BYLAWS
OF
THE TATE CONDOMINIUMS
OWNERS' ASSOCIATION

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BYLAWS
OF
THE TATE CONDOMINIUMS
OWNERS' ASSOCIATION

1. GENERAL PROVISIONS.

1.1 Identity. The Tate 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 11th day of May, 2006 (the "Association"), has been organized for the purpose of administering the operation and management of The Tate Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by 1375 Olive, LLC, an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in the City of Eugene, Lane County, Oregon, as more particularly described in the Declaration of Condominium Ownership for The Tate Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the records of Lane 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 1600 Oak, Eugene, Oregon 97401, or at any other place within Eugene, 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 147 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 or more members selected by Owners other than the Declarant and shall not include more than one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records which the Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within 90 days of the expiration of the period of Declarant's administrative control described in Section 20 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting 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, 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 the 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 annually in the same month as the initial annual meeting, 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 Eugene, 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 affirmation of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. For a period of 10 years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Owners, and Declarant or a representative of Declarant shall be entitled to attend such meetings. When a meeting is adjourned for less than 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 60 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 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 subsection shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any. [NOTE: the words "or vendor" were deleted]

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

2.8.4 Voting of the Owners may be by written ballot in accordance with the Oregon Nonprofit Corporations Act.

2.9 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. 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. Proxies may be revoked only as provided in the Act. 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.

2.10 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 or her in such capacity, whether or not the same shall have been transferred to his or her name; provided, however, that he or she shall satisfy the Secretary that he or she 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 and the Secretary shall not unreasonably withhold such satisfaction. 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.

2.11 Quorum. At any meeting of the Association, the presence, in person or by proxy, of a number of Owners holding 34 percent 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.

2.12 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.

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

2.13.1 Calling of the roll and certifying of proxies;

2.13.2 Proof of notice of meeting or waiver of notice;

2.13.3 Reading of minutes of preceding meeting;

2.13.4 Reports of officers;

2.13.5 Reports of committees, if any;

2.13.6 Election of directors;

2.13.7 Unfinished business;

2.13.8 New business; and

2.13.9 Adjournment.

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

3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of up to three persons prior to the Turnover Meeting and three to five 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, the Owners shall elect from three to five Directors to the Board. At the first annual meeting of the Association, the previously agreed upon number of Directors shall be elected by the Owners. The Directors shall serve for a term of two years, and election by Owners shall be by plurality. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, his 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. Service on the Board of Directors shall be limited to two (2) consecutive full terms, but previous Directors may be placed on the slate of nominees and stand for election again, with the same two consecutive term limitation, at any annual meeting of the Association at least two years after the completion of their prior service on the Board of Directors. 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, and 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. The Board of Directors shall be governed by ORS 100.417 and applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Inspection, Operation, care, upkeep, repair, replacement, and maintenance of the Common Elements, Parking Units, chases of fireplaces, and Association Property in accordance with the Declaration, Bylaws and Maintenance Plan (defined in Section 3.2.23 below). The Board shall prepare contemporaneous written documentation of the foregoing activities, which shall be made available to Owners and Declarant upon request. [NOTE: words deleted: "*ORS 100.415(9), and by*"]

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 inspection, maintenance, upkeep and repair of the Common Elements, Parking 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 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 three years, and must be renewable with the consent of thl Association and the manager.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.24 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 officers' and 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 or to work that is urgently needed for life, safety or structural integrity reasons.

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

3.2.15 Borrowing money on behalf of the Association when required in connection with the inspection, operation, care, upkeep, and maintenance of the Common Elements, Parking Units, chases of fireplaces, 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 inspection, operation,

care, upkeep and maintenance of the Common Elements, Parking Units, chases of fireplaces, 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 or her 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. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce compliance with such provisions.

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

shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

3.3 Limitation. The powers of the Board of Directors enumerated in these Bylaws shall be limited in that the Board of Directors shall have no authority to (i) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 10 percent of the estimated total budget of the Association for such calendar year, or (ii) enter into service agreements having a term in excess of three years, except agreements specifically authorized in these Bylaws or the Declaration, 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.

3.5.1. Notice of any special meeting shall be given to each Director and the Declarant or its successors and assigns, personally or by mail, electronic mail, telephone or facsimile at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting, including whether the Board intends to vote to meet in executive session and the general nature of the action to be considered in executive session.

