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**BYLAWS**  
**OF**  
**TRAVERTINE CONDOMINIUMS OWNERS' ASSOCIATION**

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## 1. GENERAL PROVISIONS.

1.1 Identity. Travertine Condominiums Owners' Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Office of the Oregon Corporation Commissioner on the \_\_\_\_ day of August, 2006 (the "Association"), has been organized for the purpose of administering the operation and management of Travertine Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Travertine Investors, LLC, an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in the City of Hillsboro, Washington County, Oregon, as more particularly described in the Declaration of Condominium Ownership for Travertine Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the records of Washington County, Oregon.

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

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

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

1.5 Office. The office of the Association shall be in Hillsboro, Oregon, or at any other place within the Portland, Oregon metropolitan area designated by the Association.

## 2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provisions of these Bylaws, except Section 10.2 below, until the Turnover Meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 20 of the Declaration.

2.2 Transitional Committee. Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners within sixty (60) days after the conveyance to persons other than the Declarant of fifty percent (50%) of all Units planned for the Condominium. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least ten (10) days but not more than fifty (50) days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional committee (the "Transitional Committee"), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory only and shall consist of two or more members selected by Owners other than the Declarant and one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional

Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records which the Declarant must turn over to the Owners pursuant to Section 2.7.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within ninety (90) days of the expiration of the period of Declarant's administrative control described in Section 20 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least ten (10) days but not more than fifty (50) days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not timely called by the Declarant, the meeting may be called and notice given by any Owner or by any First Mortgagee of a Unit. At the Turnover Meeting, (i) the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control thereof; (ii) the Owners shall elect a board of directors as set forth in these Bylaws; and (iii) the Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three (3) month period following the Turnover Meeting, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5) of the Act. If the Declarant has complied with the terms of Section 100.210 of the Act, then, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and the Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner for any unsold Unit.

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

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

2.6 Special Meetings. Special meetings of the Association may be called by the Chairperson, a majority of the Board or upon a petition signed and presented to the secretary of the Association (the "Secretary") by the Owners of not less than thirty-five percent (35%) of

the Units stating the purpose of the meeting. The notice of any special meeting shall state the purpose, time, and place of such meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a Director of Officer. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice of Meetings. The Chairperson or Secretary shall give written notice of each meeting of the Association, by hand delivery or U.S. Mail at least ten (10) days but not more than fifty (50) days prior to the date set for such meeting, to each Owner of record (and to any First Mortgagee of record requesting such notice, at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the Chairperson or Secretary at least ten (10) days prior to the giving of such notice by the Chairperson or Secretary. The notice of any meeting shall state the purpose, time, and place of such meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a Director of Officer. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery, shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. For a period of ten (10) years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Owners, and Declarant or a representative of Declarant shall be entitled to attend such meetings. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

## 2.8 Voting.

2.8.1 The total number of votes of all owners shall be equal to the total number of Units in the Condominium and each Owner shall be entitled, subject to the provisions of Section 20 of the Declaration (which grants the Declarant five (5) votes for each Unit owned by it) and to Section 3.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of Units owned by such Owner. The Declarant shall be entitled to vote as the Owner of any Units retained by the Declarant, and the Board shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; *provided, however,* that the Board shall not be entitled to vote such Units in any election of Directors.

2.8.2 If an Owner is in default under a first Mortgage on its Unit for ninety (90) consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this Section shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

2.8.3 If an Owner is in default for payment of assessments or other charges under these Bylaws, the Declaration or the Rules and Regulations for sixty (60) consecutive days or more, the Owner's voting rights shall be suspended until such delinquencies are paid in full, including interest, penalties or late charges for such delinquency.

2.9 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of the minor's estate, through a parent having custody of the minor.

2.10 Proxies. A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid (i) for over one year, or (ii) which is undated, or (iii) which purports to be revocable without notice, or (iv) after the meeting for which it was solicited (unless otherwise expressly stated in the proxy) and every proxy shall automatically cease upon sale of a Unit by its Owner. An Owner may revoke such Owner's proxy only as provided in ORS 100.427. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee shall have given written notice of such pledge or assignment to the Board of Directors. Any First Mortgagee may designate a representative to attend all or any meetings of the Association.

2.11 Fiduciary, Corporate and Joint Owners. An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Owners with respect to any Unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; *provided, however*, that he shall satisfy the Secretary that he is the executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or other entity shall provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof. Unless a valid court order establishes the authority of a co-Owner to vote, whenever any Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such Unit may be exercised by any of the Owners then present, in the absence of protest by a co-Owner. In the event of disagreement among the co-Owners, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to the matter voted upon.

2.12 Quorum. At any meeting of the Association other than the Turnover Meeting, the presence, in person or by proxy, of a number of Owners holding thirty-four percent (34%) or more of the voting power of the Association shall constitute a quorum. For purposes of the Turnover Meeting, the number of Owners in attendance shall be deemed a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the

Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.13 Binding Vote. The vote of more than fifty percent (50%) of the voting power of the Association, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

2.14 Order of Business. The order of business at an annual meeting of the Association shall be:

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

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

### 3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of one (1) to three (3) persons prior to the Turnover Meeting and five (5) persons thereafter. Until the Turnover Meeting shall have been held, the Board of Directors shall consist of the three Directors named in the Articles of Incorporation of the Association, subject to the appointment and removal powers of the Declarant described in Section 20 of the Declaration; *provided, however*, that after selection of the Transitional Committee pursuant to Section 2.2, one of the pre-turnover Directors shall be a member of the Transitional Committee (as the members of the Transitional Committee shall determine). At the Turnover Meeting, five Directors shall be elected by all Owners to serve until the first annual meeting of the Association. At the first annual meeting of the Association, three Directors shall be elected by the Owners to serve for a term of two years and two Directors shall

be elected by the Owners to serve for a term of one year. Those three Directors receiving the three highest vote totals will serve for the initial two-year term. Election by the Owners shall be by plurality. At the expiration of the initial term of office of each Director elected or appointed at the first annual meeting of the Association, that Director's successor shall be elected or appointed as provided in this Section 3.1 to serve for a term of two (2) years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected or appointed as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board of Directors after the Director ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company which owns a Unit shall be considered co-owners of any such Unit.

3.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts which by or under law, the Declaration or these Bylaws may not be performed by the Board of Directors or delegated to the Board of Directors by the Owners. The Board of Directors shall be governed by ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Operation, inspection, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property, as required by the Maintenance Plan, Declaration, these Bylaws, and by the Act. The Board shall prepare contemporaneous written documentation of the foregoing activities which shall be made available to Owners and Declarant upon request.

3.2.2 Annually conducting a reserve study, or review and update any existing study, of the Common Elements to determine the reserve fund requirements in accordance with ORS 160.175(4).

