSISTENCY OF FLOOR SLOPE, OR SOUND TRANSFERENCE WITHIN THE CONDOMINIUM, (III) LIGHT, AIR, OR (IV) THE ABILITY OF THE BUILDING ENVELOPE OR ANY COMPONENTS OF THE CONDOMINIUM TO WITHSTAND WATER INTRUSION. Declarant shall not be responsible for damage to the Units, common elements, or the condominium (i) caused by normal wear and tear, (ii) caused by Owner, the Association or other parties, whether by misuse, abuse, failure to maintain the Unit and/or common elements or otherwise; (iii) for damage exacerbated by Owner, the Association, or other parties, or allowed by Owner or the Association to be exacerbated, including, without limitation, damages exacerbated by Owner or the Association, as applicable, failing to allow Declarant access

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to the Unit or condominium, as applicable, to perform warranty work; or (iv) related to work performed in or on the Unit, common elements or the condominium by or on behalf of the Owner, Association, or parties other than Declarant; or (v) any other items covered by a manufacturer's warranty.

16.11 Severability. Should any of the provisions herein conflict with the provisions of the Act, the statutory provisions shall apply. Each provision of this Declaration and the Bylaws shall be deemed independent and severable, and the validity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws.

16.12 Conflicting Provisions. In the event of a conflict between or among the Declaration, Bylaws, and any administrative rules and regulations, the provisions of the Declaration shall be paramount to the Bylaws and the rules and regulations, and the Bylaws shall be paramount to the rules and regulations. For purposes of this section, the term "Declaration" shall include all amendments and the term "Bylaws" shall include all amendments.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 20th day of November, 2024.

THE WATERSHED BUILDING, LLC
an Oregon limited liability company

By: Three Muses Group, LLC
Its: Manager

By: [Signature]
Jeff Wilson-Charles, Member

STATE OF OREGON)
)ss.
County of Lane)

On November 20, 2024, personally appeared Jeff Wilson-Charles, Member of Three Muses Group, LLC, Manager of The WaterShed Building, LLC, who, being duly sworn, acknowledged said instrument to be his voluntary act and deed.



[Signature]
Notary Public for Oregon
My Commission expires: 7/19/2025

The foregoing Declaration is approved this 3 day of March, 2025

[Signature]
for Assessor and Tax Collector for Lane County

The foregoing Declaration is approved pursuant to ORS 100.110 this 19th day of March, 2025, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Declaration is not recorded within one (1) year from this date.



[Signature]
Real Estate Commissioner
By: Michael Hanifin

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20th IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this day of November, 2024.

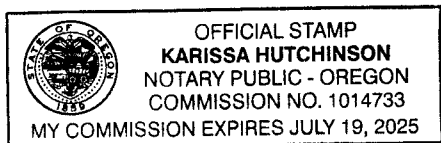
THE WATERSHED BUILDING, LLC
an Oregon limited liability company

By: Three Muses Group, LLC
Its: Manager

By: [Signature]
Jeff Wilson-Charles, Member

STATE OF OREGON)
)ss.
County of Lane)

On November 20, 2024, personally appeared Jeff Wilson-Charles, Member of Three Muses Group, LLC, Manager of The WaterShed Building, LLC, who, being duly sworn, acknowledged said instrument to be his voluntary act and deed.



[Signature]
Notary Public for Oregon
My Commission expires: 7/19/2025

The foregoing Declaration is approved this ___ day of _____, 20__.

Assessor and Tax Collector for Lane County

The foregoing Declaration is approved pursuant to ORS 100.110 this ___ day of _____, 20__, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Declaration is not recorded within one (1) year from this date.

Real Estate Commissioner
By: _____

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Exhibit A
Property Description

The West 102 feet of Lots 2 and 3 of Block 6 on the ORIGINAL PLAT OF EUGENE, as platted and recorded in Judgment Docket "A", Page 2, Lane County Oregon Plat Records, in Lane County, Oregon.

Exhibit B

Designation, Location and Area in Square Feet of Each Unit

Unit Designation	Unit Location (Level(s) of Building)	Area in Square Feet (+/-)
1	1-3	1,495
2	2-3	1,542
3	2-3	1,350
4	2-3 and Loft	1,650
5	2-3	1,129
6	1	660
7	1	1,039
TOTAL:		8,865

Exhibit C
Limited Common Elements

Designation on Plat	Level of Building	Unit to which the designated limited common element pertains
LCE TERRACE A	1	1
LCE TERRACE B	2	1
LCE TERRACE C	3	2
LCE TERRACE D	3	3
LCE TERRACE E	3	3
LCE TERRACE F	3	4
LCE TERRACE G	3	5
LCE TERRACE H	Loft	4
LCE PARKING A	N/A	1
LCE PARKING B	N/A	2
LCE PARKING C	N/A	3
LCE PARKING D	N/A	4
LCE PARKING E	N/A	5
LCE PARKING F	N/A	6
LCE PARKING G	N/A	6
LCE PARKING H	N/A	7
LCE PARKING I	N/A	7
LCE PARKING J	N/A	7

Exhibit D

Undivided Interest in Common Elements

Unit	Undivided Interest in Common Elements
1	16.86%
2	17.39%
3	15.23%
4	18.61%
5	12.74%
6	7.45%
7	11.72%
TOTAL:	100.000%

Exhibit E
Bylaws

**BYLAWS OF THE WATERSHED BUILDING
CONDOMINIUM ASSOCIATION**

**ARTICLE I
PLAN OF UNIT OWNERSHIP**

Section 1. **Name and Location.** These are the Bylaws of THE WATERSHED BUILDING CONDOMINIUM ASSOCIATION, an Oregon nonprofit corporation (the “Association”). The WaterShed Building Condominiums (the “Condominium”) is located in the City of Eugene, Lane County, Oregon, and has been submitted to the Oregon Condominium Act by a Declaration of Condominium Ownership filed simultaneously herewith (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. **Purpose.** 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, all Unit Owners, the Declarant and its successors and assigns, 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 WaterShed Building, LLC (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.

