

Tax Foreclosed Property M72 R532730 (R532730) Cost Center 706408 Dues and Subscriptions 60340
Spend Category 99060007

Addison Condominiums, Unit 3

Coupon Book Received 1/28/19

Number	Account Number	Date Due	Amount Due
2	1320104	FEB 1, 2019	\$533.23
MULTNOMAH COUNTY; Make check payable to:		If RECEIVED After	Pay This Amount
Addison Condominiums		FEB 10, 2019	\$558.23
<i>\$25 + prime + 9% APR late fee on 10th</i>			

|||||
ADDISON CONDOMINIUMS
C/O COMMUNITY MANAGEMENT INC
PO BOX 54568
LOS ANGELES CA 90054-0568

Coupon Book Received 1/28/19

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[Illegible musical notation]

ADDISON CONDOMINIUMS
C/O COMMUNITY MANAGEMENT INC
PO BOX 54568
LOS ANGELES CA 90054-0568

MINUTES OF THE MEETING OF THE ADDISON CONDOMINIUM BOARD OF DIRECTORS HELD IN UNIT 405,
1930 NW IRVING STREET, PORTLAND, OREGON, ON MONDAY AUGUST 13, 2018 AT 5:00 P.M.

DIRECTORS PRESENT: Michael James, Chair
Lynda Jeffers, Secretary
Coleen Connolly, Treasurer
Laure Redmond, Director
Art Sousa, Director

BY INVITATION: Tom La Voie, CMCA, CAMP, Community Manager
COMMUNITY MANAGEMENT INC.

HOMEOWNERS PRESENT: As indicated on the sign in sheet

I. CALL TO ORDER

Board Chair Michael James called the meeting to order at 5:00 PM.

II. APPROVAL OF PREVIOUS MINUTES

Discussion centered on Unit 104 and the impending auction. CMI will provide an update on whether the Association can expect the outstanding dues to be paid since the foreclosure is by the County and not the bank.

AGREED: Coleen Connolly moved to approve the meeting minutes from April 19, 2018 as previously circulated. Lynda Jeffers seconded the motion, which carried without opposition.

III. CHAIR REPORT

Gatehouse Irrigation: Duncan Clist Landscaping has repaired the irrigation line that services the gatehouse patio. The line was found to be clogged and is now working. Unit 1000 owner has agreed to pay for this repair.

Recycling Room Overflow: It has been reported that there is an overflow in the recycling in the trash room on the first floor. Owners are encouraged to break down their boxes and not to pile their recycling in the room when it is full. The dumpster was emptied this morning and it was half empty, so it is recommended to put overflowing recycling in the garbage dumpster when this situation arises in the future. Art Sousa will work on signage. CMI will check with the move coordinator to make sure that this is covered in orientation. The Welcoming Committee will also go over recycling procedures with new residents. Lynda Jeffers will send out an email to ask residents to hold recycling until after the pick-up tomorrow to avoid further overflow.

Hold Harmless Forms: James reported that four owners have provided Hold Harmless Forms for the items that they have added to the hallways outside of their units. The Board will monitor the situation while James is out of town, and owners can submit their forms and payment directly to CMI, as well.

Porter Communication: James also stated that if communication is required with the Porters, that notes can be left in the trash room above the floor sink so that they will see it on their next visit. There have been several situations lately where this method of communication has been very effective. James requested that the Board receive a copy of the porter duties checklist. Lynda Jeffers will act as the point of contact with the porters while James is out of town. Jeffers and Coleen Connolly will also assess the state of the on-site equipment to determine if any needs to be replaced. The staff has requested back-pack style vacuum cleaners in order to clean the stairwells more effectively. CMI will price the vacuums and present a bid to the Board.

IV. COMMUNITY MANAGER'S REPORT

June 2018 Financial Statement: La Voie reviewed the June financial statement, the most recent available and entertained questions from the Board. Actual expenses for June were \$393.21 under budget. Expenses year-to-date were \$1,694.88 over budget. Actual expenses exceeded actual income by \$2,491.44.

2019 Budget: La Voie presented a first draft of the 2019 budget which is preliminary at this time. He stated that the Reserve Study Committee will need to determine the level of contribution to the Reserve Fund for the coming year, based on the RDH projections. Currently the 2019 budget is looking at a 7% increase, but that number will be updated monthly. If the Committee recommends a 15% increase in the reserve contribution, the overall budget would increase 9.3% at this time.

Proposals: La Voie presented the following proposals for consideration by the Board:

Storage Room Hasps: ADSEC submitted a proposal to fix the five hasps in the second-floor storage room that were damaged during the break in. Many vendors declined to bid based on the close proximity and the need to grind off the old hasps before welding on the new ones. There was discussion whether the Association owns the storage units or if, since they are deeded and taxed to the owners, whether the owners should pay for the repair. La Voie stated that the structure of the storage cages is owned by the Association, and therefore the Association should bear the repair expense. CMI will notify the owners of the storage lockers so that personal items can be removed prior to the repair work.

AGREED: Coleen Connolly moved to approve the proposal by ADSEC to repair the hasps in the storage room at a total expense of \$580. Lynda Jeffers seconded the motion, which carried without opposition.

Kitchen Drain Scoping: La Voie presented two proposals to scope the kitchen drain lines. Portland Mechanical Contractors bid \$780 to scope the drain lines, and Charter Mechanical bid \$1,364 for the work. Neither bid included a plan to jet the drains if they were found to be in need of cleaning during the scoping. The Board asked that CMI return with bids that included the jetting in the event the work is required.

Roof Anchor Inspections: La Voie presented a proposal from Lerch Bates to inspect and certify the roof mounted tie-off system used by the window washers. The proposal was for five years, with the first year expense at \$3,875, and subsequent years at \$1,850, \$1,900, \$1,950 and \$2,000 respectively. One of the five tie-offs was tagged in a recent inspection and the Board asked if this expense included repairing the tagged tie-off. La Voie was not able to find that item in the proposal. The Board asked that CMI return with a proposal that includes the repair of the tagged tie-off.

Maintenance Reminders:

James reminded La Voie that Dan Anderson has pointed out that the scuppers and drains on the sixth floor are filled with leaves and will need to be cleaned out prior to the rainy season.

The Board would also like to know when the carpet cleaning and window washing events are scheduled, as both should occur twice annually, approximately on the same schedule.

It has been mentioned in the past that if HVAC units need to be replaced on the roof, that they would need a crane to remove and place the new unit on the roof. If this is the case, replacing several at the same time would greatly reduce the cost of the crane to one owner. Nick Fidduccia stated that the units are able to fit through the roof hatch. CMI will inquire with vendors whether or not a crane would be required.

V. COMMITTEES

Earthquake: Art Sousa reported that NW Natural Gas is planning to install a seismic bypass valve for the Addison the last week of September. They will install a parallel line so that the gas to the building will not need to be shut off during the work. The sidewalk will be dug up, and it is not certain who will be responsible to repair the sidewalk. Sousa will find an answer to that question. NW Natural will provide an updated schedule and instructions for the building prior to the work.

Hallway Lighting: Sousa stated that he is working with two companies to replace the hallway lighting. CES and Stoner Electric have provided proposals, but they are not comparable at this time. Stoner is less expensive, but they have not provided all of the information requested, and CES will provide and install a sample bulb, which is a higher color render than the Stoner proposal. Since there remain questions, Sousa will work to resolve with the two vendors, and will also try to obtain two additional bids for the work.

Security: Jim Connolly reported on progress to install a camera system in the building. There are three vendors bidding on the project, Metro Security Systems, Chown Security and Stoner Electric. Bids are beginning to come in, and Connolly will keep the Board informed as more information is obtained. He stated that both the Hoyt Street gate and the Hoyt Square gate can be defeated by using a knife blade, and both of those remain a security issue and will be addressed. CMI will provide contact information for the Board at Hoyt Square so that Connolly can discuss the issue with them.

VI. OLD BUSINESS

Water Heaters: James has been accumulating data on when individual water heaters have been replaced. She stated that she still needs verification on ten units. Laure Redmond volunteered to touch base with those ten owners to verify replacement, and if they have not replaced their heaters, she will provide first hand knowledge of what happens when your water heater fails.

VII. OWNERS FORUM

HVAC: Nick Fidduccia discussed the negative air flow in the building and the recent mishap with American Heating putting the system into economizer mode. This setting recirculates the air in the building, and since the building is essentially a vacuum, this draws air from the roof through the hot water heater vents, preventing them from drafting naturally. This could introduce carbon monoxide into the building. Fiduccia will produce a notice that can be affixed to the wall leading to the roof hatch reminding all vendors that the economizer setting is not to be engaged.

Architectural Modification: Jim Connolly presented an architectural modification application to the Board regarding unit 201. They propose renovating both the kitchen and the bathroom, with new cabinets, fixtures, and bathroom flooring. The tub will be removed and a shower installed. It may be necessary to relocate the shower drain, but they will not know this until the tub is removed. Flooring for the unit will be a separate project, and an application will be submitted before that project commences.

AGREED: Art Sousa moved to approve the modification application for unit 201 as submitted. Lynda Jeffers seconded the motion which passed without opposition.

VIII. ADJOURNMENT AND SCHEDULING OF NEXT MEETING

The next meeting will be the annual meeting, held on Monday, September 17, 2018 at 5:00 pm in Laure Redmond's unit. The Board meeting was adjourned at 6:21 pm.

Approved: _____
Lynda Jeffers, Secretary

MINUTES OF THE MEETING OF THE ADDISON CONDOMINIUM BOARD OF DIRECTORS HELD IN UNIT 303, 1930 NW IRVING STREET, PORTLAND, OREGON, ON MONDAY SEPTEMBER 17, 2018 AT 5:00 P.M.

DIRECTORS PRESENT: Michael James, Chair
Lynda Jeffers, Secretary
Coleen Connolly, Treasurer
Laure Redmond, Director
Art Sousa, Director

BY INVITATION: Tom La Voie, CMCA, CCM, PCAM Community Manager
COMMUNITY MANAGEMENT INC.

HOMEOWNERS PRESENT: As indicated on the sign in sheet

I. CALL TO ORDER

Board Chair Michael James called the meeting to order at 5:00 PM.

II. APPROVAL OF PREVIOUS MINUTES

AGREED: Arthur Sousa moved to approve the meeting minutes from August 13, 2018 as previously circulated. Coleen Connolly seconded the motion, which carried without opposition.

III. CHAIR REPORT

Garage Gate: The Board discussed the garage gate and its installation of a new circuit board. Owners were advised to check the two electric eyes for dirt and condensation and removing any accumulation before reporting malfunction to CMI.

Laure Redmond was thanked for the completion of the survey of owner's water heater ages. Two units are of concern: one is an original water heater and the owner of the other water heater has been unable to be reached. James attempted to contact both owners personally and will follow up with a letter outlining risks of non-replacement, should that be required.