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

3.2.4 Collection of the common expenses from the Owners.

3.2.5 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the inspection, maintenance, upkeep and repair of the Common Elements and Association Property; engagement of or contracting for the services of others; and making purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); *provided, however*, that any management agreement, service contract, or employee contract entered into before the Turnover Meeting shall not be in excess of three (3) years, and shall be terminable by the Association without penalty upon not less than thirty (30) days written notice to the other party given at any time after the Turnover Meeting; and *provided further*, that any agreement for management services entered into after

the Turnover Meeting on behalf of the Association must be terminable by the Association for cause upon not more than thirty (30) days' notice, must have a reasonable term not exceeding three (3) years, and must be renewable with the consent of the Association and the property manager. If an Eligible Mortgagee had previously required professional management, the Board of Directors may not terminate professional management and assume self-management unless the decision to do so is approved by one hundred percent (100%) of the total voting power of the Association, and approved by First Mortgagees holding Mortgages on Units which have at least fifty-one percent (51%) of the voting rights of the Units subject to First Mortgages.

3.2.6 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.30 hereof.

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

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

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

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

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

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

3.2.13 Obtaining and updating the annual reserve study required by the Act.

3.2.14 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws and Sections 21 and 22 of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof.

3.2.15 Making additions and improvements to, or alterations of, the Common Elements; *provided, however*, that no such project of a non-structural or non-capital nature may be undertaken by the Board of Directors if the total cost will exceed the amount of Ten Thousand Dollars (\$10,000), unless (i) the Owners have enacted a resolution authorizing the

project by a vote of Owners holding at least seventy-five percent (75%) of the voting power of the Association, present in person or by proxy at a meeting of the Owners or (ii) the expenditure is authorized in the annual budget of the Association. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.2.1 or to work that is urgently needed for life, safety or structural integrity reasons.

3.2.16 After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations based on a resolution of the Board of Directors that is delivered to each Unit, mailed to the mailing addresses designated in writing by the Owners, or mailed to the mailing address for each Unit.

3.2.17 Borrowing money on behalf of the Association when required in connection with the inspection, operation, care, upkeep, and maintenance of the Common Elements and Association Property; *provided, however*, that (i) the consent of Owners holding at least seventy-five (75%) of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding fifteen (15%) of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements and Association Property, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of the Owner of such Unit. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Section 3.2.17 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against such Owner's Unit.

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

3.2.19 Bidding for and purchasing any Unit at a sale pursuant to a foreclosure of the lien for common expenses under the Act, or at a sale pursuant to an order or direction of a court, or other involuntary sale, upon the consent or approval of the Owners holding not less than seventy-five percent (75%) of the voting power of the Association.

3.2.20 Filing all appropriate income tax returns.

3.2.21 Filing of the Annual Report described in Section 100.260 of the Act with the Real Estate Agency pursuant to Section 100.250 of the Act.

3.2.22 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce violations.

3.2.23 In conjunction with preparation and updating of the reserve study, establish, periodically update, and implement a thirty (30) year "Maintenance Plan" that identifies those components of the Common Elements requiring periodic maintenance, including a maintenance manual defining how and when such maintenance and including information about warranties should be performed and setting forth the estimated cost of such maintenance. The Maintenance Plan shall provide for not less than annual inspections of the Property for evidence of water intrusion or other needed repairs by a knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. The Maintenance Plan shall comply with ORS 100.175 and be appropriate for the size and complexity of the Common Elements and shall address issues that include the warranties and useful life of the Common Elements. For a period of ten (10) years following recording of the Declaration, Declarant shall be notified prior to the inspections, shall have a right for Declarant or its employees or contractors to be present during the inspections and have a right to receive a copy of the inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

3.3 Limitation. The powers of the Board of Directors enumerated in these Bylaws shall be limited in that the Board of Directors shall have no authority to (i) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding ten percent (10%) of the estimated total budget of the Association for such calendar year, or (ii) enter into agreements having a term in excess of three years, except agreements specifically authorized in these Bylaws, without, in each case, the prior approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association.

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

3.5 Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the Chairperson and must be called by the Secretary at the written request of at least two (2) Directors. Notice of any special meeting shall be given to each Director, personally or by mail, telephone, or telecopy at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. For a period of ten (10) years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Directors. All meetings of the Board of Directors shall be open to the Owners except that the following matters and such other matters as are permitted by the Act, if any, may be considered in executive session: (a) consulting with legal counsel regarding the rights and duties of the Association in connection with existing or potential litigation, or criminal matters

*provided, however,* that the Board of Directors shall not initiate legal proceedings against the Declarant or any Director without first obtaining the approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiating of contracts with third parties; and (d) discussing the collection of unpaid assessments. Except in the event of an emergency, the Board of Directors shall vote in an open meeting on whether to meet in executive session. If the Board of Directors votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting. Meetings of the Board of Directors may be conducted by any means of communication that allows all members of the Board of Directors to hear each other simultaneously or otherwise to communicate during the meeting. The meeting and notice requirements in ORS 100.420 may not be circumvented by chance or social meetings or by any other means. For purposes of this Section, "meeting" shall have the definition provided in Section 100.410(5) of the Act. Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Board of Directors shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

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

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

3.8 Removal. At any regular or special meeting of the Owners, any one or more of the members of the Board of Directors may be removed with or without cause, but only by approval of at least a majority of the Owners, notwithstanding the quorum provisions of

Section 2.12, and a successor may then and there or thereafter be elected by the Owners to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

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

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

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

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

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

3.14 Special Committees. The Board of Directors by resolution may designate one or more special committees, each committee to consist of three or more Owners which, to the extent provided in such resolution, shall have and may exercise the powers set forth in such resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. Such special committee shall keep

regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such special committee or committees designated shall be appointed by the Board of Directors or the Chairperson. The Board of Directors or the Chairperson may appoint Owners to fill vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

#### 4. OFFICERS.

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

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

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

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

4.5 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform the Chairperson's duties whenever the Chairperson shall be absent or unable to act. If neither the Chairperson nor the Vice Chairperson is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the Chairperson on an interim basis. The Vice Chairperson shall also perform such other duties as shall from time to time be prescribed by the Board of Directors or by the Chairperson.

4.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall attend

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

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

4.8 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors. Checks of up to Ten Thousand Dollars (\$10,000) may be signed by the professional property management company for the Condominium if authorized by general or special resolution of the Board of Directors, and, in the absence of any such general or special resolution applicable to any such instrument, then such instrument shall be signed by the Treasurer, or in his absence or disability, by the Chairperson or another person duly authorized by the Board of Directors. Notwithstanding the foregoing, all checks in excess of Ten Thousand Dollars (\$10,000) shall require the signatures of the Chairperson or Treasurer and one other officer of the Association.