**ARTICLE II
ASSOCIATION MEMBERSHIP, VOTING,
VOTES OF OWNERS, QUORUM, PROXIES, ELECTRONIC NOTICE**

Section 1. **Membership in the Association.** Upon becoming legal owner or contract purchaser of a Unit, said owner shall automatically be a member of the Association and shall remain a member of the Association until such time as said owner’s ownership ceases for any reason. Unit ownership shall be determined, for all purposes of the Bylaws and the administration of the Condominium, 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 a Unit, to which shall be affixed the certificate of the recording office of Lane County, 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; Declarant Control. The total votes of the Unit Owners equal seven (7) votes (the "Votes"). Each Unit Owner shall be entitled to the number of Votes set forth in the Declaration. With respect to any Unit which is subject to sale under a recorded contract of purchase, the Vote(s) applicable to said Unit shall be exercised by the contract vendee unless the contract expressly provides otherwise. The Declarant shall be entitled to the Vote(s) of any previously unsold Unit(s). The Board of Directors shall be entitled to the Vote(s) of any Unit(s) owned by the Association.

Under the terms of the Declaration, Declarant will appoint an interim Board of Directors for the Association, and Declarant has reserved the right to control the Association until the date which is the earlier of (i) three (3) years after the date Declarant conveys the first Unit to a person other than Declarant or (ii) the date of conveyance to persons other than Declarant of seventy-five percent (75%) of the Units.

Section 3. Binding Vote; Percent of the Vote. Subject to Article V, Section 2, the term "binding vote" shall mean more than fifty percent (50%) of the Votes present at a meeting in which a quorum is present. Such binding vote shall bind all Unit Owners for all purposes except where a higher percentage of the Votes is required by law, by the Declaration or by these Bylaws.

Section 4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy or absentee ballot of Unit Owners whose number of Votes equal, in the aggregate, more than fifty percent (50%) of the Votes 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 from time to time until a quorum is present, as provided in Article III, Section 8 of these Bylaws.

Section 5. Proxies and Absentee Ballots. The Vote(s) of a Unit Owner may be cast or given (i) in person at a meeting of the Association; (ii) in the discretion of the Board of Directors, by absentee ballot in accordance with this section; (iii) pursuant to a proxy in accordance with this section; (iv) by ballot in lieu of a meeting under Article III, Section 4 below and ORS 100.425. A proxy must be dated and signed by the Unit Owner, is not valid if it is undated or purports to be revocable without notice, and terminates one year after its date unless the proxy specifies a shorter term. The Board of Directors may not require that a proxy be on a form prescribed by the Board of Directors. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association or to the Board of Directors if a vote is being conducted by ballot in lieu of a meeting pursuant to ORS 100.425. A copy of a proxy in compliance with this section provided to the Association by facsimile, electronic mail or other means of electronic communication utilized by the Board of Directors is valid. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by absentee ballot shall include instructions for delivery of the completed absentee ballot, including the delivery location, and instructions about whether the ballot may be canceled if the ballot has been delivered according to the instructions. Even if an absentee ballot has been delivered to a Unit Owner, the Unit Owner may vote in person at a meeting if the Unit Owner has returned the absentee ballot and canceled the absentee ballot, if cancellation is permitted in the

instructions given pursuant to this section. No proxy or absentee ballot shall be valid after the meeting for which it was solicited, and unless otherwise expressly stated in the proxy or absentee ballot shall automatically cease upon sale of the Unit by its owner. A Unit Owner may pledge or assign such Unit Owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Unit Owner is entitled hereunder and to exercise the Unit Owner's voting rights from and after the time that the Mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

Section 6. Fiduciaries. An executor, administrator, guardian or trustee may vote or grant consent with respect to any Unit owned or held by such person in such capacity, whether or not the specific right shall have been transferred to such executor, administrator, guardian or trustee; provided, that such executor, administrator, guardian or trustee shall satisfy the Secretary that they are the executor, administrator, guardian or trustee, holding such Unit in such capacity.

Section 7. Authority to Vote. All Unit Owners shall be entitled to vote, and this shall be true even if they have leased their Unit to a third party. A Unit Owner's right to vote may not be revoked. Under no circumstances will a single Unit cast more votes than the number of Votes to which it is entitled.

Section 8. Electronic Notice. In the discretion of the Board of Directors of the Association, any notice, information or other written material required to be given to a Unit Owner or director under the Declaration, Bylaws or the Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board of Directors. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to give notice of: (i) failure to pay an assessment; (ii) foreclosure of an Association lien under ORS 100.450; (iii) an action the Association may take against a Unit Owner; or (iv) an offer to use the dispute resolution program under ORS 100.405. A Unit Owner or director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the Board of Directors to provide notice in the manner required under the Declaration, Bylaws or the Act.

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.

Section 2. Informational Meetings. The initial meeting of the Association shall be held within one hundred eighty (180) days following the date the Declaration is recorded. However, prior to such 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 Meeting. Within ninety (90) days of the date which is the earlier of (i) three (3) years after the Declarant conveys the first Unit to a person other than Declarant or (ii) the date of conveyance to persons other than the Declarant of seventy-five percent (75%) of the Units, 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 seven (7) 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 elected by the Unit Owners as provided in Article IV, Section 3, 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. Ballot Meetings. Any meeting of the Association (other than the turnover meeting and special meetings called by petition of Unit Owners) may be by proxy ballot, as the Board of Directors may elect, rather than a formal gathering, subject to the requirements of ORS 100.425. Ballots for such meetings may be electronic ballots and must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposal specifically propounded on the ballot. The vote of a ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Each Unit Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned, within ten (10) days after the ballots have been counted. As used in this section, 'electronic ballot' means a ballot given by: (a) electronic mail; (b) facsimile transmission; (c) posting on a website; or (d) other means of electronic communication acceptable to the Board of Directors. An electronic ballot may be accompanied by or contained in an electronic notice in accordance with Article II, Section 8. If an electronic ballot is posted on a website, a notice of the posting shall be sent to each Unit Owner and shall contain instructions on obtaining access to the posting on the website. A vote made by electronic ballot is effective when it is electronically transmitted to an address, location or system designated by the Board of Directors for that purpose. A vote by electronic ballot may not be revoked.

Section 5. Annual Meeting. The first annual meeting of the Association shall be held within sixty (60) days of the anniversary of the initial meeting and shall be set by action of the Board of Directors. The date of successive annual meetings may be changed from time to time, but must be held annually. At such meetings those members of the Board of Directors whose terms have expired shall be elected 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 6. Special Meetings. Special meetings of the Association may be called by the Chairperson of the Board of Directors, a majority of the Board of Directors, or upon a petition signed by at least two (2) of the Unit Owners having been presented to the Chairperson or Secretary. All meetings called because of petition of Unit Owners shall be held at a formal gathering and not by ballot. The

notice of any special meeting shall state the time and place of such meeting and the purpose thereof. If a Unit Owner or Unit Owners call a special meeting pursuant to this section and the Association does not give notice of the special meeting within thirty (30) days after the petition is presented to the Chairperson or Secretary, any one of the Unit Owners who signed the petition may set the time and place of the meeting and give notice thereof. 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.