IV. COMMUNITY MANAGER'S REPORT

American Heating: American Heating was requested to reverse the charge of \$156.25 due to their error in altering the settings on the HVAC airflow. BMC has used permanent ink to post notice for vendors to not alter these settings. This will also be added to any work orders sent to American Heating.

Carlson Roofing Proposal - Blisters: A bid from Carlson roofing proposed repairs on the blisters over units 103 and 104. Sousa expressed discomfort with the bid and requested photos of these areas prior to approval. The Board agreed to this and requested CMI provide these photos if

possible. Owner Jim Lowenstein informed the Board that the roof in question might be visible from his unit.

Carlson Roofing Proposal – Gatehouse: The proposal submitted to work on the gatehouse pad under the HVAC for the missing granules was reviewed by the Board. In response, the Board felt the cost of \$1,981.00 was too high and requested that CMI look into this bid.

Portland Mechanical Proposal: The Board discussed the bid submitted by Portland Mechanical for drain line scoping at the total cost of \$780.00. Previously, D&F Plumbing would conduct this work for \$3,000. Portland Mechanical would not include jetting, but the cost is reasonable and the company is considered more reliable.

AGREED: Connolly moved to approve the Portland Mechanical bid. Jeffers seconded the motion, which passed without opposition.

BMES – Lerch Bates Proposal: The Board discussed the proposal submitted by Lerch Bates to repair and inspect the roof top tie downs. There are issues surrounding the unknown reimbursable expenses that cover costs for travel, lodging, meals, etc. This bid has been tabled for discussion at the next Board meeting, where CMI will provide more information on the two bids submitted by Lerch Bates. The OSHA inspection is a requirement and will need to be completely by the end of 2018.

August 2018 Financial Statement: La Voie reviewed the August financial statement, the most recent available and entertained questions from the Board. Actual expenses for August were \$1,622.92 over budget. Expenses year-to-date were \$2,527.34 over budget. Actual expenses exceeded actual income by \$3,560.35. La Voie also discussed expenditures exceeding \$3,500 more than collected and \$2,000 of the shortage is due to decreased frequencies in move-ins/outs of the building. Insurance increased to \$1,290.00 in January of 2018 after the budget was created. James questioned where extra fees charged to owners for oversized garbage would appear on the financial statement, but this has not been recorded and no charges assessed. Cynthia Kupper's parking charges have not yet been transferred from her account where they appear as a credit, to the HOA account. CMI will see that this is done.

2019 Budget: The draft of the 2019 budget will be voted on at the next meeting. La Voie noted that the elevator is the largest expense and has more issues than any other properties he's represented.

Elevator Consultant Service: La Voie presented a bid from Elevator Consulting Services (ECS), which La Voie said was a well-respected company whose reputation he had checked with other building management companies. Discussion ensued. La Voie noted our elevator has more problems than any other property he has represented. La Voie confirmed that the only other source for elevator consultancy in Portland would be the elevator companies themselves.

AGREED: Connolly moved to approve the proposal from ECS. Lynda Jeffers seconded the motion with two votes against from Sousa and Redmond. The proposal was approved 3-2.

BMC Changes: Ryan Palmerton was announced as the new BMC manager. David Hartshorn has moved on from CMI to work with Charter Construction.

Unit 104: La Voie clarified with the Association's attorney that all available legal steps have been taken to protect the HOA legal interest in unit 104.

A/C Units: La Voie explained a crane may be required for the removal of the A/C units on the roof. James commented, saying there may need to be more discussion at the next Board meeting to determine if owners should be notified of this potential for shared owner expense should several units need to remove their AC units.

V. OLD BUSINESS

Hallway Lighting: Sousa stated that he will contact Stoner Electric to get them to revise their bid to include garage lighting, so all the bids Sousa has secured can be compared. The Board decided to table discussion until the next meeting.

Unit 102 Water Damage: The water damage in unit 102 leaves approximately \$1,600.00 left unpaid after insurance repayments. The Board discussed whether the HOA should file a claim or pay this out of the \$10,000 from the insurance reserve fund. La Voie recommended to not file a claim unless it was double the deductible amount based on a previous insurance cancellation due to three submitted claims.

AGREED: Connolly moved to approve to self-insure with the insurance reserve fund. Jeffers seconded the motions, which passed without opposition.

In the meantime, Sousa will request that Stoner Electric submit a revised bid with the addition of garage lighting.

VI. NEW BUSINESS

Unit Door Damage: James announced two owners reported accidental damage done to their freshly painted unit doors. James suggested it be prudent to codify policy regarding painting and/or repair of common areas and responsibility. Unit owners will be responsible and will be billed by CMI for the required painting and/or repairs to their unit's front doors. CMI will be responsible for having the door professionally repaired and/or painted. CMI will add the following policy to the Addison Rules and Regulations and post on-line: 'UNIT OWNERS ARE RESPONSIBLE AND WILL BE BILLED BY CMI FOR REQUIRED PAINTING AND/OR REPAIRS TO THEIR UNITS' FRONT DOOR. CMI WILL BE RESPONSIBLE FOR HAVING THE DOOR PROFESSIONALLY REPAIRED AND/OR PAINTED.'

AGREED: Jeffers moved to approve the new policy. Sousa seconded the motion, which carried without opposition.

VII. OWNERS FORUM

APPROVED

**ADDISON CONDOMINIUMS
BOARD OF DIRECTORS MEETING
SEPTEMBER 17, 2018
PAGE 4 OF 4**

Joy Strand and Karen Kirsch, members of the Addison Greeting Committee, requested they be notified of any upcoming moves in advance.

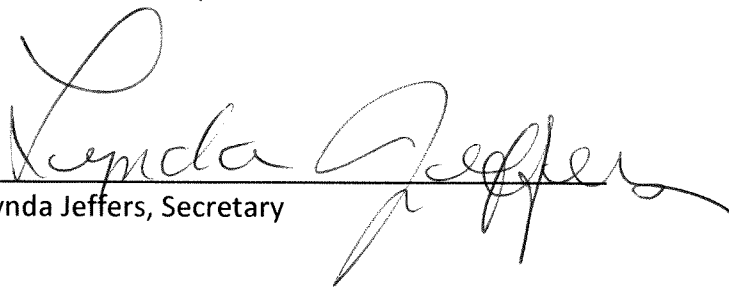
Cynthia Kupper requested information on when the hasps on the storage room lock would be repaired. La Voie responded that the vendor was delayed and the storage unit will need to be mostly empty to avoid potential welding damage. CMI will send a notice to owners in advance so personal items may be removed.

VIII. ADJOURNMENT AND SCHEDULING OF NEXT MEETING

The next Board meeting will be held on Monday, October 15, 2018 at 5:00 pm in #405. The Board meeting was adjourned at 6:15 pm.

Approved: _____

Lynda Jeffers, Secretary

A handwritten signature in cursive script, appearing to read "Lynda Jeffers", is written over a horizontal line. The signature is fluid and extends to the right of the line.



ASSOCIATION: ADDISON CONDOMINIUMS
 TYPE OF MEETING: BOARD OF DIRECTORS
 DATE OF MEETING: SEPTEMBER 17, 2018

SIGN-IN FOR OWNERS/TENANTS/GUESTS

Please sign-in, indicating your unit number or the name of the firm you are representing. Also please check if you wish to talk during Open Forum.

NAME	UNIT	OPEN FORUM?	TOPIC
Dan Anderson	504	<input checked="" type="checkbox"/>	
Jay Strand	504	<input checked="" type="checkbox"/>	
Jim Lowenstein	404		
Cindy Kupper	401	<input checked="" type="checkbox"/>	
Ronda Jeffers	202		
Laure Redford	303		
Art Souer	102		
Jim Connolly	201		
Ed Dan	405		
Comas	201		

**MINUTES OF THE MEETING OF THE ADDISON CONDOMINIUM BOARD OF DIRECTORS HELD IN UNIT 303,
1930 NW IRVING STREET, PORTLAND, OREGON, ON MONDAY OCTOBER 15, 2018 AT 5:00 P.M.**

DIRECTORS PRESENT: Michael James, Chair
Lynda Jeffers, Secretary
Coleen Connolly, Treasurer
Laure Redmond, Director
Art Sousa, Director

BY INVITATION: Tom La Voie, CMCA, CCM, PCAM Community Manager
Darrell Barber, Building Maintenance Coordinator
COMMUNITY MANAGEMENT INC.

HOMEOWNERS PRESENT: As indicated on the sign in sheet

I. CALL TO ORDER

Board Chair Michael James called the meeting to order at 5:00 PM.

II. APPROVAL OF PREVIOUS MINUTES (September 17, 2018)

AGREED: Lynda Jeffers moved to approve the meeting minutes from September 17, 2018 as previously circulated. Art Sousa seconded the motion, which carried without opposition.

III. CHAIR REPORT

Water Heater Replacements: James reported on the units replacing water heaters. The document will be uploaded to the Board side of the web portal.

Parking Space 14 and 11: The Gatehouse tenants have plans to move out at the end of the month, which will eliminate the parking situation. The Gatehouse owner has agreed to limit parking in her space to a smaller vehicle in the future.

IV. COMMUNITY MANAGER'S REPORT

Maintenance Report: Darrell Barber reviewed the maintenance report, previously circulated with the following updates and proposals:

Roof Anchors: Two alternate companies have been located that are able to test the rooftop anchors per the new OHSA guidelines. Barber is currently working to receive bids from GHB Fall Protection and Applied Technical Services, both local companies.

Storage Room Hasps: After receiving the requested accommodations from ADSEC to repair hardware for the storage room hasps, Barber reported that the BMC has reached out to alternative vendors to find a solution that will not require emptying of adjacent storage lockers and bypassing the fire system on a weekend. Locks On Wheels is also being asked to bid the job.

Fire Life Safety Testing: Hughes Electric submitted a renewal proposal for fire life safety testing at the total cost of \$1,408.00 per annual testing, with a \$420.00 additional cost for any in-unit inspection of all notification appliances.

AGREED: Lynda Jeffers moved to approve the renewal proposal from Hughes Electric for fire life safety testing, including the in-unit inspections. Laure Redmond seconded the motion, which carried without opposition.

Budget 2019: La Voie distributed the latest draft of the 2019 budget which included the recommendation from the Reserve Study Committee (reported below). The proposal was reviewed and discussed.

AGREED: Art Sousa moved to approve the 2019 budget with a 9.2% increase in fees, as previously circulated. Coleen Connolly seconded the motion, which carried without opposition.

Financial Statement: Tom La Voie reviewed the financial statement for the month of August, previously circulated to the Board. Actual expenses for August were \$1,622.92 over budget. Expenses year-to-date are \$2,527.34 over budget. Actual expenses exceeded actual income by \$3,560.35. Cash flow issues were discussed, as a result of the ownership issues with unit 104.

V. COMMITTEE REPORTS

Reserve Study Committee: Brian Ruder reported the Committee's recommendation to increase the reserve fund contribution by 20%. This strategy includes the possibility of modernization of the elevator on an accelerated schedule. The Committee will continue to monitor the situation to determine the necessity of future increases, including the possibility of a special assessment to address the elevator issues.