3.5.2. All meetings of the Board of Directors shall be open to the Owners and Declarant or its successors and assigns except that the following matters and any other matters permitted by the Act may be considered in executive session: (a) consulting with legal counsel regarding the rights and duties of the Association, including in connection with existing or potential litigation, or criminal matters; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiation of contracts with third parties; and (d) collection of unpaid assessments pursuant to the Act. Except in the event of an emergency, the Board of Directors shall vote in an open meeting on whether to meet in executive session. If the Board of Directors votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. Such meetings may be conducted by telephonic communication or by other means authorized under the ORS 100.420(3), except that if a majority of the Primary Units are principal residences of the occupants, then : (i) for other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at

place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication or in a manner permitted by the ORS 100.420(3). The meeting and notice requirements in ORS 100.420(1) may not be circumvented by chance or social meetings or by any other means, including, without limitation , e-mail communication. For purposes of this Section, "meeting" shall have the definition provided in Section 100.420(6) of the Act. Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Board of Directors shall be conducted according to the latest edition of Robert's Rules of Order published by Robert 's Rules Association.

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

3.7 Quorum and Voting. 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 by the majority vote of the Owners at the next annual meeting of the Owners.

3.11 Compensation. No Director shall receive any compensation from the Association for acting in such capacity, but shall be reimbursed for his 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. The Board of Directors may also dissolve such special committees by resolution.

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, members, employees or beneficiaries, or members of the respective families, of Units owned by corporations, partnerships, limited liability companies, fiduciaries or Mortgagees).

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

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

4.4 Chairperson. The Chairperson shall be the chief executive officer of the Association. 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, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors, including the execution of checks of up to Two Thousand Four Hundred Ninety-Nine Dollars ($2,499) by the professional property management company for the Condominium, 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 of Two Thousand Five Hundred Dollars ($2,500) or more 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 Five Thousand Dollars ($5,000) 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. [NOTE: "*Five Hundred*" deleted to fix typo]

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. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be maintained, repaired or replaced on a periodic basis by the Association in accordance with Section 5.2 of these Bylaws, and the budget shall also divide the common expenses into Commercial Expenses and Residential Expenses 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 or her, 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, which in turn shall be based upon a reserve study performed by a professional property management company or professional reserve study provider, but such projection may vary substantially from the actual requirements of the Association for such period. **The reserve study assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to this Declaration, the Bylaws, the Maintenance Plan and**

the Act. If the Board fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study. 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 or on behalf of Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 3.2.23 above.

5.2 Reserve Fund for Replacing Common Elements. Declarant shall obtain a reserve study and maintenance plan from a professional property management company or professional reserve study provider 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, for the painting of exterior painted surfaces, if any, and for significant future maintenance items as required by the Maintenance Plan. 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 significant future maintenance items as required by the Maintenance Plan 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. The Board of Directors 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, including, without limitation, the Maintenance Plan. The Board of Directors shall, within 30 days after conducting the reserve study, provide to each Owner and Declarant, its successors or assigns a written summary of the reserve study and any revisions to the Maintenance Plan as a result of the reserve study. Following the second year after the Turnover Meeting, in addition to the authority of the Board of Directors, the Association may reduce or increase future assessments for the reserve funds by an affirmative vote of at least 75 percent of the Owners. After the Turnover Meeting, the Association may, on an annual basis by unanimous vote of the Owners, elect not to fund the reserve account. Any funds established for any of the purposes mentioned in this Section 5.2 shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve funds shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for replacement of the Common Elements which will normally require replacement in more than three and fewer than 30 years, for the painting of exterior painted surfaces, if any, and for significant future maintenance items as required by the Maintenance Plan 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, inspection, maintenance, repair and replacement of the exterior of the structures within the Condominium and maintenance, decorating, repair and replacement of the Common Elements, 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. In accordance with Section 13 of the Declaration, the Association is not responsible for maintenance, repair and replacement of windows opening on to a Primary Unit, interior surfaces of 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 for the cleaning of balconies or terraces, which shall be cleaned by the Owner of the adjoining Primary Unit who has exclusive use thereof).

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 Inspection, 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 for common expenses shall be allocated in accordance with Section 7.1 of the Declaration. 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. 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 or her 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 one or more separate bank accounts in the name of the Association, provided that each such account shall not be allowed to exceed the FDIC insured limits. The reserve fund shall be held in one or more bank accounts separate from other assessments. All expenditures of the Association shall be paid from the appropriate Association bank accounts.

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.