Section 7. Notice of Meetings. It shall be the duty of the Secretary to hand deliver or mail a notice of each meeting of the Unit Owners stating the purpose thereof and the time and place where it is to be held, 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 mailing shall be to the owner's address last given 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. If no address has been given to the Secretary in writing, then mailing to the condominium Unit shall be sufficient. 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 8. Adjourned 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 nor 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. The adjournment provisions of this section do not apply to meetings by ballot.

ARTICLE IV BOARD OF DIRECTORS QUALIFICATIONS, APPOINTMENT, MEETINGS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) directors.

Section 2. Interim Directors. Upon the recording of the Declaration, the Declarant will appoint an interim board of up to three (3) directors who shall serve until replaced by Declarant or until their successors have been elected by the Unit Owners as hereinafter provided.

Section 3. Election and Term of Office. At the turnover meeting, the interim director(s) shall resign and three (3) directors shall be elected by the Unit Owners. Each Unit Owner may nominate one (1) director. The directors shall be elected by a single ballot, with each Unit Owner permitted to vote for three (3) nominees. The director receiving the highest percentage of votes shall serve a three-year term, the director receiving the second highest percentage of votes shall serve a two-year term, and the director receiving the third highest percentage of votes shall serve a one-year term. Any percentage ties shall be broken by the director whose last name begins with the letter coming first in the alphabet serving the longer term. At the expiration of the initial term of office of each respective director, a successor shall be elected to a term of three (3) years. Directors shall serve a

three-year term. Directors shall hold office until their respective successors have been elected or appointed or they have been removed in the manner hereinafter provided.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled for the balance of the term by vote of a majority of the remaining directors, even though they may constitute less than a quorum. Vacancies in the interim Board of Directors shall be filled by Declarant.

Section 5. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the directors may be removed with or without cause by majority vote of the Unit Owners and a successor may be then and there elected by the Unit Owners to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. Other than as expressly set forth in this section, the Unit Owners may not remove any director.

Section 6. Open Meetings. All meetings of the Board of Directors shall be open to Unit Owners. However, Unit Owners may not participate in the Board of Directors meetings without the permission of the Board of Directors. For other than emergency meetings, notice of the time and place of director's meetings shall be posted at a place or places in the Condominium at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform Unit Owners of such meetings. The foregoing notwithstanding, in the discretion of the Board of Directors, 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; (c) the negotiation of contracts with third parties; (d) collection of unpaid assessments; and/or (e) such other matters as may hereafter be specifically authorized to be considered and acted upon in Executive Session under the Oregon Condominium Act.

Section 7. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within thirty (30) days after any meeting in which an election of directors has been held at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order to legally hold such meeting, providing a majority of the newly elected directors are present.

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.

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 at least two (2) directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each director, given personally or by mail, telephone or electronic mail, 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 communication. Such telephonic meetings may be carried on by means of a "conference call" or "virtual meeting" in which each director may speak with any

of the other directors. The directors shall keep telephone numbers and electronic mail 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 such director of 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 a meeting.

Section 12. **Board of Directors' Quorum; Voting.** At all meetings of the Board of Directors, more than fifty percent (50%) of the existing directors shall constitute a quorum for the transaction of business. Each director shall be entitled to one (1) vote. The acts of the majority of the directors present at a meeting in which a quorum is present 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. A director who is present at a meeting of the Board of Directors at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest. When action is taken on any matter at a meeting of the Board of Directors, the vote or abstention of each director present must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings of the Board of Directors. Notwithstanding the foregoing, officers may be elected by secret ballot.

Section 13. **Compensation of Directors.** No director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is provided by binding vote of the Unit Owners.

ARTICLE V ASSOCIATION RESPONSIBILITIES; BOARD OF DIRECTORS' POWERS AND DUTIES

Section 1. **Association Responsibilities.** The Association will have the responsibility of administering the Condominium, approving the annual budget, establishing and collecting assessments, employing a managing agent and arranging for the operation, management, and maintenance of the Condominium, including negotiating and contracting with and supervising any person, persons, or business entity with respect to such matters, instituting, defending or intervening in litigation or proceedings in its own name or on behalf of two or more Unit Owners on matters affecting the Condominium, and taking such other actions and exercising such other powers as are authorized by the provisions of ORS 100.405 as the same may be amended from time to time.

Section 2. **Board's Powers and Duties.** 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 have authority to carry out and be responsible for the following matters:

(a) Operation, care, upkeep, maintenance, repair and supervision of the general common elements, the limited common elements and Association property, except to the extent this obligation is imposed on a Unit Owner in these Bylaws or the Declaration.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association; preparation and adoption of operating budgets; and setting assessments therefor.

(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 payment, 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 property management, 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 any required tax returns or forms, including the annual report and any amendment in accordance with ORS 100.250.

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

(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 the Unit Owners as provided in these Bylaws. In any foreclosure action instituted by the Board of Directors, the Board of Directors shall enter a bid at the sale for the amount of the unpaid lien and costs and expenses incurred in such action. No other purchase can be undertaken unless the Unit Owners have authorized the purchase by a vote of at least seventy-five percent (75%) of the Votes.

(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 the 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 of Directors if the total cost will exceed the amount of \$7,000 unless the project has been approved by a vote of at least a majority of, as applicable, the Votes present at a meeting in which a quorum is present for projects

the cost of which would be included in general common expenses. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to paragraph (a) above.

(l) Executing, acknowledging, delivering and recording on behalf of the Unit Owners easements, rights of ways, licenses and other similar interests affecting the common elements after the granting of such interests has been approved by the Unit Owners as provided in the Declaration.

(m) Promulgation of rules and regulations 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 Oregon Condominium Act, the Declaration, these Bylaws and any rules and regulations adopted hereunder.

(o) File or cause to be filed the necessary income tax returns for the Association, and the Annual Report and any amendment required by the Oregon Condominium Act with the Oregon Real Estate Agency.

Section 3. **Reports and Audits; Record Keeping.**

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

(b) An annual report 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 their 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 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 of Directors 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 of Directors may charge a reasonable fee for furnishing copies to a Unit Owner, Mortgagee or perspective purchaser.