AGREED: Laure Redmond moved to approve the 20% increase. Lynda Jeffers seconded the motion, which carried without opposition.

VI. OLD BUSINESS

Elevator Consulting Services: James discussed her conversation with Bill Greenlund, the elevator consultant who had compiled the report. Redmond inquired whether the elevator could be replaced with a non-hydraulic elevator. Sousa agreed that this would be beneficial.

Roof Repairs: The roof repairs have been completed, and photos were provided by Carlson Roofing.

Carpet Cleaning: Carpet cleaning has been postponed until next year, since the new carpet is not yet in need of cleaning.

VII. NEW BUSINESS

Lighting Proposals: Three proposals were discussed to replace the common area lighting. The new lighting would change the color rendering to a warmer tone. The payback for the project is about five years with an anticipated savings in electrical usage at about \$1,000 per year. James suggested the Board wait to determine expenses that may be required for the elevator and

possible security improvements, along with the increased reserve contribution. Sousa will request bids to replace just the garage lighting in the meantime. Dan Anderson stated the new fixtures in the hallways could be spaced farther apart since they would cast light more evenly.

Unit 104: The Board discussed the County's foreclosure of unit 104. They agreed to allow La Voie to consult the Association's attorney to review the situation and provide a strategy for recovering the fees owed by that unit.

VIII. ADJOURNMENT AND SCHEDULING OF NEXT MEETING

The next Board meeting will be held on Thursday, January 17, 2018 at 5:00 pm in #405. The Board meeting was adjourned at 6:19 pm.

Approved: _____
Lynda Jeffers, Secretary

After recording return to:

Rebecca Biermann Tom
BALL JANIK LLP
101 SW Main Street, Suite 1100
Portland, OR 97204-3219

Recorded in the County of Multnomah, Oregon
C. Suick, Deputy Clerk
Total : 329.00
2003-016221 01/23/2003 04:47:36pm AT&T
E41 03 REC SUR DCR OLIS
315.00 3.00 10.00 1.00

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
ADDISON CONDOMINIUMS**

Dated: *January 16*, 2003

Declarant: Hoyt Irving Properties, LLC

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1-23-03

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Exhibits to Declaration

Exhibit A	-	Property Description
Exhibit B	-	Areas of Units, Allocation of Interest in Common Elements
Exhibit B-1	-	Allocation of Common Profits and Common Expenses
Exhibit C	-	Bylaws of Addison Condominiums Owners' Association

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
ADDISON CONDOMINIUMS**

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT

This Declaration, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 10th day of March, 2003, by Hoyt Irving Properties, LLC, an Oregon limited liability company ("Declarant").

Declarant proposes to create a condominium located in the City of Portland, Multnomah County, Oregon, to be known as Addison Condominiums, composed of a total of 99 Units, including 29 Primary Units, 20 Parking Units, and 38 Storage Units located in one existing Building (the "North Building") renovated from commercial to residential space and two Primary Units located in one newly constructed Building (the "South Building"), together with 10 Parking Units located in a surface lot adjacent to the North Building. The purpose of this Declaration is to submit the Property (as defined below) to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation.

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

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

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

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

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

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

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

1.1.7 Declaration shall mean this Declaration of Condominium Ownership for Addison Condominiums and any amendments thereto.

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

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

1.1.10 Limited Common Elements shall mean those Common Elements designated in Section 6.

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

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

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

1.1.14 Parking Unit shall mean that part of the Condominium designated as such in the Plans and comprised of the space enclosed by its boundaries as described in Section 4.

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

1.1.16 Primary Unit shall mean the part of the Condominium designated as such in Section 4 and comprised of the space enclosed by its boundaries as described in Section 4.

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

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

1.1.19 Storage Unit shall mean the part of the Condominium designated as such in the Plans and comprised of the space enclosed by its boundaries as described in Section 4.

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

1.1.21 Units shall mean those parts of the Condominium designated in Section 4 as Primary, Parking, or Storage Units and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4; Unit shall mean any one of the Units.

1.2 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Oregon law. The terms used herein are intended to have the same meaning as may be given in the Act to such terms unless the context clearly requires otherwise or definition in this manner would have an unlawful consequence.

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

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

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

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

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

3. Name. The name by which the Property is to be identified is "Addison Condominiums."

4. Units.

4.1 General Description of Building. The Condominium shall consist of two Buildings -- the North Building was built in 1956 and was renovated from commercial use to residential use with six floors above grade and one floor partially below grade, of which five are of new light-gauge steel and concrete construction, and the South Building, which is a two-story newly constructed Building. The original portion of North Building, consisting of the subsurface level, first floor and exterior structural elements of the second floor, is poured concrete

construction with new light-gauge steel demising walls. The South Building is of light-gauge steel construction. Both Buildings shall have a stucco exterior with slate shingles on the top floor of the North Building and both Buildings shall have a built-up three ply roof-system.

4.2 General Description, Location, and Designation of Units. The

Condominium consists of a total of 99 Units, consisting of 31 Primary Units, 30 Parking Units, and 38 Storage Units. The area in square feet of the Primary Units, Parking Units and Storage Units is listed on Exhibit B. The Primary Units are designated on the Plans numerically. Primary Units 1 through 4 are located on the first level above grade in the North Building as depicted on the Plans. Primary Units 5 through 9 are located on the second level above grade in the North Building, as shown on the Plans. Primary Units 10 through 14 are located on the third level above grade in the North Building, as shown on the Plans. Primary Units 15 through 19 are located on the fourth level above grade in the North Building, as shown on the Plans. Primary Units 20 through 24 are located on the fifth level above grade in the North Building, as shown on the Plans. Primary Units 25 through 29 are located on the sixth level above grade in the North Building, as shown on the Plans. Primary Units 30 and 31 are located in the South Building as shown on the Plans. Primary Unit 30 is on the first floor of the South Building and Primary Unit 31 is on the second floor of the South Building. The Parking Units are designated numerically as P-01 through P-30. Parking Units P-21 through P-30 are located in the surface lot adjacent to the North Building, as shown on the Plans. Parking Units P-01 through P-20 are located on the first level above grade of the North Building, as shown on the Plans. The Storage Units are designated numerically S-01 through S-38. Storage Units S-01 through S-28 are located on the second level above grade of the North Building, as shown on the Plans, and Storage Units S-29 through S-38 are located in the basement of the North Building as shown on the Plans.

4.3 Boundaries of Units.

4.3.1 Primary Units. Each Unit identified on the Plans as a primary unit (a "Primary Unit") shall be bounded by the interior surfaces of its perimeter and bearing walls, floors, ceilings, stairway (if any), skylights (if any), windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or similar material, if any, and the underside of the finished floor, if any) and the air space so encompassed and shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. Each Primary Unit with a deck or patio shall also be bounded by the top surface of the deck or patio (but shall not include the concrete slab underlying such top surface), the interior surface of the deck or patio walls, a vertical plane extending up from the interior surface of the deck or patio walls, the interior surface of the deck or patio ceiling, if any, and, for decks or patios without a ceiling, a horizontal plane extending out from the building from a point above the doors of the decks or patios, as shown on the Plans, irrespective of windows and window frames and doors and door frames or other items placed between the interior living portion of the Unit and the deck or patio. Each Primary Unit shall also include the chase serving the fireplace, if any, located within the Unit. In addition, each Primary Unit shall include the outlet of any utility service lines, including water, sewer, electricity, gas, or cable television, and of ventilating or air conditioning ducts, but shall not include any part of such lines or ducts themselves.

4.3.2 Parking Units. Each Unit identified on the Plans as a parking unit (a "Parking Unit") shall consist of the paved surface of the Parking Unit, two vertical planes the width of the Parking Unit extending upwards at a 90° angle from the boundaries of the paved surface of the Parking Unit for a distance ranging from 7.25 feet (7.25') to 8.83 feet (8.83'), two vertical planes the length of the Parking Unit extending upwards at a 90° angle from the boundaries of the paved surface of the Parking Unit for a distance ranging from 13 feet (13') to 18 feet (18'), and a horizontal plane coextensive with the boundaries formed by the uppermost edge of each vertical plane, as shown on the Plans. Regardless of the actual location of the painted striping for Parking Units, the boundaries of the Parking Units shall be as set forth herein and on the Plans.

4.3.3 Storage Units. Each Unit identified on the Plans as a storage unit (a "Storage Unit") shall be bounded by (i) the exterior surfaces of its doorway or face panel, including any fixtures thereon or attached thereto, such as knobs, handles, and hinges and (ii) the interior surfaces of the side and back walls (or side and back panels, some of which consist of wire mesh), floor (or bottom panel), and ceiling (or top panel) of each Storage Unit, and shall include the air space so encompassed.

5. Owner's Interest in Common Elements: General Common Elements. The allocation of undivided interests in the Common Elements is shown on the attached Exhibit B. The method used to establish this allocation consists of (i) an allocation of an 0.01 percent undivided interest to each of the Parking Units and Storage Units, and (ii) an allocation of the remaining undivided interests to the Primary Units determined by the ratio which the area of each Primary Unit bears to the total area of all Primary Units combined, as shown on the Plans. The general location of the Common Elements is shown on the Plans. The General Common Elements shall consist of all parts of the Condominium other than the Units and the Limited Common Elements and include, without limitation, the following:

5.1 All floor slabs; trash rooms; meter rooms; boiler rooms; janitor's rooms; electrical rooms; storage rooms; foundations; exterior windows; crawl spaces; roofs (including any compressors located thereon); columns; beams; girders; supports; common corridor and stairwell walls; bearing walls; common corridors; stairways; and elevator in the North Building.

5.2 Pipes, ducts (other than chases located within Primary Units pursuant to Section 4.3.1), boiler equipment, common area heating and cooling equipment, conduits, wires, and other utility installations, in each case to their respective outlets.

5.3 Land, ground level landscaping and exterior walkways.

5.4 Controlled access system for the North Building.

5.5 Those portions of walls, floors and ceilings which materially contribute to the structural or shear capacity of the Condominium.

5.6 Ground floor lobby and basement in the North Building.

5.7 One disabled parking stall in the surface lot.

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

6. Limited Common Elements. The Limited Common Elements shall consist of (i) the stairs leading from the ground floor to Primary Unit 31 in the North Building, the use of which is reserved on an exclusive basis for Primary Unit 31; and (ii) decorative balconies located adjacent to certain Primary Units on the third through sixth levels of the North Building, the use of which is reserved on an exclusive basis for the adjoining Primary Unit, as shown on the Plans. The dimensions, designation, and location of the Limited Common Elements are shown on the Plans.