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

## 5. BUDGET, EXPENSES AND ASSESSMENTS.

### 5.1 Budget.

5.1.1 The Board of Directors shall from time to time, at least annually, prepare and adopt a budget for the Association, estimate the common expenses expected to be incurred, less any previous over assessment, and assess the common expenses in accordance with Section 7.1 of the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements which will normally require replacement in more than three and fewer than thirty (30) years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 3.2.23 above, and for the painting of exterior painted surfaces of Common Elements, if any, in accordance with Sections 8.1 and 5.2 of these Bylaws. The Board of Directors shall advise each

Owner in writing of the amount of common expenses payable by such Owner, and furnish copies of each budget and amended budget on which such common expenses are based to all Owners, the Declarant (for at least five (5) years after the date of the Turnover Meeting), and, if requested, to their Mortgagees, at least thirty (30) days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. If the Board of Directors fails to adopt an annual budget, the last adopted budget shall continue in effect. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by the Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 20 of the Declaration shall be based on Declarant's good faith projection of the requirements of the Association for the period in question. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association for such period. Such projection need not include (a) items that reasonably could be funded from operating assessments (as described in Sections 5.4 and 5.5 below) or (b) a reserve for Limited Common Elements for which maintenance and replacement are the responsibility of one or more unit Owners under the provisions of the Declaration or these Bylaws. **The reserve study on which such projection is based assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to the Declaration, these Bylaws and the Act. If the Board fails to perform the required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** After the Turnover Meeting, the Board of Directors shall be responsible, in its sole discretion, for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 3.2.23 above.

5.1.2 Within thirty (30) days after adoption of any proposed budget for the Condominium following the Turnover Meeting, the Board shall provide a summary of the budget to all Owners.

5.2 Reserve Fund for Replacing Common Elements. Declarant shall conduct a reserve study as required by the Act and shall establish in the name of the Association a reserve fund for replacement of Common Elements which will normally require replacement in more than three (3) and fewer than thirty (30) years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 3.2.23 above, and for the painting of exterior painted surfaces of Common Elements, if any. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements which will normally require replacement in more than three (3) and fewer than thirty (30) years such that the reserve fund is reasonably expected to provide sufficient funds for replacement of such Common Elements, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 3.2.23 above, and for the painting of exterior painted surfaces of such Common Elements, if any. Declarant, in establishing the reserve fund, shall obtain and rely on a reserve study in making a projection of the requirements of the Association with respect to replacement of such Common

Elements and for the painting of exterior painted surfaces of Common Elements. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association. Such projection need not include (a) items that reasonably could be funded from operating assessments (as described in Sections 5.4 and 5.5 below) or (b) a reserve for Limited Common Elements for which maintenance and replacement are the responsibility of one or more unit Owners under the provisions of the Declaration or these Bylaws. **The reserve study assumes that the Association conducts normal, routine maintenance for the elements reserved for and that the Association is required to perform pursuant to this Declaration, the Bylaws and the Act. If the Association fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** Declarant may elect to defer payment of the assessments for the reserve fund with respect to a Unit until the time of conveyance of the Unit, provided that Declarant may not defer payment of such reserve assessments beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association. The Association shall annually conduct a reserve study or review and update an existing reserve study of the Common Elements to determine reserve account requirements. The reserve study shall include all information required by the Act. The Association shall administer the reserve funds and shall adjust at regular intervals, but not less than annually, the amount of the periodic payments into it to reflect changes in current replacement costs over time as reflected by the reserve study or update thereof. Following the Turnover Meeting, the Association may also reduce or increase future assessments for the reserve funds upon an affirmative vote of at least seventy-five percent (75%) of the Owners. After the Turnover Meeting, the Association may, on an annual basis by unanimous vote of the Owners, elect not to fund the reserve account. Any funds established for any of the purposes mentioned in this Section 5.2 shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve funds shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for replacement of the Common Elements which will normally require replacement in more than three (3) and fewer than thirty (30) years, for significant maintenance items as required by the Maintenance Plan established pursuant to Section 3.2.23 above, and for the painting of exterior painted surfaces of Common Elements, if any, and is to be kept separate from the assessments described in Section 5.4. After the Turnover Meeting, however, the Board of Directors may borrow amounts from the reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other unexpected increases in expenses which will later be paid from special or regular assessments, if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a repayment plan providing for repayment of the borrowed funds within a reasonable period. Repayment of such amounts borrowed from the reserve fund shall include any interest that would otherwise have been earned on such amounts.Determination of Common Expenses. Common expenses shall include:

5.3.1 Expenses of administration.

5.3.2 Cost of insurance or bonds obtained in accordance with these

Bylaws.

5.3.3 A general operating reserve, sufficient to pay the amount of the deductible on any insurance policy held by the Association under Section 9.1.1.

5.3.4 Reserve for replacements and deferred maintenance and the cost of the reserve study, or its review and update.

5.3.5 The costs of the annual reserve study required by the Act, or the renewal and update thereof.

5.3.6 The costs of establishing, updating and implementing the Maintenance Plan.

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

5.3.8 Utilities for the Common Elements and other utilities not separately metered or charged, except as provided.

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

5.3.10 Professional management services, gardening, landscaping, snow removal, waste removal, cleaning, and inspection, maintenance, decorating, repair and replacement of the Common Elements and Association Property and such machinery and equipment for the Common Elements and Association Property as the Board of Directors shall determine are necessary and proper, which the Board of Directors shall have the exclusive right and duty to acquire for the Common Elements and Association Property.

5.3.11 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board of Directors is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and which the Board of Directors determines should be assessed to the Owners under Section 5.4.

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

5.3.13 Inspection, maintenance and repair of any Unit or Common Element if the Board of Directors determines that such inspection, maintenance or repair is necessary to protect the Common Elements, Association Property or any other portion of the Property, and the Owner of such Unit has failed or refused to perform such maintenance or repair in accordance with Section 8.2 within a reasonable time after written notice of the necessity of

such maintenance or repair delivered by the Board of Directors to such Owner, provided that the Board of Directors may levy a special assessment against such Owner for the cost of such maintenance or repair.

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

5.4 Assessment of Common Expenses.

5.4.1 All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws, provided, however, that such reserve Assessment may be collected on a monthly, quarterly, or biannual basis, and at least annually, and maybe assessed prospectively or in arrears. Assessments may not be waived due to limited use or nonuse of Common Elements and no Owner may claim an offset against assessments for failure of the Board of Directors to perform its obligations. The Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 7.1.3 of the Declaration. At the time of closing of the initial sale of each Unit, the purchaser shall make the contribution described in Section 5.5.3 to the working capital fund. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due which remains unpaid by him for more than ten (10) days from the due date for its payment (except as provided above for the Declarant).