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 reserve study 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 working capital fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.5.2. During the period of administrative control described in Section 20 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

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

condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Association, or its agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Association must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Association in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 7.3 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his or her respective share of the common expenses. The Association shall have a lien for all of the same upon the Units of such defaulting Owner and upon all of his or her additions and improvements thereto and upon all of his or her 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 and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements, Parking Units and Association Property. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all 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, the recorded plat(s), and any amendments or supplements thereto currently in effect; (ii) the most recent annual financial statement of the Association described in Section 6.4 hereof; (iii) the current operating budget of the Association; (iv) the reserve study and Maintenance Plan of the Association; (v) architectural standards and guidelines, if any; and (vi) all documents, information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for inspection within the State of Oregon and, upon written request, available for duplication by the Declarant, Owners, Mortgagees of Units provided the Mortgagee makes the request in good faith for a proper purpose, insurers and guarantors of such Mortgages and prospective purchasers of Units during normal business hours. The Board of Directors shall retain the documents required by 100.480(1) for the time period required by such statute. Records kept by or on behalf of the Association may be withheld from examination as permitted by the Act.

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

6.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books 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 Five Thousand Dollars ($5,000) by checks signed by the Chairperson, managing agent, or other person authorized by the Board of Directors. Any checks in excess of Five Thousand Dollars ($5,000) shall require the signature of the Chairperson and one other officer of the Association.

6.5 Reports and Audits. An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board of Directors to all Owners, and to all Mortgagees of Primary Units who have requested the same, within 90 days after the end of each fiscal year. The Board shall have the financial statement reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the requirements of ORS 100.480(4) within 180 days after the end of the fiscal year. At any time any Owner or Mortgagee of a Primary Unit may, at his or her 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 or an Owner's agent, for the benefit of a prospective purchaser of such Owner's Unit(s), the Association shall provide a written statement detailing the amount of assessments due from the Owner and unpaid effective 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), whether or not 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 or her Unit for hotel or transient purposes, which shall be defined as Renting for any period less than thirty days.

7.1.1 No Partial Leases. No Owner may Lease less than the entire Unit, except for a Residential Unit when the Owner remains in occupancy of at least a portion of his or her Unit.

7.1.2 Written Leases. All Leasing, Rental or other occupancy agreements shall be in writing and be subject to the Declaration and these Bylaws (with a default by the tenant or occupant in complying with the Declaration and/or these Bylaws constituting a default under the Lease, Rental or occupancy 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, lessee or occupant shall pay over to the Board, any amounts due to the Association hereunder for such Unit, plus interest and costs if the same are in default over 30 days. The renter, lessee or occupant shall not have the right to question payment over to the Board. Such payment will discharge the lessee's, renter's, or occupant'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; Restrictions. An Owner electing to Rent his or her Unit shall submit a copy of the Lease agreement with the prospective renter or lessee to the Board. The Board shall review the proposed rental agreement or lease of a Residential Unit for the sole purpose of determining compliance with this Section 7.1 and to determine whether such rental would reduce the amount of Owner-occupied or second-home Residential Units below 70 percent of the total Primary Units in the Condominium. In that event, the Board shall notify the Owner that he or she is prohibited from entering into such lease or rental agreement until such time as such rental would not result in less than 70 percent of Primary Units being Owner-occupied or second-home Residential Units. The Board shall keep such Owner's name on a waiting list for rental and shall notify such Owner in the event the ratio of Owner-occupied or second home Primary Units rises above 70 percent. An Owner shall not rent Parking or Storage Units to any person other than an Owner or tenant of a Residential Unit.

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 or her 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 (other than the Commercial Units) 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 seven 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 Residential 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, including, without limitation, Internet or other electronic or telephonic business (other than as set forth in Section 7.3). Nothing contained in this Section 7.2 shall

prevent the Declarant from completing the Units and the building in which they are situated, 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. Notwithstanding the other provisions of this Section 7.2, the Commercial Units (as specified in Section 9 of the Declaration) may be used for commercial purposes subject to the Declaration and the other provisions of these Bylaws (including, without limitation, Section 7.3).