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

7.1 Method of Allocation. The common profits and common expenses of the Property shall be distributed among the Owners in proportion to the respective undivided interests in the Common Elements pertaining to their Primary Units, without regard to any interest in the Common Elements pertaining to their Parking or Storage Units. The common expenses shall be charged to the Owners of the Primary Units according to the percentage determined by the ratio which the area of each Primary Unit bears to the total area of all Primary Units, as shown on the attached Exhibit B-1. Assessments of common expenses shall commence upon closing of the first sale of a Primary Unit, provided that until the Turnover Meeting or, if no Turnover Meeting is held, until the Owners assume administrative control of the Association, Declarant may elect to defer the commencement of common expenses (other than assessments for reserves pursuant to Section 13.3) for a period not exceeding 60 days from such closing. Assessments for reserves pursuant to Section 13.3 shall commence upon closing of the first sale of a Primary Unit, subject to the right of Declarant to defer the payment of assessments for reserves pursuant to Section 13.3. Until the commencement of assessments for all common expenses, Declarant shall be responsible for payment of all common expenses of the Association (other than assessment for reserves pursuant to Section 13.3). Except to the extent provided in the Bylaws, the common expenses of the Property shall be assessed on a monthly basis.

7.2 No Exception and No Offset. No Owner may claim exemption from liability for contribution toward the common expenses by waiver by the Owner of the use or enjoyment of any of the Common Elements or by abandonment by the Owner of the Owner's Unit, except as expressly set forth in Section 7.1. No Owner may claim an offset against an assessment for common expenses for failure of the Board of Directors to perform its obligations.

7.3 Default in Payment of Common Expenses. In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments), such Owner shall be obligated to pay interest and late fees on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. No interest or late fees will be assessed on common expenses paid within 10 days after the due date therefor. Delinquent payments of common expense assessments shall bear interest from the date thereof at a rate of nine percent (9%) per annum over the prime rate then established by US Bank or its successor, but in no event

higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments, if the change imposed is based upon a resolution adopted by the Board of Directors that is delivered to each Unit, mailed to the mailing address of each Unit, or mailed to the mailing addresses designated by the Owners in writing. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Board of Directors shall have upon such Owner's Units (including that Owner's Parking or Storage Unit, if any) with respect to all such obligations.

7.4 Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Association to foreclose a lien on a Unit or Units because of unpaid common expenses, the Owner shall be required to pay a reasonable rental for the use of the Unit or Units during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association, shall have the power to purchase such Unit or Units at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit or Units. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same.

7.5 Prior Mortgages: Liability of Subsequent Purchaser. Any lien of the Association against a Unit or Units for common expenses shall be subordinate to tax and assessment liens and any prior Mortgage of record, unless there has been compliance with all requirements of ORS 100.450(7). Where the purchaser or Mortgagee of a Unit or Units obtains title to the Unit or Units as a result of foreclosure of a prior Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee, his or her successors and assigns shall not be liable for any of the common expenses chargeable to such Unit or Units which became due prior to the acquisition of title to such Unit or Units by such purchaser or Mortgagee except to the extent provided in ORS 100.475(2); provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of ORS 100.465(1); and provided further, that any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit or Units from the lien of, any common expenses thereafter becoming due. In a voluntary conveyance of a Unit or Units (subject to the restrictions of this Declaration), the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit or Units to the time of grant of conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser, the Board of Directors shall make and deliver a statement of the unpaid assessments against the prospective grantor of the Unit or Units, and the grantee in such case shall not be liable for, nor shall the Unit or Units when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts therein set forth.

8. Voting Rights. Subject to the provisions of Section 20 of this Declaration and Section 3 of the Bylaws, one vote shall be allocated to each Primary Unit. No voting rights shall be allocated to Parking or Storage Units.

9. Use. The Primary Units, as shown on the Plans, are intended for residential use only (as described in Section 7.2 of the Bylaws). The use of the Parking Units shall be limited to the parking of vehicles owned or operated by the Owner of a Primary Unit, or the family members or guests of such Owner temporarily or permanently residing in such Primary Unit. The Storage Units shall be limited to storing items associated with a Primary Unit.

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

11. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to ORS 100.405(5), to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 11 (other than leases having a term of two years or less) shall first be approved by Owners holding at least 75 percent of the voting power of the Association.

12. No Restrictions on Alienation. This Declaration and the Bylaws impose no restrictions on the alienation of any Primary Unit. No person or entity may own or shall be entitled to acquire a Parking Unit or Storage Unit unless such person or entity owns or shall simultaneously acquire a Primary Unit. Any conveyance, transfer, lease, or other disposition ("Transfer") of a Parking or Storage Unit to a person or entity who does not own or who will not acquire a Primary Unit is prohibited. In addition, Parking Unit P-07 may only be sold together with Primary Unit 3. In the case of a Transfer or attempted Transfer of a Parking or Storage Unit in violation of this Section 12, in addition to the Association's other rights under this Section 12, the person or entity making or attempting such Transfer shall indemnify and hold harmless the Association and its members from all cost, liability, and damage that the Association or its members may incur (including, without limitation, attorneys' fees and expenses) as a result of such Transfer or attempted Transfer. In the event a person or entity engages or attempts to engage in a Transfer of a Parking or Storage Unit in violation of this Section 12, the Association acting through the Board may, in its sole discretion, fine the offending person or entity in such amounts as it may determine to be appropriate, in addition to any other rights or remedies available to the Association under this Declaration, the Bylaws or applicable law or in equity including, without limitation, the remedies of specific performance and injunction.

13. Maintenance and Repairs: Reserve Fund.

13.1 Maintenance of Common Elements, Parking Units, and Chases. The necessary work to maintain, repair, or replace the Common Elements (provided that Owners of Primary Units having the exclusive use of adjoining balconies shall keep such areas clean as provided in Section 13.2) and the Parking Units (notwithstanding that such Parking Units are not Common Elements), and the chases serving the fireplaces in Primary Units (notwithstanding that such chases are part of the Primary Unit) shall be the responsibility of the Association and shall be carried out as provided in the Bylaws. If the Mortgagee of any Primary Unit determines that the Association is not providing an adequate maintenance, repair, and replacement program for

the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Primary 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.

13.2 Maintenance of Units. All maintenance of and repairs to any Primary or Storage Unit (other than the chases of a fireplace, if any, located in a Primary Unit) shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair and shall do all painting and staining which at any time may be necessary to maintain the good appearance and condition of his or her Unit or Units, subject to the provisions of the Bylaws. In addition, each Owner of a Primary Unit shall be responsible for the maintenance, repair, or replacement of interior doors and any plumbing, heating and cooling fixtures, telephones, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in his or her Primary Unit and for the maintenance, repair or replacement of the condensing unit serving such Owner's Primary Unit, and each Owner of a Storage Unit shall be responsible for the maintenance, repair, and replacement of the exterior doorway or face panel of any Storage Unit and any fixtures thereon, such as knobs, handles, and hinges, the interior surfaces of the Storage Unit, and any lighting fixtures or other fixtures located within, or attached to the interior of, the Storage Unit. Owners shall coordinate such maintenance of condensers with the managing agent of the Condominium, if any, or if none, the Board of Directors. Each Owner shall maintain the doors which provide the means of ingress and egress to and from his or her Primary Unit and between the interior portion of his or her Primary Unit and the deck or patio constituting a portion of such Primary Unit (including the repair of any damage thereto), and the windows opening on to his or her Primary Unit (including the repair or replacement of cracked or broken windows, notwithstanding that such surfaces may be part of the Common Elements). Each Owner having the exclusive use of an adjoining balcony shall keep such area clean and free from debris or trash, notwithstanding that such balcony is a Common Element. The Association may elect, but shall not be required, to perform exterior window washing.

13.3 Reserve Fund for Replacing Common Elements. Declarant 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 and fewer than 30 years and for the painting of exterior painted surfaces of Common Elements, if any, as provided in Section 5.2 of the Bylaws. The Association shall administer the reserve fund in accordance with Section 5.2 of the Bylaws. Declarant may elect to defer payment of assessments for the reserve fund with respect to a Unit until the time of conveyance of the Unit; provided, however, that Declarant may not defer payment of accrued assessments for the reserve fund beyond the date of the Turnover Meeting, or if the Turnover Meeting is not held, the date the Owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owed by Declarant for all reserve fund assessments.

14. Rights of Access and Use.

14.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each other Unit and the Common Elements as may be required for ingress and egress to and from such Owner's Unit or Units; for the support of such Owner's Unit or Units; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Units, including, but not limited to, water, natural gas, air conditioning, cable television, electrical power and wiring, light, or plumbing serving a Primary Unit. The Owner shall exercise all due care in the exercise of such right and shall be responsible for and shall indemnify, defend and hold harmless the other Owners from any harm or damage resulting from the exercise of the Owner's rights under this Section 14.1. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

14.2 Additional Rights Created by Association. The Association, upon prior approval of Owners holding at least 75 percent of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the General Common Elements. No such right may be granted with respect to a Limited Common Element unless the Owners and Mortgagees of the Primary Units having the right to use such Limited Common Elements consent to the creation of such a right. Nothing in this Section 14.2 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

14.3 Right of Entry. The Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter any Owner's Unit or Units in the case of any emergency originating in or threatening such Unit or Units or other Units, or Common Elements requiring repairs in such Unit or Units to protect public safety, whether or not the Owner is present at the time. Each Owner shall also permit such persons to enter the Owner's Unit or Units for the purpose of performing installations, alterations, or repairs to any Common Element, preventing damage to the Common Elements, or another Unit, or inspecting the Unit or Units to verify that the Owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the Rules and Regulations, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner.

14.4 Right of Access and Use for Declarant. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements, Storage Units, and Parking Units for the purpose of (i) planning, designing, developing, constructing, maintaining, repairing, or selling structures on the Property, to the extent Declarant is required or authorized to conduct such activities (a) pursuant to this Declaration, the Bylaws, or the Plans, (b) under contracts of sale with purchasers of Units, (c) in order to satisfy any express or implied warranty obligation of Declarant, or (d) under applicable law or regulations, and (ii) carrying out sales activities reasonably necessary for the sale of Units, including, without limitation, the right to use the Primary Units owned by Declarant as model Units and/or as a sales office until all such Units have been conveyed to persons other than Declarant; provided, however, that Declarant shall restore the portions of the Property which it accesses or uses pursuant to this Section 14.4 to substantially the same condition that existed

prior to such access or use (except to the extent Declarant has constructed improvements contemplated by this Section 14.4).

15. Encroachments.

15.1 Each Unit and all Common Elements shall have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Property, or any other similar cause, and any encroachment due to Building overhang or projection. There shall be a valid easement for the maintenance of the encroaching Units and Common Elements so long as the encroachment shall exist and, except as otherwise provided in Section 15.2, the rights and obligations of Owners shall not be altered in any way by the encroachment.

15.2 The easement described in Section 15.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve the Declarant or any contractor, subcontractor, or materialman of liability for failure to adhere to the Plans.