5.4.2 If Additional Property (as defined in the Declaration) is annexed to the Condominium, the Association shall, within sixty (60) days after the annexation, recompute the common expense budget based upon the additional Units and Common Elements and recompute all applicable assessments for each Unit in accordance with Section 11.4 of the Declaration. Newly annexed Units shall be subject to assessment beginning upon the date of annexation, unless Declarant elects to defer the commencement of assessments (other than reserve fund assessment in accordance with Section 5.2 of these Bylaws) as provided in Section 7.1.3 of the Declaration. The Association shall send notice of any applicable assessment to the Owners of newly annexed Units not later than sixty (60) days after the annexation or, if common expense assessments (other than reserve assessments) are deferred as provided in Section 7.1.3 of the Declaration no later than ten (10) days before commencement of such assessments. If Additional Property is annexed to the Condominium during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Units which were within the Condominium prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners not later than sixty (60) days after the annexation. Assessments under this Section 5.4.2 shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

## 5.5 Special Assessments.

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

5.5.2 Other Reserve Trust Funds. The Board of Directors may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 5.2 of these Bylaws. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed to the Owners according to each Owner's percentage ownership in the Common Elements. The Board of Directors shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses which is due more than thirty (30) days after the delivery or mailing of such notice of further assessment. Any reserve fund established by Declarant shall be based upon Declarant's good faith projection of the applicable reserve requirements of the Association, but such projection may vary substantially from the actual requirements of the Association.

5.5.3 Working Capital Fund. Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in Section 5.4. At the time of closing of the initial sale and each subsequent sale of each Unit, the purchaser shall make an initial contribution to the working capital fund equal to two(2) months of Association assessments for the Unit, but, in any event, not less than the amount that may have been contributed to the working capital fund on behalf of such Unit by Declarant under this Section 5.5.3. At or prior to the Turnover Meeting, Declarant shall make a contribution to the working capital fund equal to two (2) months of Association assessments for all Units then existing but not yet conveyed to persons other than Declarant; *provided, however*, that the contribution by the initial purchaser of a Unit described in the preceding sentence shall be paid to Declarant at the closing of such purchase in reimbursement of contributions made to the working capital fund by Declarant. At or prior to the Turnover Meeting, Declarant shall transfer the amount of the reserve fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.5.2. During the period of administrative control described in Section 20 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

5.6 Violation by Owners; Remedies. The violation of any Rule or Regulation or other determination duly adopted by the Board of Directors, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Association the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that

may exist thereon contrary to the intent and meaning of the provisions so violated, and the Association or its agents, shall not thereby be deemed guilty in any manner of trespass; *provided, however,* that the Association must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Association in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 7.3 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of such Owner's respective share of the common expenses. The Association shall have a lien for all of the same upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Unit or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, on behalf of the Association by the Board of Directors. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board of Directors to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner's Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

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

5.8 No Waiver. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by any of the provisions of the Declaration, these Bylaws or any Rules or Regulations shall not constitute a waiver of the right of the Association or an Owner to enforce such right, provision, covenant or condition in the future.

5.9 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments regarding a Unit that, in violation of these Bylaws, is not occupied by the Owner thereof, the Association shall be

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

## 6. RECORDS AND AUDITS.

6.1 General Records. The Board of Directors and the managing agent or manager, if any, shall keep records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all First Mortgagees of Units. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Articles, the Declaration, these Bylaws, the Rules and Regulations, the recorded plat(s), the Maintenance Plan, and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5; and (iii) the current operating budget and reserve study of the Association; and (iv) all documents, information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for inspection within the State of Oregon by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours, except as otherwise permitted under ORS 100.480. For a period of five (5) years following the date of the Turnover Meeting, the Secretary shall mail to Declarant within thirty (30) days after the creation, adoption or recordation of such documents, as applicable, copies of the foregoing documents, including without limitation, written consents of the actions of the Board of Directors and minutes of the meetings of the Association and the Board of Directors.

6.2 Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

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

6.4 Payment of Vouchers. Vouchers and instruments shall be authorized and signed in accordance with Section 4.8 above.

6.5 Reports and Audits. An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board of Directors to all Owners, and to all First Mortgagees of Units who have requested the same, within ninety (90) days after the end of each fiscal year. The Board shall have the financial statement reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the requirements of ORS 100.480(4) within one hundred and eighty (180) days after the end of the fiscal year. At any time any Owner or First Mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association. Pursuant to ORS 100.480(6), the Association may elect on an annual basis not to comply with ORS 100.480(4) by an affirmative vote of at least sixty percent (60) of the Owners, not including the votes of the Declarant with respect to Units owned by the Declarant. Upon written request, any holder, insurer or guarantor of a First Mortgage shall be entitled to a copy of the financial statement for the immediately preceding fiscal year at the expense of the Association and shall be made available within one hundred and twenty (120) days after the end of such fiscal year. In addition, the Board shall not less than annually provide each Owner and the Declarant, its successors and assigns a written report regarding the Association's compliance with the Maintenance Plan..

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

6.7 Statement of Assessments. Within ten (10) business days after receipt of a written request from an Owner or Owner's agent for the benefit of a prospective purchaser of such Owner's Unit(s), the Association shall provide a written statement detailing the amount of assessments due from such Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, late payment charges, the percentage rate at which interest accrues on assessments not paid when due, and the percentage rate used to calculate the late payment charges or the amount of a fixed charge for late payment. The Association is not required to comply with the foregoing request if the Association has commenced litigation by filing a complaint against the Owner, and the litigation is pending when the statement would otherwise be due.

## 7. OCCUPATION AND USE.

7.1 Rentals. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1. As used herein, "Leasing," "Renting," "Leased" or "Rented" means the granting of a lease, sublease, right to use or to occupy a Unit for a specified term or indefinite term 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. With the exception of a lender in possession of a Unit following a default under a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his Unit for hotel or transient purposes, or for any period of fewer than thirty (30) days.

7.1.1 No Partial Leases. No Owner may Lease less than the entire Unit.

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

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

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

7.1.5 Limitation of Number of Units. At no time shall more than thirty percent (30%) of the Units be rented or occupied by non-Owner occupants. In order to insure that the foregoing limitation is not exceeded, Owners who intend to rent or grant occupancy rights to their Units shall provide thirty (30) days written notice to the Board of their intentions. Each such Owner may proceed to rent or grant occupancy to non-Owner occupants for his or her Unit unless such Owner is provided written notice of the Board's refusal to allow such rental or non-Owner occupancy because such rental or non-Owner occupancy would exceed the limitation of the foregoing sentence. In the event of such Board refusal, the requesting Owner shall not rent or grant occupancy to any person until the Board notifies him or her that such rental or occupancy would not violate the limitation on non-Owner occupied Units. The Board shall maintain a list of Owners who requested and were denied the ability to rent or grant non-Owner occupancy of their Units, on a first-come, first-serve basis and shall promptly notify each Owner on such list as it becomes permissible to rent or grant non-Owner occupancy of such Owners' Unit.