7.3 Use of Commercial Units. The Commercial Units may be used for commercial use only in accordance with this Section 7.3. The commercial activities conducted in the Commercial Units: (i) must be consistent with the principal use and character of the Condominium as a premier, high end residential condominium; (ii) must be conducted in accordance with applicable zoning or land use requirements and applicable law (including, without limitation, the Americans with Disabilities Act); (iii) may be conducted from 7:00 a.m. to 8:00 p.m., unless the Board approves in writing other hours of business; (iv) must not generate objectionable noise (as defined in Section 7.3.2) to emanate out of or arise from such Units; (v) shall not involve lewd, pornographic, or illegal activities or materials, whether conducted via the Internet, in person, or by other electronic or telephonic means; (vi) must not produce objectionable odors (as defined in Section 7.3.2); (vii) must not involve the storage of material amounts of highly combustible materials or other materials that would pose an unreasonable threat to the Condominium or well-being of the Owners and occupants of the Condominium; (viii) must not involve the use of hazardous substances (as defined in Section 7.3.2), except for the use and storage of ordinary cleaning or office supplies (such as copier fluids) necessary for the commercial use but only in compliance with all applicable federal, state and local laws and regulations and any permitted storage is limited only to quantities necessary to satisfy reasonably anticipated needs for such Commercial Unit; (ix) shall not involve the operation of a methadone clinic, alcohol or drug rehabilitation or alcohol or drug counseling program; (x) may not be an industrial or manufacturing use; (xi) shall not involve the sale of building materials or automobile or other vehicle parts or service; (xii) may not be a dry cleaning plant provided, that a retail dry cleaning drop off and pick up operation only is allowed; and (xiii) may not involve activities similar to the foregoing.

7.3.1 Authority to Determine Allowed Commercial Uses. The Commercial Units may be used for commercial purposes in accordance with this Section 7.3. The Owner of each Commercial Unit shall have the authority, in its reasonable discretion, to determine whether a particular commercial use of such Owner's Commercial Unit shall be permitted, subject to the Declaration, this Section 7.3 and the other provisions of this Article 7. Each Commercial Unit Owner shall provide at least 30 days written notice to the Board of Directors of the proposed use for such Owner's Commercial Unit, whether such use shall be conducted by such Owner or its tenant or subtenant of the Unit.

7.3.2 Minimum Standards for Commercial Uses. For purposes of construing the foregoing provisions, the term "objectionable noise" shall mean, without limitation and for the purpose of illustration, persistent loud noises made by (i) machinery or equipment or (ii) a gathering of disorderly persons; and the term "objectionable odors" shall mean, without limitation and for the purpose of illustration, persistent and offensive odors such as odors produced by (i) gas-powered or diesel-powered machinery or equipment, (ii) refuse or garbage, or (iii) [NOTE:words deleted] chemicals or solvents. The word "objectionable" shall be

construed in every instance in accordance with the sensibilities of an ordinary and reasonable person residing in attached condominiums with associated commercial use in an urban environment. "Hazardous substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined by federal or Oregon statutes, codes, regulations or rules including, without limitation, petroleum products or byproducts.

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

7.5 Alterations. No Owner of a Unit shall make any structural alterations in or to any of his or her Units, or alter the exterior or color of any part of any of the Owner's Units normally visible from the exterior thereof or from the adjoining common corridor or make any change to an installation upon the Common Elements, or maintain, decorate, alter or repair any part of the Common Elements (including, without limitation, utility installations), without the prior consent in writing of the Board of Directors; provided that an Owner may decorate or use the structural columns within that Owner's Primary Unit (which are General Common Elements) so long as the Owner does not impair the structural integrity of the columns. An Owner shall make no repair or alteration or perform any other work on his or her Unit or Units that would jeopardize the soundness or safety of the Condominium, negatively affect the sound transmission between Units or reduce the value of the Condominium or any other Unit or impair any easement or other right, unless the written consent of all Owners affected is also obtained. The Board of Directors shall consider the granting of consent required by this Section 7.5 only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board of Directors shall deem appropriate. The Board shall provide a copy of such submission materials to the Declarant or its successors and assigns upon receipt. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board of Directors, for such professional review. During the course of construction and after completion of same, the Board of Directors may cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board of Directors, upon demand. The Board's consent to a proposed alteration shall not be unreasonably withheld or delayed. The Board shall provide reasonable advance notice to Declarant or its successors and assigns of its inspection but shall not be obligated to inspect the work concurrently with the Board's professional advisors. Prior to commencement of construction, the Owner shall provide the Board of Directors with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. Except as otherwise permitted by Section 7.17, no signage or graffiti visible from the exterior of a Unit, window display, window attachment, or lighting directed from a Unit to its exterior shall be permitted without the prior written approval of the Board of Directors; provided that this sentence shall not apply to draperies, blinds, and similar window coverings. An Owner 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 Units is subsequently divided. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board of Directors so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board of Directors, each in the amount of at least 125 percent of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association. The Owner shall indemnify the Association and the other Owners for all liability, claim, expense or loss arising out of alterations or improvements made by or on behalf of an Owner. 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, permitees, or licensees of the foregoing, drill, bore, or cut any holes into any floor or ceiling of the Condominium more than 3/4" in depth, and the Board of Directors shall not consent to any such actions unless engineering studies confirm to the Board in the Board's sole discretion that such drilling, boring or cutting shall not compromise the structural integrity of any part of the building or the Condominium. In no event shall an Owner or occupant install a molly bolt in perimeter or demising walls or penetrate such walls beyond the sheetrock.