15.3 The encroachments described in Section 15.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

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

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

16.2 Any delinquency of 60 days in the payment of common expenses assessed to a Unit in which it holds an interest;

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

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

17. Operating Entity. Addison Condominiums Owners' Association, an Oregon nonprofit corporation, has been organized to administer the operation and management of the Condominium and to undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and the Bylaws. A copy of the Bylaws, which have been adopted by the Declarant as required by ORS 100.410(1), are attached hereto as Exhibit C. The Owner of each Primary Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in any Primary Unit and the membership of an Owner shall terminate automatically upon such Owner's being divested of all of such Owner's ownership interest in the Primary Units, regardless of the means by which such ownership interest is divested. Each Owner shall be entitled to vote in the manner prescribed in the Articles of Incorporation of the Association and the Bylaws. Until the Turnover Meeting, the

members of the Board need not be Owners. No person or entity holding any Mortgage, lien, or other encumbrance on any Unit shall be entitled, by virtue of such Mortgage, lien, or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership, except as specifically described in this Declaration. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments, and to adopt, promulgate, and enforce Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of an ownership interest in a Primary Unit by an Owner shall constitute appointment of the Association as that Owner's attorney-in-fact in connection with proceedings, negotiations, settlements, and agreements arising from condemnation, destruction, liquidation, or termination of the Condominium, subject to the rights of the Owners described in the Bylaws and the Act.

18. Managing Agent. Subject to the rights of the Association to terminate any such agreement entered into prior to the Turnover Meeting without penalty or cause upon not less than 30 days' written notice given not later than 60 days after the Turnover Meeting, the Board shall have the authority, on behalf of the Association, to enter into a management agreement with respect to the Condominium prior to the Turnover Meeting for a term not to exceed three (3) years. On behalf of the Association, the Board may, after the Turnover Meeting, employ or contract for a managing agent or manager in accordance with the Bylaws at a compensation to be established by the Board. The Board may delegate to the managing agent or manager such duties and powers as the Board may authorize. In the absence of such appointment, the Board shall act as manager of the Condominium.

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

20. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, Declarant reserves control until the earlier to occur of the date that is three years after the date on which the first Primary Unit is conveyed or the date at which 75 percent of the 99 Units planned for the Condominium have been conveyed to persons other than the Declarant, during which period:

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

20.2 Declarant shall have five votes with respect to each Primary Unit owned by it, notwithstanding the provisions of Section 8; and

20.3 Declarant shall have the right to exercise all powers of the Association, the Board, or the Condominium officers under this Declaration, the Bylaws, and the Act, except that Declarant may not bind the Association to any management agreement, service contract, employment contract, lease of recreational areas or facilities, or contract or lease (other than a ground lease) to which Declarant is a party, which is made prior to the Turnover Meeting unless the Association or the Board is granted therein a right of termination thereof which is exercisable

without cause or penalty upon not less than 30 days' written notice given to the other party thereto not later than 60 days after the Turnover Meeting.

21. Casualty.

21.1 Responsibility of Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the Common Elements, the Parking Units, and the chases serving the fireplaces located within Primary Units, by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the Primary Units and Storage Units. Each Owner shall be responsible for the repairing, reconstructing, or rebuilding of the Owner's Primary Unit (other than the chase referred to above) and Storage Unit to the extent not covered by the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements, the Parking Units, and such chases and, to the extent of the Association's insurance coverage, of the other Units, so that the Property is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless Owners of at least 75 percent of the Primary Units and 75 percent of all first Mortgagees of Primary Units agree that the Property shall not be rebuilt or restored. The Association shall represent the Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the Property is to be rebuilt and restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all Owners as a common expense. If the required number of Owners of Primary Units and first Mortgagees agree that the Property shall not be rebuilt and restored, the Property shall be considered removed from the provisions of the Act in accordance with Section 100.605 thereof, and any proceeds resulting from such removal shall be distributed in accordance with ORS 100.615.

21.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his or her family or his or her household pet or of a guest, servant, invitee, employee, or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit owned by others, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association.

22. Condemnation.

22.1 Total Condemnation. In the event of condemnation of the whole of the Condominium, the compensation to be paid to Owners of Units shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners of at least 75 percent of the Primary Units at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners of Units in equitable proportions and payable to any Mortgagee to the extent required to obtain a discharge of Mortgage.

Notwithstanding the award for the condemnation of the whole Condominium, the rights of each Owner of a Unit shall be separate to negotiate and finalize his or her personal compensation for improvements made to the Unit or Units, cost of moving, and other similar items personal to each Owner.

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

23. Fidelity Bond. The Board of Directors shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, shall furnish a fidelity bond as the Board of Directors deems adequate under this Section 23. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three months of common expense assessments on all Units. Any such bond shall include a provision requiring not less than ten days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association.

24. Amendment.

24.1 Approval by Owners. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by Owners holding at least 75 percent of the voting power of the Association. The unanimous consent of all Owners of Primary Units shall be required for amendments of Sections 14.2 and 16 of this Declaration. Except as otherwise provided in the Act, no amendment may change the size, location, allocation of undivided interest in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the Owners of the affected Units. For as long as Declarant remains the Owner of one or more Primary Units, but for no longer than five years after the date on which the first Primary Unit is conveyed, the Bylaws, the Rules and Regulations, and this Declaration may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designee, or otherwise so as adversely to affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

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

- 24.2.1 Section 4.3, which addresses Unit boundaries;
- 24.2.2 Section 5, which addresses the allocation of interests in the Common Elements and the description of the General Common Elements;
- 24.2.3 Section 6, which addresses the Limited Common Elements;
- 24.2.4 Section 7, which addresses the allocation of common profits and expenses and related matters;
- 24.2.5 Section 8, which addresses voting rights;
- 24.2.6 Section 12, which addresses restrictions on alienation of Units;
- 24.2.7 Section 13, which addresses maintenance and repairs and the establishment of a reserve fund;
- 24.2.8 Sections 14.1, 14.2, and 14.4, which address use of and access to the Common Elements;
- 24.2.9 Section 16, which addresses notices to Mortgagees;
- 24.2.10 Section 21, which addresses casualty loss;
- 24.2.11 Section 22, which addresses condemnation;
- 24.2.12 Section 23, which addresses fidelity bonds;
- 24.2.13 This Section 24;
- 24.2.14 Section 25, which addresses termination of the Condominium; and
- 24.2.15 Any other provision of this Declaration which expressly benefits Mortgagees of a Unit or insurers or guarantors of a Mortgage on a Unit.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the size, location, allocation of undivided interest in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the holders of any Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 24 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Declaration within 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested.

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

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

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

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

10th IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this day of January, 2003.

Declarant:

Hoyt Irving Properties, LLC, an Oregon limited liability company

By: Famiglia, L.L.C., an Oregon limited liability company
Its: Member


By: Franklin D. Piacentini
Its: Authorized Member

By: Walker Road Limited Partnership, an Oregon limited partnership
Its: Member


By: Patrick R. Prendergast
Its: General Partner

STATE OF OREGON)

County of Multnomah) ss.

This instrument was acknowledged before me on January 9th, 2003, by
Franklin D. Piacentini as authorized member of Famiglia, L.L.C., member of Hoyt Irving
Properties, LLC.



Kathleen D. Truman
Notary Public for Oregon
My Commission Expires: April 7 2003

STATE OF OREGON)

County of Multnomah) ss.

This instrument was acknowledged before me on January 9th, 2003, by
Patrick R. Prendergast as General Partner of Walker Road Limited Partnership, member of Hoyt
Irving Properties, LLC.



Kathleen D. Truman
Notary Public for Oregon
My Commission Expires: April 7, 2003

By [Signature] 1/23/2003
County Assessor

By [Signature] 1-23-2003
County Tax Collector

The foregoing Declaration is approved pursuant to ORS 100.110 this 22 day of
January, 2003, and in accordance with ORS 100.110(7), this approval shall
automatically expire if this Declaration is not recorded within two (2) years from this date.

SCOTT W. TAYLOR

Real Estate Commissioner

By [Signature]
Brian DeMarco

1-23-03

EXHIBIT A

Property Description

The premises are in Multnomah County and are described as follows:

A tract of land being lots 6, 7, and 10 and portions of lots 5 and 8 of Block 272, "COUCH'S ADDITION TO THE CITY OF PORTLAND", a duly recorded subdivision, Multnomah County Plat Records, Situated in the NE 1/4, Section 33, T. 1 N., R. 1 E., W.M., City of Portland, Multnomah County, Oregon, and being more particularly described as follows:

Beginning at the initial point, marked by a 5/8" iron rod with yellow plastic cap marked "Alpha Eng. Inc." and being the Southeast corner of Lot 11, of said Block 272; thence N. 00°00'00"W, along the East line of said Lot 11, 100.00 feet to the Northeast corner of said Lot 11, also being the South Right-of-Way line of NW Irving Street (30.00 feet from the centerline thereof, when measured at right angles); thence S 90°00'00" E, along said South Right-of-Way Line, 160.06 feet to the Northwest corner of Lot 1, of said Block 272; thence S 00°00'00" E, along the West line of Lots 1 and 2, of said Block 272, 100.00 feet to the Southwest corner of said Lot 2, also being a point on the North line of "HOYT SQUARE CONDOMINIUM" (Plat Book 1212, Pages 78-81); thence N 90°00'00" W, along the North line of said "HOYT SQUARE CONDOMINIUM" 30.00 feet to the Northwest corner thereof; thence S 00°00'00" E, along the West line of said "HOYT SQUARE CONDOMINIUM", 100.00 feet to the Southwest corner thereof, also being the North Right-of-Way line of NW Hoyt Street (30.00 feet from the centerline thereof, when measured at right angles); thence N 90°00'00" W, along said North Right-of-Way line, 50.02 feet to the Southwest corner of the East 30 feet of said Lot 8; thence N 00°00'00" W, along the West line of the East 30 feet to said Lot 8, 100.00 feet; thence N 90°00'00" W, along the North line of said Lot 8 and Lot 9, of said Block 272, 80.04 feet to the initial point.