Section 4. **Managing Agent.** The Condominium is designed around a central courtyard with water fountains, vertical water storage cisterns, terrace and landscape irrigation systems, storage, mechanical, and recycle rooms, and other integrated common elements best managed together.

Accordingly, the Board of Directors shall employ a managing agent, to be compensated in an amount established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties otherwise delegated to the Secretary or Treasurer in Article VI 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.

ARTICLE VI 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 may be the same person, and need not be Unit Owner(s).

The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, 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 of Directors meeting thereafter, and shall hold office at the pleasure of the Board of Directors. If any office shall become vacant, the Board of Directors shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for the purpose.

Section 3. **Removal of Officers.** The Board of Directors may remove any officer upon an affirmative vote, either with or without cause, and their successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4. **Chairperson.** The Chairperson shall be the chief executive officer of the Association. The Chairperson shall preside at all meetings of the Association and of the Board of Directors. The Chairperson shall have all of the general powers and duties 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 the Chairperson may in their 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. The Secretary shall attend to the giving and serving of all notices to the Unit Owners and directors. The Secretary shall have charge of such records of the Association as the Board of Directors may direct; and the Secretary 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. The Treasurer

shall be responsible for the preparation of all required financial statements. The Treasurer 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. The Treasurer 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, except for out-of-pocket expenses, unless such compensation is authorized by binding vote of the Unit Owners.

ARTICLE VII EXPENSES AND ASSESSMENTS; RESERVE FUND

Section 1. **Assessments; Working Capital Fund; Reserve Fund.** All 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. Assessments may not be waived due to limited or nonuse of common elements or abandonment of a Unit. No Unit Owner may claim an offset against an assessment for common expenses for failure of the Board of Directors to perform its obligations.

- (a) At the time of closing of the initial sale of each Unit, the purchaser shall make an initial contribution to the working capital of the Association equal to two (2) months' regular monthly assessments for the Unit. At the time of the turnover meeting, the Declarant shall pay such contribution for all unsold Units but may obtain reimbursement for such sums from the purchaser upon the sale of each such Unit. Such initial contribution shall be in addition to the regular monthly assessment and shall not be considered as an advance payment of regular assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund at the time of the turnover meeting. Declarant may not use the working capital fund to defray any of Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association.
- (b) The Declarant has conducted an initial reserve study and established a reserve account to fund major maintenance, repair or replacement of those common elements all or a part of which will normally require replacement in more than one and less than thirty (30) years, and for the painting of exterior painted surfaces, if any. Such reserve account shall be funded by assessments against the Units assessed for maintenance of the items for which the reserve account is being established, which sums shall be included in the regular monthly assessment for the Units. The amount assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The reserve account is established in the name of the Association and shall be adjusted at regular intervals to recognize changes in current replacement costs over time. The reserve account shall be used only for replacement of common elements and shall be kept

separate from assessments for maintenance and operating expenses. After the turnover meeting, however, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from special assessments or maintenance fees. Nothing in this section shall prohibit prudent investment of the reserve account. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of Units. Sellers of Units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement. The provisions of this section shall be operable only to the extent and only as long as required by the Oregon Condominium Act.

- (c) Regular monthly assessments shall commence upon the closing of the sale of the first Unit in the Condominium; provided that regular monthly assessments (not including assessments for reserves) may be deferred until such time as Declarant elects to commence the same or until the turnover meeting, whichever is sooner. Assessments for reserves shall commence upon the closing of the sale of the first Unit in the Condominium; provided that payment of assessments for reserves for a Unit may be deferred until the time of conveyance of the Unit; provided further, however, that Declarant may not defer payment of accrued assessments for reserves beyond the date of the turnover meeting, or if the turnover meeting is not held, the date the Unit Owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owed by Declarant for all assessments for reserves. Declarant will give not less than thirty (30) days' written notice to all Unit Owners of the commencement of assessments of all common expenses. Declarant shall pay all common expenses (not including assessments for reserves) while such assessments are deferred.

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

- (a) Expenses of administration, including compensation of a managing agent.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost 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.
- (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 3. **Annual Budget.** The Board of Directors shall from time to time, and at least annually, estimate the expenses to be incurred during the coming year or fiscal period, and determine the annual assessment and any special assessments to be paid during such year or period. 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 of Directors may at any time levy a further assessment. The reserve study assumes that the Board of Directors conducts normal, routine maintenance for the elements reserved for and that the Board of Directors is required to perform pursuant to the Declaration, these Bylaws and applicable law. If the Board of Directors fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement of one or more of the elements included in the reserve study. The reserve study is an estimate of remaining useful life of components and is not a guarantee or warranty of the actual life expectancy of any such component.

Section 4. **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 5. **Assessments Allocated to Each Unit; Individual Assessments.** Except as otherwise provided, all Unit Owners shall be assessed in accordance with Section 6 of the Declaration. However, Unit Owners may be assessed additional amounts individually for common expenses incurred through such Unit Owner's fault or direction. Further, Unit Owners may be assessed additional amounts individually for fines, charges and expenses in the process of collection of assessments and enforcement of the Declaration, Bylaws, and rules and regulations pursuant to Article IX and as otherwise provided in these Bylaws.

Section 6. **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 assessments fixed for the preceding year and any unpaid portions of prior special assessments shall continue until new assessments are fixed.

Section 7. **Debt Obligation; Installment; Interest.** Each assessment shall be the joint and several personal obligation 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 eighteen percent (18%) per annum from its due date until paid.

Section 8. **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 undivided interest in the common elements appertaining to such Unit for the reasonable value of common expenses attributable to the Unit and for any unpaid assessments and interest. Subject to ORS 100.450, the lien shall be prior to all other liens or encumbrances upon the Unit except:

- (a) tax and assessment liens, and

- (b) a first mortgage or trust deed of record.

Section 9. Transferee's Liability for Unpaid Share of Common Expenses.

(a) Where the purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage or trust deed, such purchaser, their successors and assigns, shall not be liable for any of the common expenses chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of common expenses shall be a common expense of all the Unit Owners including such purchaser, their successors and assigns.

(b) In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid charges against the latter for the proportionate share of common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser the Board of Directors shall make and deliver a statement of the unpaid charges against the prospective grantor, 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 charges against the grantor in excess of the amount therein set forth.