7.6 Post-Tension Slabs. The building contains post-tension slabs, each of which contains steel tendons located in various places under extremely high tension. Sawing, cutting, coring, or drilling into the post-tension tendons can cause serious injury or death. Therefore, in addition to the requirements of Section 7.5 of these Bylaws, in no event shall any Owner, or any agents, employees, permittees, or licensees of any Owner be permitted to bore, drill, or penetrate into in any way the post-tension slab without the prior written consent of the Board of Directors. The Board of Directors shall not grant such consent unless the Owner has first presented written documentation to the Board of Directors from a licensed and bonded contractor that the post-tension slab has been properly x-rayed and that it can be bored, drilled, or penetrated without adverse impact to the components of the post-tension slab. The Board of Directors shall have the sole and exclusive discretion to grant such consent but shall consult with the property management company in making its decision. In exercising its discretion, the Board of Directors shall not be deemed to be endorsing or certifying the quality, safety, or accuracy of such work itself. Any such work shall be undertaken by Owner at Owner's sole risk and the Board of Directors shall have no liability whatever for any consequences of such work.

7.7 Units Not Owned by Individuals. Whenever a Residential Unit is owned in whole or in part by a partnership, corporation, trust, or other entity, such an entity shall designate at the closing of the acquisition of its ownership interest one particular person or family which shall be entitled to occupy the Unit. Only such designated person or family, its servants and non-paying guests may occupy such Unit. A different person or family may be so designated as the named occupant of a Unit by written notice to the Association; provided, however, that no more than three such changes may be made in any calendar year.

7.8 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 reasonable enjoyment thereof by the other Owners or occupants.

7.9 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed which is improper or offensive in the opinion of the Board of Directors or which 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. The determination of acceptable commercial uses of Commercial Units within the Condominium for purposes of the preceding sentence shall be made solely in accordance with Section 7.3. Unit occupants and their guests shall exercise extreme care not to make noises which may disturb other occupants or guests, including the use of musical instruments, radios, televisions, speakers and amplifiers. Televisions and speakers for audio equipment may not be mounted on or against walls or on floors without an adequate sound barrier to prevent vibration and transmission of bass sounds outside the Unit. Road noise, noise from mechanical systems of the Condominium, the elevators, air compressors and other incidental noises from a multi-family building, including, without limitation, from residents' use of the common areas in accordance with these Bylaws and the Rules and Regulations, shall not be considered nuisances. In addition, smells from cooking in Units or from the use of barbeques on Unit terraces, balconies or the terrace garden shall not be considered nuisances. Owners shall not discard or throw, or allow to be discarded or thrown, intentionally or otherwise, any items from the windows or the balconies or terraces adjacent to their Units, including, without limitation, cigarettes or ashes. Owners of Residential Units, Parking Units and Storage Units shall not allow the storage or use of "hazardous substances" as defined in Section 7.3.2 in his or her Units; provided that ordinary quantities of ordinary household chemicals and cleaning supplies may be used and stored in a Residential Unit; and provided further that gasoline, diesel, oil and other petroleum products stored within the factory equipped tanks, sumps or reservoirs of passenger motor vehicles (cars, light trucks, motorcycles) are permitted to be stored within such motor vehicles parked in a Parking Unit. Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents or employees, or vendors.

7.10 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 is allowing or conducting the unlawful use or 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 which such Owner is obligated to maintain and repair, and the Board of Directors shall cooperate with such Owner in such proceedings, provided that:

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

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

7.10.3 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 7.3 of the Declaration.

7.11 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 7.10, 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 7.10 as to the 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.

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

7.13 Limitation on Storage Areas. Other than items placed by the Declarant or the Association, no furniture, packages or objects of any kind shall be placed in the lobby areas, vestibules, common corridors, stairways, terrace garden, or any other part of the Common Elements other than those designated as storage areas, provided that the Association may establish an area for packages to be delivered or picked up in the first floor lobby for the common use of the Owners. The lobby, vestibules, public halls, and stairs shall be used only for normal passage. In addition, no storage of any kind shall be permitted on the balconies or terraces located adjacent to any of the Primary Units, except for the following specific items: outdoor propane or gas barbecue grills, patio furniture, and plants. Plants may be located on balconies or terraces, so long as these do not protrude from the balcony or terrace or overhang the balcony or terrace railing. In addition, no items of any kind may be hung from the balcony or terrace 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 Residential Units for dwelling purposes.