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

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

7.3 Compliance. Each Owner shall comply and shall require all residents, lessees, servants, invitees, employees and visitors to his Unit to comply with the Act, the Declaration, these Bylaws and the Rules and Regulations adopted pursuant thereto. An Owner shall continue to be responsible for compliance with all of the foregoing, notwithstanding that the Unit is Leased or Rented in violation of these Bylaws.

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

7.5 Residential Use. The Units shall be used for: (i) residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling; (ii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iii) for purposes of operating the Association and managing the Condominium. An Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Condominium; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Condominium; and (iv) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board of Directors.

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

7.7 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board of Directors or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Without limitation of the foregoing, no woodpiles shall be permitted outside of any Unit and no Owners shall allow the storage or use of hazardous substances in their Units other than normal cleaning materials stored and used in accordance with applicable law. Additionally, Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents, employees or vendors.

7.8 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on upon the Condominium, Unit, Common Elements, or any part thereof, nor shall anything be done or placed in, on or under any part of the Condominium or any Unit which unreasonably interferes with or jeopardizes the enjoyment of the Condominium, or which is a source of unreasonable annoyance to residents. No unlawful use shall be made of the Condominium or any part thereof, and all laws, zoning ordinances, regulations or any other Legal Requirement (as defined in the Declaration) of all governmental authorities having jurisdiction thereof shall be strictly complied with. Construction of buildings and improvements that are part of or are scheduled to become a part of the Condominium shall not violate this Section. Compliance with any Legal Requirements shall be accomplished by and at the sole expense of the Owner or Association, as the case may be, whichever shall have the obligation to maintain and repair the portion of the Condominium affected by any such Legal Requirement. Each Owner shall give prompt notice to the Board of Directors of any written notice received of the violation of any Legal Requirement affecting the Owner's Unit or the Condominium. Notwithstanding the foregoing provisions, an Owner may, at his expense, defer compliance with and contest, by appropriate proceedings prosecuted diligently and in good faith, the validity or applicability of any Legal Requirement affecting any portion of the Condominium which such Owner is obligated to maintain and repair, and the Board of Directors shall cooperate with such Owner in such proceedings, *provided that*:

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

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

7.8.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the

Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 5.7.

7.9 Contested Legal Requirements. An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.8, *provided that* noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest. The Board of Directors may also contest any Legal Requirement without being subject to the conditions described in Section 7.8 as to contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.9 as to deferral of compliance by an Owner, and the costs and expenses of any contest by the Board of Directors shall be a common expense.

7.10 Parking and Parking Areas. All use of parking areas included in the Common Elements shall be subject to the provisions of this Section 7, as well as the rules and regulations thereon adopted by the Board of Directors pursuant to Section 7.30. Parking spaces are restricted to use for parking of operative primary and secondary motor vehicles. Parking of boats, truck campers, recreational vehicles, or similar vehicles or equipment shall not be permitted. Parking spaces shall not be used for storage of personal property unless fully enclosed within a garage. The Board shall require removal of any inoperative or improperly licensed vehicle, or any unsightly vehicle, or any other equipment or item improperly stored in parking spaces. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof.

7.10.2 Parking is prohibited on the private streets or in the emergency vehicle access and turn around area. Parking in violation of this Section 7.10 is a violation of the land use approval for the Condominium by the City of Hillsboro and shall be subject to civil court citation by the City of Hillsboro, in addition to other remedies provided by law or by the Declaration or these Bylaws.

7.11 Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked upon any part of the Condominium for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably determines that its presence offends the residents of the Condominium. Should any Owner fail to remove such vehicle within two days following the date on which notice is mailed to such Owner by the Board, the Board may have the vehicles removed from the Condominium and charge the expense of such removal to the Owner.

7.12 Vehicles in Repair. No on-street vehicle maintenance or repair involving motor oils, fuels, or other lubricants or solvents shall be permitted anywhere on the Condominium.

7.13 On-Site Vehicle Washing. On-site vehicle washing shall be permitted only in paved areas that discharge all waste to a water quality treatment facility.

7.14 Common Streets and Sidewalks. Common streets and sidewalks and other Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

7.15 Signs. No signs shall be erected or maintained on any part of the Condominium by anyone other than Declarant or its affiliates or their respective agents, employees, or contractors except signs that have been approved in writing by the Board.

7.16 Pets. Domestic household pets, such as cats and dogs, may be kept by Owners, *provided that* the keeping of pets shall be subject to such reasonable rules and regulations as the Board may adopt from time to time. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion determines to be disturbing other Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Unit to a street or sidewalk; that Owners may allow pets within the Limited Common Element yard reserved for the exclusive use of that Owner's Unit provided that such yard is enclosed and the pets cannot leave the yard to run at large. At all times the Common Elements shall be free from pet debris, including food and fecal matter. Except for the foregoing pets, no livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purposes or in any unreasonable numbers. Any outside facility for pets must be kept clean on a daily basis and no waste products or food may be left in either the facility or on the Property. Any damage caused by pets shall be the responsibility of the respective Owners thereof.

7.17 Protection of Wildlife. Feeding or harassing of wildlife anywhere on the Condominium shall be prohibited. Bird feeders may be used, subject to the rules and restrictions of the Association, but only sterile bird seed may be used.

7.18 Rubbish and Trash. No Unit nor any part of the Common Elements (including the decks and patios included in the Limited Common Elements) shall be used as a dump for trash or rubbish of any kind. All garbage and other debris and waste shall be kept in appropriate sanitary containers for proper disposal and out of public view within the Owner's garage. In the event an Owner or occupant fails to remove any trash, rubbish, garbage, or other debris or waste materials from such Owner's or occupant's Unit (or from the street or other Common Elements if deposited thereon by such Owner or occupant) within (5) five days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Unit as provided in Section 5.3.12. Customary construction activities that relate to development and construction of the Condominium or buildings and improvements which are scheduled to be part of the Condominium shall not violate this Section.

7.19 Restriction on Vegetation. Only vegetation approved by the Association may be planted on any portion of the Condominium.

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

7.21 Maintenance of Unit. Each Owner shall maintain such Owner's Unit, adjacent patio and deck, and adjacent yard in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard and in conformance with the standards set forth in any warranty provided to such Owner by Declarant.