Section 10. Statement of Common Expenses and Assessments. The Board of Directors shall promptly provide any Unit Owner who makes a request in writing with a written statement of unpaid common expenses and assessments.

**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 ground for an action maintainable by the Association or by an aggrieved Unit Owner.

Section 2. Authority to Enforce and Collect. The Board of Directors, or its designee, shall be responsible or notifying all Unit Owners of all general and special assessments, and the collection thereof. Notice and billing of general assessments, though payable monthly, may be sent annually following the approval of the annual budget. Notice and billing of special assessments shall be sent to all affected Unit Owners. 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 of Directors 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.

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 element 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 of Directors 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 of Directors 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.

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 of Directors may, after ten (10) days written notice, declare the defaulting Unit Owner's entire annual or special assessment due immediately and interest thereafter shall accrue on the entire assessment at eighteen percent (18%) 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 the restrictions in Article V, 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 9 of these Bylaws.

Section 8. Restriction of Right to Use of Common Element Facilities. In the event a Unit Owner fails to pay assessments when due or violates the provisions of the Declaration, Bylaws or rules and regulations adopted pursuant thereto, the Board of Directors may deny or restrict such Unit Owner's right to use any common element facility with respect to which such Unit Owner otherwise had a right of use so long as the assessment remains unpaid or the violation continues.

Section 9. Assessment Collection Costs; Attorney's Fees. Unit Owners shall be obligated to pay reasonable fees and costs including, but not limited to, attorney's fees incurred in connection with efforts to collect delinquent and unpaid assessments, and/or to enforce the provisions of the Act, Declaration, Bylaws or rules and regulations adopted pursuant thereto, whether or not suit or action is commenced. In the event suit or action is commenced for any of the foregoing, the defendant Unit Owner or owners, jointly and severally, will be liable for the costs of such suit or action, at trial, on appeal, and on any petition for review, in addition to all other obligations. Notwithstanding the

foregoing, in any suit or action brought by the Association to foreclose its lien or to collect delinquent assessments or in any suit or action brought by Declarant, the Association or any Unit Owner to enforce compliance with the terms and provisions of the Oregon Condominium Act, the Declaration or Bylaws, including all amendments and supplements thereto or any rules or regulations adopted by the Association, the prevailing party shall be entitled to recover reasonable attorney fees therein and in any appeal therefrom.

ARTICLE IX MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

Section 1. Maintenance and Repair. Maintenance, repairs, upkeep, and replacements to the Units and the common elements shall be governed by the Declaration, except as provided in Article XI below for damage or destruction caused by casualty.

Section 2. Use of Units.

(a) Except as expressly permitted by these Bylaws or the Declaration, each Residential Unit shall be occupied and used only for residential purposes, which for the purposes of these Bylaws means as a private residence, and for no other purpose.

(b) Except as expressly permitted by these Bylaws or the Declaration, each Commercial Unit shall be occupied and used only for nonresidential purposes and for no other purpose. Nonresidential purposes for the purposes of these Bylaws means any purpose other than residential purposes, provided that the nonresidential uses listed on the attached **Exhibit A** are prohibited.

(c) A Unit Owner shall make no repair or alteration or perform any other work on their 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 and in compliance with the requirements listed below, however, a Unit Owner may make any improvements or alterations to their Unit that do not impair the acoustic qualities, structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium.

(d) The leasing or renting of a Residential Unit by its Unit Owner shall be governed by the provisions of this Article IX, Section 2(d) and Article IX, Section 2(e) below.

(i) With the exception of a lender in possession of a Residential Unit following a default in a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner of a Residential Unit shall be permitted to lease or rent either a Residential Unit or a portion of a Residential Unit (i) for any period less than thirty (30) days, (ii) for hotel or transient purposes (including, without limitation, rentals through services such as Air B-n-B, VRBO.com, HomeAway.com, vacasa.com or the like) or (iii) for any period more than thirty (30) days more than three (3) separate times within any 365-day period.

(ii) Nothing in these Bylaws may be construed to impose on the Association the duties, responsibilities, or liabilities of a landlord under ORS Chapter 90 or subject the Association to any requirements of ORS Chapter 90.

(e) The leasing or renting of any Unit by its Unit Owner shall be governed by the provisions of this Article IX, Section 2(e).

(i) "Leasing or renting" means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value); but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co ownership.

(ii) All leasing and rental agreements shall be in writing and be subject to the Declaration and these Bylaws (with a default by the tenant in complying with the Declaration and/or these Bylaws constituting a default under the lease or rental agreement).

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

(iv) Each Unit Owner electing to lease or rent a Unit shall, within thirty (30) days after the rental or prior to occupancy of such Unit, whichever is earlier, submit to the Board of Directors in writing the identity of and contact information for such tenant or occupant.

(v) Other than as stated in this Article IX, there is no restriction on the right of any Unit Owner to lease or rent its Unit.

(vi) The restrictions contained in this Article IX, Section 2(e) and Article IX, Section 2(d) above shall not apply to the leasing or renting of Units owned by Declarant or members or affiliates of Declarant, except for Article IX, Section 2(e)(ii).

Section 3. Use of the Common Elements. A Unit Owner shall not place or cause to be placed in lobbies, hallways, ramps, vestibules, stairways, and other Condominium areas and facilities of a similar nature, any furniture, packages, or objects of any kind. A Unit Owner may not change the appearance of the 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. **Relocation of Boundaries.**

(a) The boundaries between adjoining Units, including any intervening common elements, may be relocated or eliminated by an amendment to the Declaration. The owners of the affected Units shall submit to the Board of Directors a proposed amendment which shall identify the Units involved, state any reallocations of common element interest, voting rights, common expense liability and right to common profits and contain words of conveyance. The Board of Directors shall approve the amendment unless it determines within forty-five (45) days that the reallocations are unreasonable or the relocation or elimination will impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium.

(b) The Board of Directors may require the owners of the affected Units to submit an opinion of a registered architect or registered professional engineer that the proposed relocation or elimination will not impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium.

(c) The Board of Directors or any agent appointed by the Board of Directors may supervise the work necessary to effect the boundary relocation or elimination.

(d) The amendment shall be executed by the owners and Mortgagees of the affected Units, certified by the Chairperson and Secretary of the Association and approved and recorded in accordance with ORS 100.135(1)(b).

(e) A plat necessary to show the altered boundaries between the adjoining Units shall be recorded in accordance with ORS 100.115.

(f) Any expenses incurred under this Section shall be charged to the owners of the Units requesting the boundary relocation or elimination.

Section 5. 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, no advertisements, posters, or signs of any kind shall be displayed to public view on the exterior of any Unit or the common elements except signs used by Declarant to advertise Units for sale or lease.

(b) All persons shall exercise extreme care about creating disturbances, making noises, or using musical instruments, radios, television, and amplifiers that may disturb other residents.

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

(d) No person shall install wiring for electrical or telephone installation, television antenna, machines or air conditioning Units, or similar devices on the exterior of the Condominium or cause them to protrude through the walls or the roof of the Condominium except as authorized by the Board of Directors.

(e) No exterior window guards, awnings, or shades, or exterior lights or noise making devices shall be installed without prior consent of the Board of Directors.

(f) 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 or kept in their Unit or in the common elements which will result in cancellation of insurance on any Unit or any part of the common elements.

Section 6. 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 Units and common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium. Such rules and regulations 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. Types of Insurance. Each Unit Owner shall be responsible for obtaining, at their own expense, insurance covering their property not insured under Article X, Section 1(a) below and against their liability not covered under Article X, Section 1(b) below, unless the Association agrees otherwise. For the benefit of the Association and the Unit Owners, the Board of Directors shall obtain and maintain at all times, shall review at least annually, and shall pay as a common expense benefitting both the Commercial Units and Residential Units, the following insurance:

(a) Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief (but need not include flooding and earthquake coverage unless deemed desirable by the Board of Directors), and such other coverages, including "all-risk" coverage, which the Association may deem desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and common elements, including any fixtures (including built-in kitchen appliances), building service equipment, and Association property and supplies belonging to the Association. Such policy or policies shall name the Association and the Unit Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding five percent (5%) of the face amount of the policy, exclusive of any flood or earthquake coverage. Earthquake coverage, if the Board of Directors elects to obtain such coverage, shall not exceed one hundred fifty percent (150%) of the probable maximum loss ("PML") indicated by an earthquake PML study of the Condominium performed by licensed structural engineers.

(b) A policy or policies insuring Declarant, the Association, the Board of Directors, the Unit Owners and the managing agent, against liability to the public or to the Unit Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation,

maintenance, inspection or use of the Condominium, including all common elements, public ways, and any other areas under the supervision of the Association. There may be excluded from such policy or policies coverage of a Unit Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omissions of such Unit Owner and liability incident to the ownership and/or use of the part of the Condominium as to which such Unit Owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) on a combined single limit basis. The foregoing policy limits of liability shall be increased from time to time, in the sole discretion of the Board of Directors. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects any action against another named insured.

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

(d) Directors' and officers' liability insurance with coverage in an amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible which shall be determined by the Board of Directors.

(e) Fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association, including the manager. In the event the Association has retained a manager, such manager shall also maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board of Directors. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such fidelity insurance shall name the Association as the insured and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium,) without at least 10 days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

Section 2. Mandatory Policy Provisions. Insurance obtained by the Association shall be governed by the following provisions:

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

Should reinsurance be involved, the Board of Directors shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least “AAA”.

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

(c) Any Unit Owner who obtains individual insurance policies covering any portion of the Condominium other than their personal property and fixtures (other than built-in kitchen appliances) and the Association deductible shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

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

(e) All property insurance policies shall contain a “Special Condominium Endorsement” or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against Unit Owners individually, that the insurance is not prejudiced by any act or neglect of individual Unit Owners, and that the policy is primary in the event the Unit Owner has other insurance covering the same loss.

(f) For purposes of this Article X, insurance policies are unacceptable where (i) under the terms of the insurance carrier’s charter, bylaws or policy, contributions or assessments may be made against FannieMae, the designee of FannieMae, or the Unit Owners, or (ii) by the terms of the carrier’s charter, bylaws or policy, loss payments are contingent upon action by the carrier’s board of directors, policyholders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

(g) All policies required by this Article X shall provide, if possible, that they may not be canceled or substantially modified without at least 10 days’ prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy. Evidence of insurance shall be issued to each Unit Owner and Mortgagee upon request.

(h) The property insurance policy shall include an “inflation guard” endorsement and an endorsement providing coverage with respect to changes that may be required under applicable

codes or ordinances to undamaged portions of the Condominium in the event of a casualty affecting a portion of the Condominium. The policy shall also include a Steam Boiler and Machinery Coverage Endorsement with minimum liability per accident equal to at least the lesser of \$2 million or the insurable value of the Building, if the project has central heating or cooling. In lieu of obtaining this as an endorsement to the commercial package policy, the Association may purchase separate stand alone boiler and machinery coverage.

(i) Prior to any loss, each Unit Owner shall be required to notify the Board of Directors of all improvements made by the Unit Owner to their Unit, the value of which is in excess of One Thousand Dollars (\$1,000). Nothing in this paragraph shall permit a Unit Owner to make improvements without first obtaining the approval of the Board of Directors pursuant to these Bylaws.

Section 3. Discretionary Provisions. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

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

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

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

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

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

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

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

(h) Waivers of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured.

Section 4. **Additional Requirements.**

(a) If any first Mortgagee holding Mortgages on at least seventy-five percent (75%) of the Units so requires, or at such other times as the Board of Directors may deem advisable, the Board of Directors shall obtain an appraisal from an independent qualified appraiser, of the "full replacement cost" of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Article X, Section 1(a), and the cost of such appraisal shall be a common expense to be allocated in accordance with Section 6.2 of the Declaration; provided, however, that the full replacement cost of the Condominium for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the Declarant.

(b) No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Article X, Section 4(b) shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

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

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

Section 5. **Insurance Carried by Unit Owner.** It is acknowledged that the foregoing provisions specify the only insurance required to be obtained and maintained by the Association and that the following insurance shall be obtained and maintained by each Unit Owner, as specified:

(a) Insurance on any additions or improvements made by the Unit Owner to their Unit or Units shall be purchased and maintained for the full insurable value thereof, to the extent not covered

by the Association's insurance policy, unless the Owner presents in writing to the Board of Directors evidence that the additions or improvements made by the Owner to their Unit are insurable under the insurance issued pursuant to Article X, Section 1(a) and the Board of Directors, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Article X, Section 1(a). If a Unit Owner desires, they may also purchase insurance for furnishings, fixtures (other than built-in kitchen appliances) not insured by the Association, equipment, decorating and personal property and chattels of the Unit Owner contained within their Unit or Units or within the walls or ceiling of such Unit and serving only that Unit, and their personal property and chattels stored elsewhere on the property, including their automobile or automobiles, and for loss of use and occupancy of their Unit or Units in the event of damage. Unit Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Unit Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the Unit Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Unit Owners and any members of their households, except for vehicle impact, arson and fraud.

(b) Public liability insurance with coverage of at least One Million Dollars (\$1,000,000) or such higher amount as is reasonably set by the Board of Directors no more often than every three years, covering any liability of any Unit Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment, or personal property under the custody, care, or control of the Unit Owner.

(c) If the Board of Directors is unable to obtain the rider specified in Article X, Section 3(f), then the Unit Owner shall obtain and pay the expense of such rider. The Board of Directors has no obligation to monitor whether Unit Owners comply with their obligations to maintain insurance required by this Article X, Section 5.

Section 6. **FannieMae and GMNA Requirements.** Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond meeting the insurance and fidelity requirements for condominium projects established by FannieMac and Government National Mortgage Association, so long as either is a Mortgagee or Unit Owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by FannieMae or Government National Mortgage Association. FannieMae or FannieMae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

Section 7. **Deductibles.** As provided in Article X, Section 5, Unit Owners are required to insure the deductible amounts for the Association's insurance policies. In the event of a loss, the Board of Directors shall allocate responsibility for payment of the deductible to the party who is responsible for maintaining the damaged property under the Association's Declaration and Bylaws. This method is fair, predictable, avoids involving thy Association in determination of negligence, and discourages

Unit Owners from filing numerous small claims, which can adversely affect the Association's insurability. For purposes of this Article X, Section 7, the term "deductible" includes both the deductible portion of an insured loss and a loss that is not insured when not required to be insured under the terms of these Bylaws.

(a) The deductible amount under the Association's property loss insurance policy shall be paid by the party(ies) with responsibility for maintenance, repair, and replacement of the damaged item(s) without regard to whether the loss may have been caused by the negligence of any party. Since in general the Association is charged with maintenance, repair, and replacement of the common elements, and individual Unit Owners are charged with maintenance, repair, and replacement of their individual Units, the Association will pay the deductible with regard to damage to the common elements, and individual Unit Owners will pay the deductible for damage to their Units.

(b) If loss occurs to more than one Unit, or to common elements and one or more Units, the deductible amount under the Association's property loss insurance policy shall be allocated between or among the parties in proportion to their total respective losses. For example, if an event damages the common elements to the extent of \$500,000, and damages a single Unit to the extent of \$100,000 (i.e., total damage of \$600,000), if the Association's deductible amount is \$25,000, the \$25,000 shall be allocated \$20,833 to the Association, and \$4,167 to the Unit Owner, since the total loss suffered by the Unit Owner is one-sixth the amount of the total covered loss suffered by the Association and the Unit Owner.

(c) Nothing in these Bylaws shall bar a claim by any party, including, without limitation, any Unit Owner or the Association, to recover any loss or damage caused by the negligence of any other party. The purpose of this Article X, Section 7 is to create an efficient, doubt-free mechanism to fund the deductible so as to permit the prompt repair of the damaged portions of the Condominium. For example, if Owner A's Unit is damaged and he believes the damage is due to the negligence of Owner B, this Article X, Section 7 requires Owner A to pay the deductible portion of the loss. Following such payment, however, nothing in this Article X, Section 7 prevents Owner A from pursuing a claim against Owner B to recover the deductible amount paid by Owner A.

(d) In the event of duplicate insurance coverage (for example, the Association and a Unit Owner have insurance policies covering the same element), the insurance policy obtained by the Association shall be considered the primary coverage.

ARTICLE XI DAMAGE AND DESTRUCTION

Section 1. Responsibility of the Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the common elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the Units. Each Unit Owner shall be responsible for the repairing, reconstructing, or rebuilding of the Owner's Unit to the extent not covered by the Association's insurance and to the extent of any deductible under the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the common elements and, to the extent of the Association's insurance coverage, of the Units, so

that the Condominium is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, subject to Article XI, Section 3 below. The Association shall represent the Unit Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the Condominium is to be rebuilt and restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all Unit Owners as a common expense, including the amount of the deductible allocated to the Association under Article X.

Section 2. Responsibility of Unit Owner. If, due to the act or neglect of a Unit Owner, or of a member of their family or their household pet or of a guest, servant, invite, employee, or other authorized occupant or visitor of such Unit Owner, or if a leak originates from a Unit Owner's Unit for any reason (including, without limitation, from a failed or loose water connector or water line for a washing machine, dishwasher or refrigerator, from overflow from a sink, toilet or tub for any reason, leaking or broken aquarium, loose water hose connections), damage shall be caused to the common elements or to a Unit owned by others, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such Unit Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, to the extent not paid by the Association's insurance, including any deductible for such claim under the Association's insurance policies.

Section 3. Removal of Property from the Association. If the Unit Owners, by seventy-five percent (75%) or more of the Votes, and the required number of first Mortgagees under the Act, 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 the 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 thirty percent (30%) of the Votes. In such event, a new appraiser shall be selected by the presiding judge of the Circuit Court for Lane 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) 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 policies 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 in said fund 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 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 seventy-five percent (75%) or more of the 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 procedure prescribed herein in Article XI, Section 3.

ARTICLE XIII AMENDMENTS TO BYLAWS

The Bylaws may be amended by approval of the Unit Owners, by seventy-five percent (75%) or more of the Votes, upon motion duly made at any regular or special meeting for which notice (including the proposed amendment(s)) has been properly given. If required by the Act, 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 Lane County, Oregon, within one (1) year from the date of Approval by the Oregon State Real Estate Commissioner. Notwithstanding the foregoing, before the turnover meeting, the Declarant may amend the Declaration or Bylaws in order to comply with requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation

wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a the Condominium or any Unit.

**ARTICLE XIV
INDEMNIFICATION OF DIRECTORS
OFFICERS, EMPLOYEES, AND AGENTS**

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

**ARTICLE XV
MISCELLANEOUS**

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

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

Section 3. **Invalidity; Number; Captions.** The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience or reference and shall in no way limit any of the provisions of these Bylaws.

[Remainder of page intentionally left blank.]