7.14 Vehicle Parking Restrictions. Parking Units and handicapped accessible parking spaces are restricted to use for parking of operative motor vehicles. The Board shall require removal of any inoperative vehicle, or any unsightly vehicle, or any other equipment or

item improperly stored in Parking Units or handicapped accessible parking spaces. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof. The handicapped accessible parking spaces shall be restricted to use by persons who are in lawful possession of a Disabled Person Parking Permit issued by the Oregon Department of Motor Vehicles and shall be subject to Rules and Regulations. The customers of the Commercial Units shall be limited to using only those parking spaces or handicapped accessible parking spaces so designated.

Eight exterior parking spaces located in the lot adjacent to the Condominium building, including one handicapped space, shall be for the exclusive use of the Commercial Unit Owners and their patrons and employees during regular business hours of 7:00 a.m. to 8:00 p.m. During all other hours, the eight parking spaces shall be available for parking for any Unit Owner or their tenants and guests. [NOTE: This is the entire First Amendment; 12/23/08]

7.15 Tradespersons. Owners of Residential Units shall require their tradespeople to utilize exclusively the entrance, if any, designated by the Board of Directors for transporting packages, merchandise or any other objects. The Board of Directors shall adopt rules regulating the days and hours that tradespersons will be allowed within the Condominium; provided, however, that tradespersons shall be allowed within the Condominium at any time as necessary to perform emergency repairs within the Condominium.

7.16 Animals. Domestic household pets, such as dogs and cats, may be kept within a Primary Unit subject to reasonable Rules and Regulations adopted by the Board of Directors and these Bylaws. In addition to the domestic household pets permitted by this Section 7.16, aquarium fish (i.e., goldfish, tropical fish, small saltwater fish) may be kept in one or more aquariums in a Residential Unit, provided that the total capacity of all aquariums in any Residential Unit shall not exceed 50 gallons without the written approval of the Board of Directors. No dogs, cats or pets shall be permitted to run at large. No livestock, poultry or other animals whatsoever shall be allowed or kept, bred or raised for commercial purposes in any part of the Condominium. Any damage caused by such pets shall be the responsibility of the respective Owners thereof. At all times the Common Elements shall be free from pet debris, including, without limitation, food and fecal matter. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Unit to a street or sidewalk. The Board may require the removal of any animal that the Board in the exercise of reasonable discretion determines to be unreasonably disturbing other Owners, and may exercise this authority for specific animals even though other animals are permitted to remain. The keeping of pets shall be subject to such other reasonable Rules and Regulations as the Board may adopt from time to time. In no event shall pets be kept in Parking Units or Storage Units.

7.17 Signs, Flags, Banners. All signage, flags or banners 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 7.24. In no event shall any "for sale," "for rent," 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 or otherwise located on the exterior of the Condominium, other than signs used by the Declarant to advertise Units for sale or rent, without the prior written approval of the Board of Directors. Unless

approved by the Board of Directors in its sole discretion, no flags, banners or A-board signs shall be displayed on or in the Condominium, or on the public rights-of-way adjacent to the Condominium. Notwithstanding the foregoing, one or more permanent signs may be installed on the exterior of a Commercial Unit as are consistent with the appearance and aesthetic characteristics of the Condominium and subject to the prior approval of the Board of Directors, which approval shall not be unreasonably withheld. Any such signs must only identify the name of the business conducted within the Commercial Unit to which the sign is affixed. Each primary exterior sign shall not exceed 12 feet in area and the total area of all permanent exterior signs shall not exceed 16 feet; provided that the Board of Directors may grant exceptions to the foregoing limitation in its sole discretion. For purposes of this provision, a permanent sign is one that is affixed to the Commercial Unit in a permanent manner, such as through the use of nails, screws, glue, bolts, and the like, whether or not the signs are capable of removal without substantial harm to the Commercial Unit. Nonpermanent signs may be placed within the windows of a Commercial Unit as are consistent with the appearance and aesthetic characteristics of the Condominium provided that the following are prohibited: (i) the display of pamphlets or similar materials as signage; (ii) the display of pricing information on signs; (iii) any signs that cover more than ten percent of the total window surface of the Commercial Unit or more than twenty percent of any single window's surface; (iv) any nonpermanent signs placed or affixed on any exterior surface of the Condominium. All signs must conform to applicable laws.