EXHIBIT B
Area of Units
Allocation of Interest In Common Elements

	<u>Unit No</u>	<u>Area in Square Feet</u>	<u>Interest in Common Elements</u>
Parking Units:	P-01	144	0.010%
	P-02	144	0.010%
	P-03	144	0.010%
	P-04	144	0.010%
	P-05	144	0.010%
	P-06	144	0.010%
	P-07	144	0.010%
	P-08	155	0.010%
	P-09	112	0.010%
	P-10	112	0.010%
	P-11	101	0.010%
	P-12	144	0.010%
	P-13	144	0.010%
	P-14	144	0.010%
	P-15	144	0.010%
	P-16	144	0.010%
	P-17	153	0.010%
	P-18	144	0.010%
	P-19	144	0.010%
	P-20	144	0.010%
	P-21	97	0.010%
	P-22	97	0.010%
	P-23	97	0.010%
	P-24	97	0.010%
	P-25	97	0.010%
	P-26	97	0.010%
	P-27	97	0.010%
	P-28	97	0.010%
	P-29	97	0.010%
	P-30	115	0.010%
Storage Units:	S-01	16	0.010%
	S-02	16	0.010%
	S-03	16	0.010%
	S-04	16	0.010%
	S-05	16	0.010%
	S-06	16	0.010%
	S-07	16	0.010%

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EXHIBIT B
Area of Units
Allocation of Interest in Common Elements

	<u>Unit No</u>	<u>Area in Square Feet</u>	<u>Interest in Common Elements</u>
Storage Units (cont):	S-08	16	0.010%
	S-09	16	0.010%
	S-10	16	0.010%
	S-11	16	0.010%
	S-12	16	0.010%
	S-13	16	0.010%
	S-14	16	0.010%
	S-15	16	0.010%
	S-16	16	0.010%
	S-17	15	0.010%
	S-18	15	0.010%
	S-19	15	0.010%
	S-20	13	0.010%
	S-21	11	0.010%
	S-22	11	0.010%
	S-23	11	0.010%
	S-24	11	0.010%
	S-25	11	0.010%
	S-26	14	0.010%
	S-27	14	0.010%
	S-28	15	0.010%
	S-29	131	0.010%
	S-30	312	0.010%
	S-31	125	0.010%
	S-32	125	0.010%
	S-33	178	0.010%
	S-34	86	0.010%
	S-35	118	0.010%
	S-36	123	0.010%
	S-37	91	0.010%
	S-38	123	0.010%
Residential Units:	1	593	1.525%
	2	920	2.371%
	3	1,154	2.974%
	4	1,161	2.992%
	5	818	2.108%
	6	982	2.531%

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EXHIBIT B
Area of Units
Allocation of Interest in Common Elements

	<u>Unit No</u>	<u>Area in Square Feet</u>	<u>Interest in Common Elements</u>
	7	1,775	4.574%
	8	1,178	3.035%
	9	1,426	3.675%
	10	1,072	2.762%
<i>Residential</i>	11	982	2.531%
<i>Units (cont.):</i>	12	1,255	3.234%
	13	1,582	4.076%
	14	1,537	3.961%
	15	1,072	2.762%
	16	982	2.531%
	17	1,255	3.234%
	18	1,582	4.076%
	19	1,537	3.961%
	20	1,072	2.762%
	21	982	2.531%
	22	1,255	3.234%
	23	1,582	4.076%
	24	1,537	3.961%
	25	1,075	2.770%
	26	984	2.536%
	27	1,226	3.159%
	28	1,595	4.110%
	29	1,543	3.976%
	30	1,471	3.790%
	31	<u>1,359</u>	<u>3.502%</u>
Totals:		44,149	100.000%

EXHIBIT B-1
Allocation of Common Profits and Common Expense

<u>Unit No.</u>	<u>Area in Square Feet</u>	<u>Share of Common Profit and Expense</u>
1	593	1.539%
2	920	2.387%
3	1,154	2.994%
4	1,161	3.012%
5	818	2.122%
6	982	2.548%
7	1,775	4.605%
8	1,178	3.056%
9	1,426	3.700%
10	1,072	2.781%
11	982	2.548%
12	1,255	3.256%
13	1,582	4.104%
14	1,537	3.988%
15	1,072	2.781%
16	982	2.548%
17	1,255	3.256%
18	1,582	4.104%
19	1,537	3.988%
20	1,072	2.781%
21	982	2.548%
22	1,255	3.256%
23	1,582	4.104%
24	1,537	3.988%
25	1,075	2.789%
26	984	2.553%
27	1,226	3.181%
28	1,595	4.138%
29	1,543	4.003%
30	1,471	3.816%
31	<u>1,359</u>	<u>3.526%</u>
	38,544	100.000%

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EXHIBIT C

Bylaws of Addison Condominiums Owners' Association

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**BYLAWS
OF
ADDISON CONDOMINIUMS
OWNERS' ASSOCIATION**

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**BYLAWS
OF
ADDISON CONDOMINIUMS
OWNERS' ASSOCIATION**

1. GENERAL PROVISIONS.

1.1 Identity. Addison 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 _____, 200__ (the "Association"), has been organized for the purpose of administering the operation and management of Addison Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Hoyt Irving Properties, LLC, an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in Multnomah County, Oregon, as more particularly described in the Declaration of Addison Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the records of Multnomah County, Oregon.

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

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

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

1.5 Office. The office of the Association shall be at 1930 NW Irving Street, Portland, Oregon 97209, or at any other place within Portland, Oregon designated by the Association.

2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provisions of these Bylaws, until the Turnover Meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 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 60 days after the conveyance to persons other than the Declarant of 50 percent of the 99 Units contemplated for the Condominium. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least 10 but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the

meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional committee (the "Transitional Committee"), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory only and shall consist of two members selected by Owners other than the Declarant and shall not include more than one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records which the Declarant must turn over to the Owners pursuant to Section 2.3.

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

2.4 Annual Meetings. In the ninth month following the month in which the Turnover Meeting is held, the first annual meeting of Owners shall be held. At such meeting, the three incumbent directors of the Association (any director of the Association, a "Director") elected at the Turnover Meeting shall resign and three directors (who may have previously served as Directors) shall be elected by the Owners in accordance with these Bylaws. Thereafter, annual meetings shall be held in the same month of each year as the first annual meeting of Owners, at such hour and on such date as the chairperson of the Board of Directors (the "Chairperson") may designate. 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 City of Portland, Oregon, as may be designated by the Board.

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

2.7 Notice. The Chairperson or Secretary shall give written notice of each meeting of the Association, at least 10 days but not more than 50 days prior to the date set for such meeting, stating the purpose, time, and place of the meeting and the items on the agenda (including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or proposal to remove a director or officer of the Association), 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 10 days prior to the giving of such notice by the Chairperson or Secretary. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery, shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.8 Voting.

2.8.1 The total number of votes of all Owners shall be equal to the total number of Primary Units in the Condominium and each Owner or group of Owners shall be entitled, subject to the provisions of Section 20 of the Declaration (which grants Declarant five votes for each Primary Unit owned by it prior to the Turnover Meeting) and to Section 3.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of Primary Units owned by such Owner or group of Owners. No voting rights shall be allocated to Parking Units or Storage Units. The Declarant shall be entitled to vote as the Owner of any Primary Units retained by the Declarant, and the Board shall be entitled to vote on behalf of any Primary Unit which has been acquired by or on behalf of the Association; provided, however, that the Board shall not be entitled to vote such Primary Units in any election of Directors.

2.8.2 If an Owner is in default under a first Mortgage on its Unit for 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 Voting of the Owners may be by written ballot in accordance with the Oregon Nonprofit Corporations Act.

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. In no event shall a proxy be valid for over one year and no proxy shall be valid if it is undated, purports to be revocable without notice, or 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 Primary Unit by its Owner. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.11 Fiduciary, Corporate and Joint Owners. An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Owners with respect to any Primary 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 Primary 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 Primary Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such Unit may be exercised by any of the Owners then present, in the absence of protest by a co-Owner. In the event of disagreement among the co-Owners, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to the matter voted upon.

2.12 Quorum. At any meeting of the Association, the presence, in person or by proxy, of a number of Owners holding 34 percent (34%) or more of the voting power of the Association shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present; provided, however, that a quorum shall not be necessary to proceed with and hold a binding Turnover Meeting.

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

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

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

3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of one to three persons prior to the Turnover Meeting and three persons after the Turnover Meeting. Until the Turnover Meeting (as provided for in Section 2.3 of these Bylaws) shall have been held, the Board of Directors shall consist of the 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 Director shall be a member of the Transitional Committee (as the members of the Transitional Committee shall determine). At the Turnover Meeting, three 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. The Directors with the two highest vote totals shall serve for a term of two years, and the Director with the lowest vote total shall serve for a term of one year. Except as expressly provided in this Section 3.1, election by the Owners shall be by plurality. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, his or her successor shall be elected as provided in this Section 3.1 to serve for a term of two years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board of Directors after he or she 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 Primary Unit shall be considered co-owners of any such Unit.

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

3.2.1 Operation, care, upkeep, repair, replacement and maintenance of the Common Elements, chases of fireplaces in the Primary Units, Parking Units and Association Property (as defined by ORS 100.415(a)).

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

3.2.3 Collection of the common expenses from the Owners.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the maintenance, upkeep and repair of the Common Elements, Parking Units, chases of fireplaces in the Primary Units (notwithstanding that the chases are part of such Primary Units), 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 30 days written notice to the other party given not later than 60 days 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 less than 30 days' notice, must have a reasonable term not exceeding two years, and must be renewable with the consent of the Association and the manager.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.23 hereof.

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

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

3.2.8 Purchasing Units at foreclosure sales (judicial or non-judicial) or other judicial or execution sales, in the name of the Association or its designee, corporate or otherwise, on behalf of all Owners upon the consent or approval of the Owners.

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

3.2.10 Organizing corporations 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.

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

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

3.2.13 Making additions and improvements to, or alterations of, the Common Elements; 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 Fifteen Thousand Dollars (\$15,000), unless the Owners have enacted a resolution authorizing the project. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.2.1.

3.2.14 After giving 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, in addition to exercising any other rights or remedies provided for therein; provided, that for any offense for which a fine is levied, the minimum fine shall be Seventy-Five Dollars (\$75) for the first offense, One Hundred Dollars (\$100) for the second offense and Two Hundred Fifty Dollars (\$250) for the third or any later offenses of the same nature, and that the maximum fine for any single offense shall in no event exceed Two Hundred Fifty Dollars (\$250) per occurrence, except for a Transfer of a Parking or Storage Unit to a person or entity who does not own or will not simultaneously acquire a Primary Unit, in which case the amount of the fine shall be at the sole discretion of the Board of Directors, so long as reasonable.

3.2.15 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements, Parking Units, chases of fireplaces in the Primary Units (notwithstanding that the chases are part of such Primary Units), and Association Property; provided, however, that (i) the consent of the Owners shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated

for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements, Parking Units, chases of fireplaces in the Primary Units (notwithstanding that the chases are part of such Primary Units), 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 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 3.2.15 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against such Owner's Unit.

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

3.2.17 Filing all appropriate income tax returns.

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

3.2.19 Investing the funds of the Association in accordance with an investment policy adopted and modified from time to time by the Board of Directors.

3.2.20 Charging and collecting a fee in connection with moving in to or out of a Primary Unit.

3.2.21 The preparation or review and update of an annual reserve study to determine reserve account requirements, as specified in Section 5.2 herein.

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

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 10 percent of the estimated total budget of the Association for such calendar year, or (ii) enter into agreements having a term in excess of two years, except agreements specifically authorized in these Bylaws, without, in each case, the prior approval of the Owners.