IT IS HEREBY CERTIFIED that these Bylaws have been adopted on behalf of the Association by the undersigned Declarant, and will be recorded in the Deed Records of Lane County, Oregon, together with the Declaration for said Condominium, after said Declaration is approved by the Real Estate Commissioner's Office and the Assessor of said County.

DATED this 20th day of November, 2024.

THE WATERSHED BUILDING, LLC
an Oregon limited liability company

By: Three Muses Group, LLC
Its: Manager

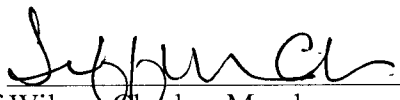
By: 
Jeff Wilson-Charles, Member

Exhibit A

List of Prohibited Nonresidential Uses

- (a) manufacturing, distilling, refining, smelting, agricultural or mining operation;
- (b) bowling alley;
- (c) mortuary or funeral home;
- (d) food establishments which are open before 6AM or after 11PM;
- (e) adult book/film store or facility for the sale or distribution of pornographic or sexually explicit materials or sex paraphernalia or other establishment selling or exhibiting "obscene" material;
- (f) establishment which exhibits, either live or by other means, to any degree, nude or partially clothed dancers or wait staff, including an adult motion picture facility or a facility for sale of sexual services;
- (g) gambling facility or operation, including: off-track or sports betting parlor; table games such as blackjack or poker; slot machines, video poker/blackjack/keno machines or similar devices; or bingo hall, provided that incidental sales of lottery tickets and similar items from a retail store in accordance with applicable law is permitted;
- (h) vehicle repair facility;
- (i) gun or ammunition shop;
- (j) tattoo or piercing parlor;
- (k) retail laundromat or on-premises dry cleaners (but drop-off facilities for dry cleaners is permitted);
- (l) all-night convenience store, any other 24-hour establishment or any establishment of any kind which is open for business between the hours of 12AM and 6AM (provided that a convenience store that is not open for business between the hours of 12AM and 6AM is permitted);
- (m) any use which uses environmentally hazardous materials regulated under applicable law (other than those used in small quantities, which are permitted under applicable environmental laws in the ordinary course of business of a permitted office, or retail use);
- (n) any use that increases the insurance costs of the Condominium or would constitute a health or safety hazard as determined by the city of Eugene (the "City") to the residential tenants of the Condominium;
- (o) pawn shop pawn brokers, surplus store, pawn shop, liquidation/flee market, secondhand store (unless operated by Goodwill or a similar nonprofit operator), bankruptcy sales store, car title lender (which, for purposes of this limitation, will not include auto loans made by a state or federally chartered bank or thrift), or any similar type of lending activity;;
- (p) liquor store or any other retail sales establishments whose primary sales product is alcoholic beverages;
- (q) massage parlor (but not including day spas, yoga, personal training or related studios, or franchised hourly massage facilities), or suntan parlors/facilities or hot tub parlors/facilities;
- (r) drug or alcohol treatment facilities or clinics;
- (s) a check cashing, personal loan, or payday loan business (provided, however, a bank, credit union, savings and loan or similar financial institution is permitted);

- (t) bail bonds business;
- (u) escort service or dating bureau;
- (v) parole, juvenile detention or similar services;
- (w) facility involving sale or distribution of drugs or drug paraphernalia associated with drugs or controlled substances, regardless of whether such substances may be legal to sell or distribute under the laws of the state of Oregon (including medical and recreational marijuana/edible stores or smoke shops, medical marijuana, medical cannabis or any constituent cannabinoids such as THC (this limitation applies broadly, regardless of whether the activity is conducted by collectives, collective caregivers, co-ops, growers, or any other entity or organization), headshops, or any other Federally regulated controlled substance (but a licensed pharmacy operated by a licensed pharmacist in accordance with all applicable health, safety, retention and distribution requirements is permitted));
- (x) any use that is illegal or otherwise violates any applicable local, state or federal law, statute, ordinance, rule or regulation;
- (y) Any use which generates noise or sound that interferes with the quiet enjoyment of tenants in the Residential Units or is otherwise objectionable due to intermittence, beat, frequency, shrillness or loudness, or any use which emits an obnoxious odor, noise or sound which can be heard or smelled outside of the exterior walls of the Commercial Unit, (provided, however, that odors resulting from cooking and food preparation in restaurants shall not be deemed to violate this restriction as long as such odors are vented through exhaust fans to the outside as required under applicable law)
- (z) Any distillation or refinery facility including, but not limited to, a micro-brewery where product is brewed;
- (aa) Storage and/or sale of any noxious, hazardous, toxic, caustic, explosive or corrosive fuel, gas or other substance, with the exception of those materials stored and/or sold in the normal course of business, providing that the same are stored in accordance with applicable laws, ordinances and manufacturers' requirements so that such substances are not permitted to be present above levels permitted by all applicable laws;
- (bb) Any use which generates fire, explosion, or other damaging or dangerous hazard, including, but not limited to, the storage or sale of explosives, fireworks or ammunition, or any use involving the sale or distribution of any flammable liquids, gases or other hazardous materials;
- (cc) A bar, restaurant or other establishment preparing and/or serving food/alcohol;
- (dd) Any dumping, disposing, incineration or reduction of garbage (this prohibition shall not be applicable to garbage or trash compactors which may be located within a permitted use or trash or recycling collection receptacles);
- (ee) Any pet store, animal grooming store, veterinary hospital or animal raising or boarding facility;
- (ff) Laboratories, excluding any which are necessary to permitted medical uses;
- (gg) Fortune telling businesses;
- (hh) Any pool hall or betting facility;
- (ii) Any bus station or transportation depot;
- (jj) Day laborer employment agency;
- (jj) Political campaign headquarters;
- (kk) the rental to others of residential rental property (as defined in Section 168(e)(2)(A) of the Internal Revenue Code, as amended);

- (ll) the sale of fireworks, except as an incidental part of another primary business;
- (mm) debt collection activities, debt consolidation services, credit repair or credit restoration activities, except as such activities are incidental to banking activities conducted by a state or Federally chartered bank or thrift;
- (nn) multi-level marketing activities, the sale of multi-level business opportunities or network marketing activities;
- (oo) any skating rink;
- (pp) police substations;
- (qq) military recruiting offices;
- (rr) abortion clinics;
- (ss) dance or martial art studios;
- (tt) unemployment or Social Security offices;
- (uu) psychological counseling services;
- (vv) smoke, tobacco, or vape shops;
- (ww) gym or workout facilities.