7.18 Trash. Other than in appropriate receptacles in the common trash and recycling disposal areas included in the limited Common Elements, no part of any Unit or the Common Elements (including the terraces, balconies, and terrace garden included in the Common Elements) shall be used or maintained as a dumping area for rubbish, trash, garbage or other waste. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. All trash placed in the Condominium's chutes shall be bagged and tied. All boxes placed in the Condominium's recycling areas shall be broken down. No use of trash chutes shall be permitted between the hours of 10:00 p.m. and 9:00 a.m. In the event an Owner or occupant fails to remove any trash, rubbish, garbage, or other waste materials from such Owner's or occupant's Unit (or from the street or other Common Elements if deposited thereon by such Owner or occupant) within two days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Unit as provided in Section 5.3.11.

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

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

7.21 Terrace Garden. The hours during which the terrace garden may be used shall be generally limited to daylight hours, provided, that the Board may allow in writing other hours of use for a special occasion or by appointment. The terrace garden may not be used for gatherings, public performances, or commercial purposes without prior written approval of the

Board. Smoking is not allowed in the terrace garden. Use of the terrace garden shall also be subject to the Rules and Regulations.

7.22 Window Coverings. All window coverings that are visible from the exterior of a Primary Unit shall be white, light brown, or cream color, unless otherwise approved by the Board.

7.23 Smoking Restriction. To the extent allowed by law, the Condominium shall be a non-smoking building. Smoking of tobacco products or similar products shall be prohibited in the Condominium, including, but not limited to, the interior of the Units, the terrace garden, the interior parking structure, the hallways, elevators, lobby, balconies or terraces, other common areas or any part of the Condominium.

7.24 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 including, without limitation, establishment of reasonable administrative fees, such as fees for new owner set-up and owner's packet, move-in and move-out fees, etc. Any such Rules and Regulations may be amended, modified or revoked by the Owners in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

7.25 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, renting and sale of improvements on the Property.

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, to the extent not covered by the Association's insurance. An Owner shall make no repair or alteration or perform any other work on his or her Unit or Units that would jeopardize the soundness or safety of the Condominium, negatively affect the sound transmission between Units or reduce the value of the Condominium or any other Unit or impair any easement or other right, unless the written consent of all Owners affected is also obtained.

8.1.2 Common Elements and Parking Units. Except as otherwise provided by Section 13 of the Declaration, all necessary work to inspect, 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 as required by Section 13 of the Declaration and in accordance with the Maintenance Plan and shall be charged to the Owners in accordance with Section 7.1 of the Declaration provided, that if such inspection, 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. Without limiting the foregoing, the Association shall properly maintain the Condominium to prevent water intrusion, including, without limitation, maintaining the roof, terraces, windows, balconies, and exterior surfaces. 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 7.3 of the Declaration. 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 **FAILURE TO FOLLOW THE MAINTENANCE PLAN. IF THE ASSOCIATION FAILS TO FOLLOW THE MAINTENANCE AND INSPECTION**

REQUIREMENTS CONTAINED IN THE MAINTENANCE PLAN DESCRIBED IN SECTION 3.2.23 ABOVE, THEN THE ASSOCIATION HEREBY WAIVES ANY CLAIM IT MIGHT OTHERWISE HAVE AGAINST DECLARANT AND ITS DESIGN PROFESSIONALS, CONTRACTORS AND SUBCONTRACTORS AND THEIR CONSULTANTS, INCLUDING WITHOUT LIMITATION, ALL OF THEIR OFFICERS, MEMBERS, DIRECTORS, EMPLOYEES, AGENTS, BROKERS AND AFFILIATES, FOR LOSS OR DAMAGE TO THE EXTENT THE SAME RESULTS FROM SUCH FAILURE TO FOLLOW THE MAINTENANCE PLAN; THE ASSOCIATION SHALL INDEMNIFY SUCH PERSONS AND ENTITIES FROM AND AGAINST CLAIMS BY OWNERS OR OTHER PERSONS OR ENTITIES FOR LOSS OR DAMAGE RESULTING FROM SUCH FAILURE.

9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her 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, including any fixtures (including built-in kitchen appliances), building service equipment, common personal property, 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. To the extent such policy is available at a commercially reasonable cost, no such policy shall contain a deductible exceeding the lesser of Ten Thousand Dollars ($10,000), adjusted by any increase in the Consumer Price Index - All Items - for all urban consumers (Portland-Salem-Oregon-Washington) as published by the U.S. Bureau of Labor Statistics (or any comparable substitute index, if such shall be discontinued), the base year being 2006, 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) 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' and officers' liability insurance with coverage in an amount of not less than One Million Dollars ($1,000,000), subject to a reasonable deductible which shall be determined by the Board of Directors.