3.4 Organizational Meeting. Within 30 days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the

Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.5 Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the Chairperson and must be called by the Secretary at the written request of at least two Directors. Notice of any special meeting shall be given to each Director, personally or by mail, telephone, telecopy or telegraph at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to the Owners except such matters as are permitted by the Act to be considered in executive session. 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. For other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting. Only emergency meetings of the Board of Directors may be conducted by telephonic communication. The meeting and notice requirements in ORS 100.420(1) may not be circumvented by chance or social meetings or by any other means.

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 2.11, and a successor may then and there or thereafter be elected 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 at the next annual meeting of the Owners at which such member's term expires.

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

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

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

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

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

4. OFFICERS.

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

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

4.3 Removal. Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his 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. The Chairperson 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 the Chairperson may in his or her discretion decide are appropriate to assist in the conduct of the affairs of the Association.

4.5 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform his or her 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 and other notices required by law. The Secretary shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may

be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice Chairperson, taking the place of the Vice Chairperson and performing his or her duties whenever the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

4.7 Treasurer. The Treasurer shall be responsible for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial data. 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, and the Treasurer shall disburse funds of the Association upon properly authorized vouchers. The Treasurer 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 the Treasurer by the Board of Directors.

4.8 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the Chairperson. All checks shall be signed by the Treasurer, or in the Treasurer's absence or disability, by the Chairperson or any duly elected Assistant Treasurer. Notwithstanding the foregoing, all checks of Two Thousand Five Hundred Dollars (\$2,500) or more covering expenses not expressly provided for in the Association's approved annual budget shall require the signatures of at least two authorized signatories.

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

5. BUDGET, EXPENSES AND ASSESSMENTS: RESERVE FUND.

5.1 Budget. The Board of Directors shall from time to time, at least annually, prepare and adopt a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each Owner in accordance with Section 7.1 of the Declaration. If the Board of Directors fails to adopt a budget, the last adopted budget shall remain in effect. The Board of Directors shall advise each Owner in writing of the amount of common expenses payable by him, and furnish copies of each budget and amended budget on which such common expenses are based to all Owners and, if requested, to their Mortgagees, within 30 days after adoption of the budget. 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. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 20 of the Declaration shall be based on Declarant's good

faith projection of the requirements of the Association for the period in question, but such projection may vary substantially from the actual requirements of the Association for such period. After the Turnover Meeting, the Board of Directors shall be responsible for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant.

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 and fewer than 30 years and for the painting of exterior painted surfaces, 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 and fewer than 30 years such that the reserve fund is reasonably expected to provide sufficient funds for replacement of such Common Elements and for the painting of exterior painted surfaces, if any. Declarant shall conduct and rely on a reserve study in establishing the reserve fund assessments, but such projection may vary substantially from the actual requirements of the Association. 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 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. 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. Following the second year after the Turnover Meeting, the Association may reduce or increase future assessments for the reserve funds. 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 and fewer than 30 years and for the painting of exterior painted surfaces, 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.

5.3 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 for painting any exterior painted surfaces as needed.

5.3.5 The costs of the preparation of the annual reserve study or the renewal and update of such study.

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

5.3.7 Utilities for the Common Elements and Association Property and other utilities not separately metered or charged.

5.3.8 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.

5.3.9 Professional management services, landscaping, snow removal, waste removal (subject to the provisions of the Declaration relating thereto), painting, cleaning, outside window washing all areas (at the election of the Board), repair and replacement of the exterior of the structures within the Condominium and maintenance, decorating, repair and replacement of the Common Elements (but not including windows opening on to a Primary Unit, interior surfaces of Primary Units, and doors which provide the means of ingress and egress to and from a Primary Unit or Storage Unit, which the Owners shall paint, clean, decorate, maintain, and repair in accordance with these Bylaws or decks, patios and balconies, which shall be cleaned by the Owner of the adjoining Primary Unit who has exclusive use thereof), Parking Units, and chases of fireplaces, if any, located within Primary Units and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper, which the Board of Directors shall have the exclusive right and duty to acquire for the Common Elements.

5.3.10 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.

5.3.11 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.

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

5.3.13 Any other items properly chargeable as an expense of the Association, including, without limitation, those items described in the exhibits to the Declaration.

5.4 Assessment of Common Expenses.

All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws; provided, however, that such reserve assessments may be collected on a monthly, quarterly, or biannual basis, and at least annually, and may be 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 or any other reason. 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 of the Declaration. At the time of closing of the initial sale of each Primary 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 30 days from the due date for its payment (except as provided above for the Declarant). All assessments shall be deposited in a separate bank account in the name of the Association. All expenditures of the Association shall be paid from the Association bank account.

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 capital contributions by the Owners, and the proceeds of which shall be used only for the special capital improvements described in

the resolution. Assessments for capital improvements shall be allocated in the manner described in Section 7.1 of the Declaration.

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 in the manner described in Section 7.1 of the Declaration. 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 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 5.3. At the time of closing of the initial sale of each Primary Unit, the purchaser shall make an initial contribution to the working capital fund equal to two months of Association assessments for such 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 months of Association assessments for all Primary Units then existing but not yet conveyed to persons other than Declarant; provided, however, that the contribution by the initial purchaser of a Primary 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 Board of Directors the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Board of Directors, or its agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Board of Directors must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any

Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Board of Directors in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 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 his respective share of the common expenses. The Board of Directors shall have a lien for all of the same upon the Units of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Units or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board of Directors. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board of Directors to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner's Unit or Units with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit or Units.

5.7 Liability of Owners. An Owner shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness or by that of any member of his or her family, or his, her or their pets, guests, employees, servants, invitees, agents or lessees. 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 such Owner's Unit or Units with the same force and effect as if the charge were a part of the normal common expenses attributable to such Owner's Unit or Units.

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 is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may

take possession and collect rents under this Section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

6. RECORDS AND AUDITS.

6.1 General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.4 hereof; and (iii) the current operating budget of the Association. 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.

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 upon appointment by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

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

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

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

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

6.7 Statement of Assessments. Within 10 business days after receipt of a written request from an Owner, the Association shall provide a written statement detailing the amount of assessments due from the 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 Rental. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1 and Section 12 of the Declaration. "Leasing or Renting" a Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (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 in a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his Unit for hotel or transient purposes, which shall be defined as Renting for any period less than seven days.

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

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

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

7.1.4 Review of Lease. Each Owner electing to rent his or her Unit or a portion thereof shall submit a copy of the Lease agreement with the prospective renter or lessee to the Board for the sole purpose of verifying that the Lease agreement comports with the development agreement, bylaws and rules and regulations of the Association.

7.1.5 No Other Restrictions. Other than as stated in this Section 7.1 and Section 12 of the Declaration, there is no restriction on the right of any Owner to Lease or otherwise Rent his Unit.

7.1.6 Declarant's Activities. The restrictions contained in this Section 7.1 shall not apply to the Leasing or Renting of Units owned by the Declarant.

7.2 Residential Use. Except as expressly permitted in these Bylaws or the Declaration, each Primary Unit shall be occupied and used only as a private residence and for no other purpose. Without the prior consent of the Board of Directors, no more than five persons may live in a Primary Unit on a permanent basis. Nothing contained in the Declaration or Bylaws shall preclude an Owner from having a "home office" from which the Owner conducts some of his or her business affairs, so long as the Primary Unit is not generally open to the public and its use is limited to occasional visits by appointment-only customers, clients, or trade vendors. Except as permitted by the foregoing sentence, no industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted in any Unit. Nothing contained in this Section 7.2 shall prevent the Declarant from completing the Units and the buildings they are in, maintaining Units as models for display and sales purposes, and otherwise maintaining construction offices, displays and signs until the sale by the Declarant of all Primary Units.

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

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

7.5 Alterations. Except as otherwise set forth in this Section, no Owner shall make any alterations in or to any of his Units, structural or otherwise, or alter the exterior design or color of any part of any of the Owner's Units normally visible from the exterior thereof or make any 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 and any other Owners affected. The Board of Directors shall consider the granting of such consent only after the Owner shall submit (i) a written agreement by such Owner agreeing to indemnify, protect and hold harmless the Association and all other Owners for, from and against any claims, costs, expense or liability for damage to persons or property (including, without limitation, attorney fees and costs) arising out of such Owner's alteration, maintenance or repair of the Unit or Common Element for which the Owner seeks consent from the Board of Directors. For so long as the Declaration of Restrictive Covenant dated

December 10, 2001, which is recorded as Document No. 2001-198013 in the Deed Records of Multnomah County, Oregon, is in effect, the building located on NW Hoyt Street which forms a part of the condominium shall not be permitted to be altered to allow for more than a total of 4,000 square feet of floor area. In addition, any alteration permitted hereunder shall be allowed only if it does not violate any restrictions applicable to the Condominiums in connection with the inclusion of the Condominium in the Alphabet Historic District designated on the National Register of Historic Places on November ___, 2000 and is in compliance with all Legal Requirements. A complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board of Directors shall deem appropriate. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board of Directors, for such professional review. An Owner of a Primary Unit may have removed by the Association, at such Owner's expense, a part of the partition wall separating contiguous Primary Units owned by an Owner provided that (i) such removal shall not interfere with any structural support elements or loadbearing partitions or columns or with any pipes, wires, cables, conduits or ducts or other mechanical systems and (ii) such Owner agrees in writing to have the Association restore such wall at such Owner's expense in the event that the ownership of the Primary Units is subsequently divided. Before proceeding with any approved alterations or improvements, the Owner of the Primary Unit shall, if the Board of Directors so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board of Directors, each in the amount of at least 125 percent of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

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

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

7.8 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board of Directors or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Unit occupants and their guests shall exercise extreme care not to make noises that may disturb other occupants or guests, including the use of musical instruments, radios, televisions and amplifiers. Owners shall not discard or throw, or allow to be discarded or thrown, intentionally or otherwise, any items from the decks, patios or balconies adjacent to their Primary Units.

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

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

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

7.9.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 5.7.

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

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

7.12 Vehicle Parking Restrictions. Parking Units are restricted to use for parking of operative motor vehicles; other items and equipment may be parked or kept therein

only subject to the Rules and Regulations. The Board shall require removal of any inoperative vehicle, or any unsightly vehicle, or any other equipment or item improperly stored in Parking Units. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof. The Board may adopt reasonable rules and regulations governing the use of the Parking Units.

7.13 Tradesmen. Owners shall require their tradesmen to utilize exclusively the entrance, if any, designated by the Board of Directors for transporting packages, merchandise or any other objects.

7.14 Animals. No animals or fowl shall be raised, kept or permitted within the Condominium, except domestic dogs, cats, or other household pets kept within a Primary Unit. No Pit Bulls, Presa Canarios, Rottweillers or other dogs bred for aggressive purposes shall be allowed to be raised, kept or permitted within the Condominium. No such dogs, cats or pets shall be permitted to run at large or be kept, bred or raised for commercial purposes or in unreasonable numbers per Primary Unit. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective Owners thereof. All dogs, cats or other permitted household pets shall be carried or maintained on a leash while within the confines of a Common Element. An Owner may be required to remove a pet after receipt of two notices in writing from the Board of Directors of violations of any Rule, Regulation or restriction governing pets within the Condominium. No animals of any kind shall be permitted within Storage Units.

7.15 Signs. All signage displayed to public view, whether from a Unit or Common Element, shall be subject to rules and regulations thereon adopted by the Board of Directors pursuant to Section 7.23. In no event shall any "for sale" or similar sign be placed in a window that is displayed to public view or any sign be placed on or in the vicinity of a common entry door of the Condominium, other than signs used by the Declarant to advertise Units for sale, without the prior written approval of the Board of Directors.

7.16 Trash. No part of any Unit or the Common Elements (including, without limitation, the decks, patios, balcony and courtyard) shall be used or maintained as a dumping area for rubbish, trash, garbage or other waste, other than designated common trash disposal areas. No such items shall be kept or maintained excepting sanitary containers in areas designated therefor. All trash placed in the Condominium's chutes must be bagged and tied.

7.17 Auctions or Open House. No Owner shall, when attempting to sell, lease or otherwise dispose of his Unit, or any personal property located therein, hold an "open house" or "auction" without the prior written approval of the Board of Directors of an access security management plan for the event.

7.18 Overloading. No Owner shall do anything to overload any part of a Unit or any part of the Common Elements, including, without limitation, the patio, deck or balcony, if any, adjoining such Owner's Primary Unit.

7.19 Activities of Declarant. Nothing in this Article 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of Declarant

pursuant to the Declaration with respect to the planning, designing, developing, constructing, and sale of improvements on the Property.

7.20 Limitation on Storage Areas. No furniture, packages or objects of any kind shall be placed in the lobby areas, vestibules, public halls, stairways, courtyard, or any other part of the Common Elements other than those designated as storage areas, provided that the Association may place furniture in the courtyard or lobby areas for the common use of the Owners. The lobbies, vestibules, public halls, and stairs shall be used only for normal passage. In addition, no storage of any kind shall be permitted on the decks, patios, or balconies located adjacent to any of the Primary Units, except for the following specific items: outdoor propane or gas barbecue grills, patio furniture, and plants, so long as these do not protrude from the deck, patio, or balcony or overhang the deck, patio, or balcony railing. In addition, no items of any kind may be hung from the deck, patio, or balcony railings or walls without the prior approval in writing of the Board of Directors. The provisions hereof shall not apply to the Declarant until such time as all Primary Units have been initially sold and conveyed by the Declarant; however, the Declarant shall not use the Common Elements in such a manner as will unreasonably interfere with the use of the other Primary Units for dwelling purposes.

7.21 Roof Access. No access to the roof of the buildings within the Condominium shall be permitted without the prior authorization of the Board of Directors.

7.22 Courtyard. The hours during which the courtyard may be used shall be limited to the hours of 9:00 a.m. to 10:00 p.m., provided, that the Board may allow in writing other hours of use for a special occasion or by appointment.

7.23 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 majority vote of the Owners in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

8. MAINTENANCE OF CONDOMINIUM PROPERTY.

8.1 Maintenance and Repair. Except as otherwise provided in the Declaration for damage or destruction caused by casualty:

8.1.1 Units. All maintenance of and repairs to any Primary Unit (other than those Primary Unit areas which the Association is responsible for maintaining under the Declaration) and any Storage Unit shall be made by the Owner of such Unit or Units, as described in Section 13.2 of the Declaration. In addition, the Owner of a Primary Unit having exclusive use of an adjoining balcony shall clean such areas.

8.1.2 Common Elements and Parking Units. All necessary work to maintain, repair, or replace the Common Elements, the Parking Units, and the chases serving the fireplaces in Primary Units shall be made by the Association and shall be charged to the Owners in accordance with Section 7.1 of the Declaration provided, that if such maintenance, repairs or replacement have been necessitated by acts or omissions of an Owner by reason of which the Owner is responsible under applicable law or under these Bylaws for all or a portion of the costs thereof, such costs shall be charged solely to the Owner so responsible. However, should actual collection of such costs from the responsible Owner within a reasonable period of time prove impossible after reasonable collection efforts, the uncollected portion may be charged as a common expense in accordance with Section 7.1 of the Declaration, subject to reimbursement of any amounts later collected from the responsible Owner. If the Mortgagee of any Primary Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Primary 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.

8.1.3 Repairs by Association. The Association may make repairs that an Owner is obligated to make and that he or she does not make within a reasonable time. If such repairs are of an emergency nature (in that the repairs must be promptly made to prevent further or imminent potential damage to the Unit involved, other Units or any Common Element), the Association may make such repairs immediately, without notice to the Owner, if he or she is not available for reasonable notification within the time frame that the nature of the emergency shall reasonably afford. The Association shall indemnify its agents, employees and other of its representatives from any and all liability to any Owner incurred by reason of any reasonable exercise of the right of entry afforded in the Declaration or these Bylaws to effect emergency repairs. The Association shall have no liability to an Owner for any use of its right of entry or right to make emergency repairs if it shall have reasonable cause to believe that such action is required. An Owner shall be deemed to have consented to having such repairs done to his or her Unit by the Association. An Owner shall reimburse the Association in full for the cost of such repairs, except to the extent covered by insurance proceeds received by the Association, including any legal or collection costs incurred by the Association in order to collect the costs of such repairs. All such sums of money shall bear interest from the due date therefor at the rate provided in Section 5.7. The Association may collect all such sums of money in such installments as the Board of Directors may determine, which installments shall be added to the monthly contributions towards the common expenses of such Owner, after the Owner's receipt of notice thereof. All such payments are deemed to be additional contributions towards the common expenses and recoverable as such.

8.2 Additions, Alterations, or Improvements. An Owner shall not, without first obtaining the written consent of the Board of Directors and satisfying the other requirements provided for in Section 7.6, as applicable, make or permit to be made any structural alteration,

improvement, or addition in or to his or her Unit or Units, or in or to the exterior of any buildings forming part of the Condominium or any Common Element. An Owner shall make no repair or alteration or perform any other work on his Unit or Units that would jeopardize the soundness or safety of the Condominium, or reduce the value thereof or impair any easement or other right, unless the written consent of all Owners affected is also obtained. An Owner shall not modify, alter, add to, paint or decorate any portion of the exterior of any building forming part of the Condominium or any Common Element without first obtaining the written consent of the Board of Directors and satisfying the other requirements of Section 7.6. In order to prevent damage to the structural integrity of any building forming part of the Condominium, in no event may any Owner, the Association, the Board of Directors or any other entity or any agents, employees, permittees, or licensees of the foregoing, drill, bore, or cut any holes into the floor or ceiling of the Condominium, and the Board of Directors shall not consent to any such actions.

9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his property not insured under Section 9.1.1 below and against his or her 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, shall review at least annually, and shall pay for out of the common expense funds, the following insurance:

9.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief (but need not include flooding and earthquake coverage), and such other coverages, including "all-risk" coverage, which the Association may deem desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and Common Elements and Association Property, including any fixtures (including built-in kitchen appliances), building service equipment, and Association Property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding the lesser of Ten Thousand Dollars (\$10,000.00), adjusted by any increase in the Consumer Price Index - All Items - for all urban consumers as published by the U.S. Bureau of Labor Statistics (or any comparable substitute index, if such shall be discontinued), the base year being 2002, or one percent of the face amount of the policy.

9.1.2 A policy or policies insuring the Declarant, the Association, the Board of Directors, the Owners and the managing agent, against liability to the public or to the Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation, maintenance, or use of the Condominium, including all Common Elements, 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 of these Bylaws, the foregoing policy limits of liability shall be increased, in the sole discretion of the Board of Directors. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects any action against another named insured.

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

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

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

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

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

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

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

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

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, rent, insurance, and Mortgage payments. The proceeds from any casualty policy, whether held by the Association or an Owner, payable with respect to any loss or damage to the Common Elements, shall be held in trust for the benefit of all insureds as their interests may appear;

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

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

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

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

9.3.11 An "inflation guard" endorsement;

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

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

9.4 Additional Requirements.

9.4.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least 75 percent of the Primary 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 to be allocated in accordance with Section 7.1 of the Declaration; provided, however, that the full replacement cost of the Condominium for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the Declarant.

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 Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

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

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

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


9.5.1 Insurance on any additions or improvements made by the Owner to his Unit or Units shall be purchased and maintained for the full insurable value thereof, unless the Owner presents in writing to the Board of Directors evidence that the additions or improvements made by the Owner to his Unit are insurable under the insurance issued pursuant to Section 9.1.1 and the Board of Directors, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Section 9.1.1. Insurance also shall be purchased by the Owner for furnishings, fixtures (other than built-in kitchen appliances), equipment,

decorating and personal property and chattels of the Owner contained within his or her Unit or Units, and his personal property and chattels stored elsewhere on the Property, including his or her automobile or automobiles, and for loss of use and occupancy of his Unit or Units in the event of damage. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.5.2 Public liability insurance in the amount reasonably set by the Board of Directors no more often than every three years, covering any liability of any Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment, or personal property under the custody, care, or control of the Owner.

9.5.3 If the Board of Directors is unable to obtain the rider specified in Section 9.3.6, then the Owner shall obtain and pay the expense of such rider.

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 Owners holding at least 34 percent 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 the Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the voting power of the Association, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Primary Unit and limitations on leasing or rental of Primary Units shall be approved by Owners holding at least 75 percent of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51 percent of those holders of first Mortgages on Primary Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees: (i) Section 8.1, which addresses maintenance and repair; (ii) Article 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 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as Declarant remains the owner of one or more Primary Units, the Bylaws may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted

therein or herein to the Declarant or its designee or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

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

10.4 Rights of Declarant. Nothing in this Article 10 shall limit the right of the Declarant to approve amendments to the Bylaws 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.

11.3 Mediation. Prior to initiating litigation or an administrative proceeding in which the Association and a Unit Owner have an adversarial relationship, all claims shall first be submitted to mediation within Multnomah 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. 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.

11.4 Limitation on Actions. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend or commit to expend in excess of \$5,000 unless first approved by at least 66 percent 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.

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

12. MISCELLANEOUS.

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

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

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

12.4 Action Without a Meeting. Any action 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 all of the Owners or Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or the Board of Directors, as the case may be, shall be filed in the records of minutes of the Association. 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. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent 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.

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

12.6 Liability Survives Termination. The sale or other disposition of his Unit or Units shall not relieve or release any former Owner from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies 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.

12.7 **Indexing.** Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2002 as the base year.

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

Dated this 10th day of January, 2003 being hereby adopted by the undersigned Declarant on behalf of the Association.

Declarant:

HOYT IRVING PROPERTIES, LLC, an Oregon limited liability company

By: Famiglia, L.L.C., an Oregon limited liability company

Its: Member

By: 
Franklin D. Piacentini
Its: Authorized Member

By: Walker Road Limited Partnership, an Oregon limited partnership

Its: Member

By: 
Patrick R. Prendergast
Its: General Partner