7.22 Utilities and Antennae. No sewer, drainage, or utility lines, wires, satellite dishes, or other devices for the communication or transmission of electric current, power, or signals (including telephone, television, microwave, or radio signals) shall be constructed, placed, or maintained anywhere in or upon the Condominium other than within Buildings or other structures unless contained in conduits or placed or maintained underground or concealed in or under Buildings or other structures, without the prior written approval of the Board. No device for the transmission or reception of telephone, television, microwave, or radio signals will be allowed within the Condominium unless the antenna is located and screened so as not to be visible from neighboring buildings and streets. Nothing contained in this Section 7.22 shall be construed to prohibit the erection or use of temporary power or telephone facilities during construction or repair of Improvements nor shall it apply to construction activities of Declarant. The restrictions contained in this Section 7.22 shall be effective only to the extent permissible under applicable laws and regulations.

7.23 Leaf Blowers. No leaf blowers that generate either noise or air pollution shall be used on any part of the Condominium other than by a landscape maintenance company hired by the Board.

7.24 Wood Burning Stoves and Turkey Fryers. Wood burning stoves and turkey fryers or similar appliances shall not be used on any portion of the Condominium.

7.25 Exterior Lighting. No exterior lighting of any kind may be installed on any portion of a the Condominium or a Unit without the prior review and approval of the Association.

7.26 Driveways. Parking in driveways in front of a Unit Owner's garage door shall be restricted to parking by the Unit Owner of the garage to which the driveway leads or that Unit Owner's guests. The Board shall require removal of any vehicle parked in violation of this subsection. If the vehicle is not promptly removed, the Board shall cause such removal at the risk and expense of the Owner thereof (or the Owner to whose guest such vehicle belongs).

7.27 Replacement or Installation of Finished Surfaces. Subject to Section 7.4, each Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing in such Owner's Unit's ceilings, floors and walls; *provided that*, except for hard surface flooring installed by Declarant or installed as part of the original construction of the Unit, no Owner shall install hard surface flooring within a Unit except with the prior written consent of the Board of Directors.

7.28 Sporting or Exercise Equipment. No sporting or exercise equipment shall be used in any upstairs Unit or on the adjacent patio or deck thereof, including, without limitation, bikes (stationary or otherwise), treadmills, trampolines, free weights, weight machines, elliptical fitness machines, stair machines, and the like.

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

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

## 8. MAINTENANCE AND REPAIRS.

### 8.1 Maintenance by Association.

8.1.1 General. The necessary work to maintain, repair, or replace the Common Elements shall be the responsibility of the Association and shall be carried out by the Board as provided in these Bylaws. The Board shall be solely responsible for determining the appropriate maintenance schedule for the Common Elements and all other items for which the Association is responsible for maintaining in these Bylaws and in accordance with the Maintenance Plan described in Section 3.2.23 above. Regardless of the terms of the Maintenance Plan, the Association shall be responsible for the painting, staining, repair and replacement of the exterior surfaces of all Units (including the repair and replacement of roofs, gutters, vinyl siding, exterior doors and garage doors); cleaning of the exterior surfaces of all window and door glass; the repair and resurfacing of all streets, driveways, and walkways; and the cutting, pruning, trimming, and watering of all landscaping.

8.1.2 Trees. The Association shall maintain and repair all trees located in the Condominium and shall not remove such trees without the written opinion of a certified arborist that the tree is dead or diseased and will not survive or the tree poses a substantial threat of property damage, personal injury, or threat to the other trees.

8.1.3 Mortgagee Right. If the Mortgagee of any Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to Section 100.550 of the Act, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within sixty (60) days after receipt of such notice, then the

Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.1.4 Public Right of Way. The Association shall maintain, repair, and replace the landscaping, including trees, planter strip, and irrigation within the public right of way dedicated to the City of Hillsboro on NE Airport Road. Such maintenance, repair and replacement obligation is for the benefit of the City of Hillsboro, as well as the Association. The City of Hillsboro shall have the right to enforce, by any proceeding at law or in equity, the obligation of the Association to maintain such landscaping and improvements if the City of Hillsboro in its reasonable judgment determines that the Association has not provided reasonable maintenance consistent with this Section. The City of Hillsboro shall also have the right after reasonable advance written notice to the Board, in the event the Board fails or refuses to act, to charge the costs of maintaining such landscaping and improvements (including the right to obtain and maintain liability insurance) against the Units and to exercise the rights granted to the Association of assessment and lien against the Units the same as for the benefit and maintenance of Common Elements. This Section 8.1.4 cannot be amended without the consent of the City of Hillsboro.

8.2 Maintenance by Owners. All maintenance of and repairs to any Unit shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair. Without limitation of the foregoing, each Owner shall be responsible for repairing and replacing any automatic opening or similar device installed for the garage door and exterior window glass of that Owner's Unit, regardless of whether such items are Common Elements. If an Owner fails properly to perform his or her maintenance and repair responsibility, the Association may enter on to the Owner's Unit and perform such maintenance and/or repair and assess all costs incurred by the Association against the Unit and the Owner as a special assessment pursuant to Section 5.3.13.

8.3 Following Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 3.2.23 above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure.

## 9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under Section 9.1.1 below and against his liability not covered under Section 9.1.2 below, unless the Association agrees otherwise. For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

9.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Common Elements and Association property, including any fixtures, building service equipment, and common personal property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding five percent (5%) of the face amount of the policy.

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

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

9.1.4 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.

9.1.5 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. In the event the Association has retained a manager, such manager shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be at the expense 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 obligee 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 ten (10) days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

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

9.2.1 All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon and 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 rating 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."

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

9.2.3 Each Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his Unit, the value of which is in excess of Five Hundred Dollars (\$500.00). Nothing in this Section shall permit an Owner to make improvements other than in accordance with the Declaration and the other provisions of these Bylaws.

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

9.2.5 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 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 Owners and their first mortgage holders, as their interests may appear.

9.2.6 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 Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners that is not in the control of such Owners collectively, and that the policy is primary in the event the Owner has other insurance covering the same loss.

9.2.7 For purposes of this Section 9, 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 Association 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) such policies include any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

9.2.8 All policies required by this Section 9 shall provide that they may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each holder of a first Mortgage which is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each Owner and Eligible Mortgagee upon request.

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

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

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

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

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

9.3.5 A provision that the insurer issue subpolicies specifying the portion of any master policy earmarked for each Owner's interest and that until the insurer furnishes written notice and a grace period to the Mortgagee insured under the loss payable

clause thereof, the Mortgagee's coverage is neither jeopardized by the conduct of the mortgagor-Owner, the Association, or other Owners, nor canceled for nonpayment of premiums;

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

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

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

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

9.3.10 An "inflation guard" endorsement;

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

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

#### 9.4 Additional Requirements.

9.4.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least 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 Section 9.1.1, and the cost of such appraisal shall be a common expense; *provided, however*, that the full replacement cost of the Common Elements for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by Declarant.

9.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the

property pursuant to the provisions of these Bylaws. This Section 9.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgagee itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

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

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

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

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

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

9.6 FannieMae and GNMA Requirements. Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by FannieMae and Government National Mortgage Association, so long as either is a Mortgagee or 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.

## 10. AMENDMENTS TO BYLAWS.

10.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by the Owners holding at least thirty-three percent (33%) of

the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by a majority of the Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the Units, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by Owners holding at least 75% of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least fifty-one percent (51%) of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) (i) Section 8, which addresses maintenance and repair; (ii) Section 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 10.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as the Declarant remains the owner of one or more Units or retains the power to annex additional property to the Condominium, the Bylaws and Rules and Regulations may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

10.3 Execution and Recording. An amendment shall not be effective until certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded in the deed records of Washington County, Oregon, as required by law.

10.4 Rights of the Declarant. Nothing in this Article 10 shall limit the right of the Declarant to approve amendments to the Rules and Regulations pursuant to Section 20 of the Declaration.

## 11. LITIGATION.

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

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

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

## 12. DISPUTE RESOLUTION.

12.1 Required Procedure. Except as otherwise provided below, to the fullest extent allowed by law, if a dispute arises, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, the Declaration, these Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, the Declaration or these Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to Section 5.6 of these Bylaws prior to summary abatement and removal of a structure or other condition that violates the Declaration, these Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.9 of these Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

12.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but

if this is not successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 12.3, 12.4 and 12.5 below, as applicable.

12.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 12.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 12.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties. All mediation shall be in Washington County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended.

12.4 Small Claims. All claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

12.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 12.2, 12.3 and 12.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by one arbitrator selected by the parties, or, if the parties cannot agree on an arbitrator within thirty (30) days after a request for arbitration, the arbitrator shall be appointed by the presiding judge of the Circuit Court for Washington County, Oregon. The arbitration shall be conducted by and pursuant to the then effective arbitration rules of Construction Arbitration Services, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

12.6 Approval of Legal Expenses. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend in excess of \$5,000 for attorney fees and costs for any reason unless such expenditure is first approved by at least 75% of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or these Bylaws; for actions initiated by the Association during Declarant's period of administrative control pursuant to Section 20 of the Declaration; for actions challenging ad valorem taxation or condemnation proceedings; for actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association and/or the Board of Directors or to assert counterclaims in proceedings instituted against the Association and/or Board of Directors; actions to appoint a receiver pursuant to Section 5.9 of these Bylaws; and actions to summarily abate, enjoin and remove a structure or condition that violates the Declaration or these Bylaws.

12.7 No Attorneys' Fees. Except as specifically provided for in the Declaration, these Bylaws, no party in the arbitration, mediation or other proceeding shall be entitled to recover costs and attorneys' fees in connection therewith.

12.8 Suits Against Declarant. Declarant shall have the right to be present at any meeting of the Association during which the Board of Directors or the Owners vote on whether to initiate legal action against Declarant. The Board of Directors shall provide Declarant with at least ten (10) days' prior written notice of the time and place of such meeting.

12.9 Initial Dispute Resolution Procedures. Notwithstanding anything contained herein to the contrary, in the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.9 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

### 13. MISCELLANEOUS.

13.1 Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time by written notice thereof to each Owner. All notices to any Owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Unit and shall be sent by messenger service (or hand delivered), over night courier service or by certified or registered U.S. Mail, return receipt requested with charges or postage prepaid. Notices shall be deemed given upon the earlier of actual delivery or refusal of a party to accept delivery thereof.

13.2 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.

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

13.4 Action Without a Meeting. Any action which the Act, the Declaration or the Bylaws require or permit the Owners or Board of Directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by the number of the Owners or Directors required to approve the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or the Board of Directors, as the case may be,

shall be filed in the records of minutes of the Association. Action by written ballot may not substitute for the Turnover Meeting or the annual meeting of the Association. For votes of the Owners by written ballot, the Board of Directors shall provide Owners with at least 10 days notice before written ballots are mailed or otherwise delivered. The notice shall include the general subject matter of the vote by written ballot, the right of owners to request secrecy procedures as provided herein, the date after which ballots may be distributed, the date and time by which any petition requesting secrecy procedures must be received, and the address where any petition must be delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least 10% of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for mailing and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

13.5 Conflicts; Severability. Each term and provision of these Bylaws shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of these Bylaws or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, whether under ORS Chapter 100 or otherwise, the remainder of these Bylaws and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and the Declaration shall control over these Bylaws, any amendments hereto or any Rules and Regulations adopted hereunder.

13.6 Liability Survives Termination. The sale or other disposition of a Unit shall not relieve or release any former Owner thereof from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with such ownership and the covenants and obligations incident thereto. This Section 13.6 shall not apply to the Declarant as Owner of any or all Units.

13.7 Indexing. Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2006 as the base year.

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

(Remainder of Page Intentionally Left Blank)

Dated this 23 day of August, 2006, being hereby adopted by the undersigned Declarant on behalf of the Association.

Declarant: TRAVERTINE INVESTORS, LLC, an Oregon limited liability company

By: Sierra Pacific Communities, LLC, an Oregon limited liability company

Its: Sole Member

By: Edward Freeman  
Edward Freeman, Managing Member

**TRAVERTINE CONDOMINIUMS OWNERS' ASSOCIATION  
RESOLUTION OF THE BOARD OF DIRECTORS  
Amendment to Bylaws and Authorizing Vote**

At a regular meeting of the Board of Directors ("Board") of the Travertine Condominiums Owners' Association ("Association"), for which homeowners had notice and the opportunity to attend, held virtually on May 3, 2022, via GoToMeeting, at the time of 6:30 PM, the Board resolved as follows

**RECITALS**

- A. "Association" is the Travertine Condominiums Owners' Association, an Oregon nonprofit corporation established by Articles of Incorporation filed August 23, 2006, in the office of the Secretary of State.
- B. The Association is governed by the following documents, referred to herein as "Governing Documents":
  - 1. The *Declaration of Condominium Ownership for Travertine Condominiums* recorded as Document No. 2006-152933 in the records of Washington County Oregon on December 29, 2006.
  - 2. The *Supplemental Declaration of Condominium Ownership for Travertine Condominiums, Supplemental Plat No. 1, Annexation of Stage 2*, recorded as Document No. 2007-041659 in the records of Washington County, Oregon on April 16, 2007.
  - 3. The *Supplemental Declaration of Condominium Ownership for Travertine Condominiums, Supplemental Plat No. 2, Annexation of Stage 3*, recorded as Document No. 2013-026630 in the records of Washington County, Oregon on March 26, 2013. (Items No. 1 through 3 collectively referred to as "CC&Rs").
  - 4. *Bylaws of Travertine Owners' Association*, recorded as Exhibit D to the CC&Rs on December 29, 2006 ("Bylaws").
  - 5. The various Rules, Regulations, and Policies adopted by the Board of Directors of the Association ("Board").
- C. The Association Secretary, by signing below, attests that Board members received notice of the meeting (or by their attendance waived notice), and that a quorum of Board members was present.
- D. The Association is also governed by the Oregon Condominium Act ("Act"), ORS Chapter 100.
- E. ORS 100.405(4)(r), and Section 3.2 of the Bylaws vest the Board with all of the powers and duties necessary for the administration of the affairs of the Association.
- F. The Board and the Association's managing agent have identified that the provisions of Bylaws Section 13.1 regarding providing Association notices is overly burdensome on the membership and its limited resources.

- G. Bylaws Section 13.1 presently requires all notices to owners be sent by hand delivery, overnight courier or certified or registered U.S. Mail, return receipt requested, at substantial expense to the membership, and the Board believes it is in the best interest of the membership to be able to use electronic notices to the extent permitted by law, as well as regular U.S. first class mail.
- H. The Board developed the attached, proposed Bylaws Amendment to Section 13.1 (“Proposed Amendment”) with the assistance of legal counsel and believes it to be in the best interest of the Association; and therefore, the Board directs submission of this Proposed Amendment to the members for a vote and recommends that the membership approves and adopts the Proposed Amendment to Bylaws Section 13.1.

### RESOLUTION

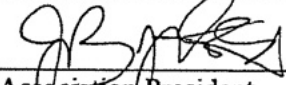
**NOW, THEREFORE, IT IS RESOLVED** the Board approves of the Proposed Amendment and believes it to be in the interest of the Association, and recommends its submission to the members for approval by vote by written ballot as provided in Bylaws Section 13.4 and ORS 100.425

**BE IT FURTHER RESOLVED**, that if approved by the members, the Board shall cause the final amendment to be prepared in recordable form and shall cause it to be recorded in the deed of records of Washington County, Oregon

Dated this 30th day of May, 2022.

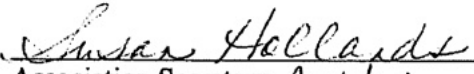
TRAVERTINE CONDOMINIUMS OWNERS’ ASSOCIATION

By:

  
Association President

ATTEST: the above Resolution was properly adopted.

By:

  
Association Secretary Assistant

## Proposed Travertine Bylaws Amendment

(Deleted text is stricken through and added text is underlined)

13.1 Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time by written notice thereof to each Owner. To the extent that electronic notice is permitted under the Act, and an Owner has not opted out of receiving notices electronically, notice provided to an Owner through electronic means shall be deemed effective upon transmission. All other notices to any Owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Unit. ~~and shall be sent by messenger service (or hand delivered), overnight courier service or by certified or registered mail U.S. Mail, return receipt requested with charges or postage prepaid. Notices shall be deemed given upon the earlier of actual delivery or refusal~~

After recording, return to:

Kathleen A. Profitt  
Profitt Law PC  
13568 SE 97th Ave., Ste. 203B  
Clackamas, OR 97015

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**FIRST AMENDMENT TO BYLAWS OF TRAVERTINE CONDOMINIUM  
OWNERS' ASSOCIATION**

This FIRST AMENDMENT TO BYLAWS OF TRAVERTINE CONDOMINIUM OWNERS' ASSOCIATION (this "Amendment") is made as of this \_\_\_\_ day of August, 2022, by the Travertine Condominium Owners' Association (the "Association"). This Amendment is effective upon recording.

**RECITALS:**

A. This Amendment is made pursuant to ORS 100.410 and Article 10 of the Bylaws of Travertine Condominium Owners' Association, recorded as Exhibit D to the Declaration of Condominium Ownership for Travertine Condominiums in the real property records of Washington County, Oregon on December 29, 2006, as Recording No. 2006-152933 (the "Bylaws").

B. The Association, through the amendment procedures set forth in Article 10 of the Bylaws, desires to amend Section 13.1 to Article 13.

NOW, THEREFORE, the Bylaws is hereby amended as follows:

1. Amendment to Article 13, Section 13.1. Article 13, Section 13.1 is hereby deleted, and the following Section 13.1 is substituted therefor:

13.1 Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time by written notice thereof to each Owner. To the extent that electronic

notice is permitted under the Act, and an Owner has not opted out of receiving notices electronically, notice provided to an Owner through electronic means shall be deemed effective upon transmission. All other notices to any Owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Unit.

2. Approval. The Association has approved this Amendment, effective as of the date set forth above.

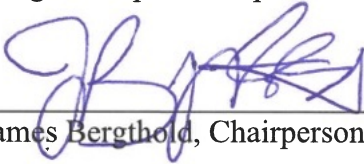
3. Effect of Amendment. Except as expressly amended hereby, the Bylaws remain unamended and in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed to be effective upon recording.

ASSOCIATION:

TRAVERTINE CONDOMINIUMS  
OWNERS' ASSOCIATION,  
an Oregon nonprofit corporation

By:

  
James Bergthold, Chairperson

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CERTIFICATE OF ASSOCIATION

The undersigned Chairperson and Secretary of Travertine Condominiums Owners' Association, an Oregon nonprofit corporation, hereby certify that the foregoing Amendment has been approved and adopted pursuant to with Article 10 of the Bylaws and ORS 100.410, and may be executed and recorded as set forth in ORS 100.410.

*[Handwritten Signature]*

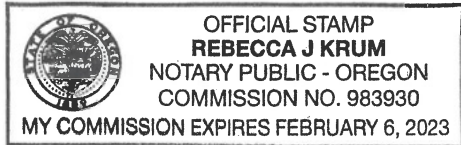
James Bergthold, Chairperson

*[Handwritten Signature]*

Linda Zimet, Secretary

STATE OF OREGON )  
 )ss.  
COUNTY OF Washington

This instrument was acknowledged before me by James Bergthold, the Chairperson of Travertine Condominiums Owners' Association, an Oregon nonprofit corporation, on behalf of and as the act and deed of said nonprofit corporation, on this 2<sup>ND</sup> day of September, 2022.



*[Handwritten Signature]*

Notary Public for Oregon

My Commission expires: 02/06/2023

New York  
STATE OF ~~OREGON~~ )  
 )ss.  
COUNTY OF Monroe )

This instrument was acknowledged before me by Linda Zimet, the Secretary of Travertine Condominiums Owners' Association, an Oregon nonprofit corporation, on behalf of and as the act and deed of said nonprofit corporation, on this 22 day of August, 2022.

*[Handwritten Signature]*

Notary Public for ~~Oregon~~ New York

My Commission expires: 11/4/2023

CARLOS ROLLI  
Notary Public, State of New York  
No. 01RO6400147  
Qualified in Monroe County  
Commission Expires Nov. 04, 2023