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

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

9.2.1 All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon acceptable to FannieMae which falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports,* an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports – International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency ration or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability in Standard and Poor's *International Confidential Rating Service.* Should reinsurance be involved, the Board of Directors shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least "AAA".

9.2.2 All losses under policies hereafter in force placed by the Association regarding the Condominium shall be settled exclusively by the Board of Directors or its authorized representative. The Board of Directors may give such releases as are required, and

any claimant, including the Owner of a damaged Unit, shall be bound by such adjustment; provided, however, that the Board of Directors may, in writing, authorize an Owner to adjust any loss to his or her Unit or Units.

9.2.3 Any Owner who obtains individual insurance policies covering any portion of the Condominium other than his or her 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.

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

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

9.2.6 For purposes of this Section 9, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against FannieMae, the designee of FannieMae, or the Association Owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

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

9.2.8 Each Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his or her Unit, the value of which is in excess of Two Thousand Dollars ($2,000). Nothing in this paragraph shall permit an Owner to make

improvements without first obtaining the approval of the Board of Directors pursuant to these Bylaws.

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

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

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

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

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

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

9.3.6 A rider on any master policy patterned after "Use and Occupancy" insurance which will provide relief from monthly assessments while a Unit is uninhabitable by the payment of the Condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, 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 Waivers of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured;

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

9.3.10 An "inflation guard" endorsement;

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

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

9.4 Additional Requirements.

9.4.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least 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 or her Unit or Units shall be purchased and maintained for the full insurable value thereof, to

the extent not covered by the Association's insurance policy, unless the Owner presents in writing to the Board of Directors evidence that the additions or improvements made by the Owner to his or her 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 or her 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 or her Unit or Units in the event of damage. Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least 30 days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other 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; provided that the Board of Directors may require the Owners of Commercial Units being used for commercial purposes as permitted in Section 9 of the Declaration to maintain public liability insurance in an amount greater than the amount required of the Owners of the other Units.

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.

9.5.4 In the case of the Commercial Units being used for commercial purposes as permitted in Section 9 of the Declaration, such other insurance coverages as are customarily maintained by owners of businesses comparable to those operated within such Unit.

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

10. AMENDMENTS TO BYLAWS.

10.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by 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 a majority of the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval or disapproval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by a majority of the Owners, 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 Units shall be approved by Owners holding at least 75 percent of the voting power of the Association, and (including, without limitation, the right of Declarant or its assigns to approve commercial uses) 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. Notwithstanding the foregoing, these Bylaws may not be amended in a manner that eliminates or impairs rights or privileges granted herein to the Owners of the Commercial Units without the approval of a majority of the Owners of the Commercial Units. 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) (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 60 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 (including, without limitation, the right of Declarant or its assigns to approve commercial uses as provided in Section 7.3), or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

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

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, arbitration 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 Lane 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 Limitations on Actions. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend or commit to expend in excess of $2,500 for attorneys' fees and costs unless first approved by at least 75 percent of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges pursuant to the Declaration or these Bylaws; for actions initiated by the Association during Declarant's period of administrative control pursuant to Section 20 of the Declaration; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 5.9 of these Bylaws; actions to summarily abate and remove a structure or condition that violates the Declaration or these Bylaws; or for the defense of the Association or the Board of Directors of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

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.

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

11.7 Initial Dispute Resolution Procedures. In the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 11.7 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

11.8 Reports on Litigation. The Board of Directors shall provide written reports to the Owners and the Declarant, its successors and assigns from time to time (but in any event no less often than every six months) explaining the status of any pending claim, litigation, mediation or arbitration in which the Association is involved.

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 or her 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. Action by written ballot may not substitute for the Turnover Meeting or the annual meeting of the Association. For votes of the Owners by written ballot, the Board of Directors shall provide Owners with at least 10 days' notice before written ballots are mailed or otherwise delivered. The notice shall include the general subject matter of the vote by written ballot, the right of owners to request secrecy procedures as provided herein, the date after which ballots may be distributed, the date and time by which any petition requesting secrecy procedures must be received, and the address where any petition must be delivered. If, at least three 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 or her 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 (Portland-Salem-Oregon-Washington) published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2006 as the base year.

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

12.9 Statutory References. Any reference in these Bylaws to a particular statute shall apply to any revisions or amendments of that statute or to the statute as it may be renumbered from time to time.

Dated this 13th day of May, 200 6 being hereby adopted by the undersigned Declarant on behalf of the Association.

Declarant: **1375 OLIVE, LLC**, an Oregon limited liability company

By:

Its: