

After Recording Return To:

Stuart K. Cohen, P.C.
Landye Bennett Blumstein LLP
1300 SW Fifth Avenue, Suite 3500
Portland, OR 97201
(503) 224-4100

**RESTATED BYLAWS OF
THE ASSOCIATION OF UNIT OWNERS OF COTTAGES
AT HASTINGS GREEN CONDOMINIUM**

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These Restated Bylaws of the Association of Unit Owners of Cottages at Hasting Green Condominiums (hereinafter, "Association") has been approved and adopted pursuant to ORS 100.410(10)(a) and is intended to consolidate all previously adopted amendments into a single Restated set of Bylaws. These Restated Bylaws incorporate the original Bylaws recorded on June 6, 2003, as Document Number 2003-131089; Amendment recorded on December 16, 2013, as Document Number 2013-160984; Amendment recorded on August 19, 2014, as Document Number 2014-081557; and Amendment recorded on September 19, 2014, as Document Number 2014-093155. These Restated Bylaws were approved by the Board of Directors through the adoption of a resolution pursuant to ORS 100.410(10)(b)(B).

ARTICLE 1

PLAN OF CONDOMINIUM OWNERSHIP

1.1. Name and Location

These are the bylaws of COTTAGES AT HASTINGS GREEN CONDOMINIUM ASSOCIATION (the "Association") Cottages at Hastings Green, A Condominium (the "Condominium") is located in the City of Portland, Multnomah County, Oregon, and has been submitted to the Oregon Condominium Act by a declaration recorded simultaneously with these Bylaws and by supplemental declarations, if any, annexing property to the Condominium (collectively, the "Declaration"). The location of the Condominium is more specifically described in the Declaration.

1.2. Principal Office

The principal office of the Association shall be located at 813 SW Alder Street, Suite 610, Portland, Oregon 97205, or such other address as may be designated by the board of directors from time to time.

1.3. Purposes

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

1.4. Applicability of Bylaws

The Association, all unit owners, and all persons using this Condominium property shall be subject to these Bylaws and to all rules and regulations which may be adopted pursuant to these Bylaws.

1.5. Composition of Association

The Association shall be composed of all the unit owners of the Condominium, including Hastings Green LLC, an Oregon limited liability company, and its successors and assigns (the "Declarant"), and the Association, itself, to the extent that any own any unit or units of the Condominium.

1.6. Incorporation

The Association shall be incorporated under the Oregon Non-Profit Corporation Law. The Articles of Incorporation of the Association shall be consistent with the Declaration and these Bylaws, and these Bylaws shall constitute the Bylaws of the incorporated Association.

1.7. Definitions

The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

ARTICLE 2

MEETINGS OF ASSOCIATION

2.1. Place of Meetings

The Association shall hold meetings at such suitable place convenient to the unit owners as may be designated by the board of directors from time to time.

2.2. Organizational and Turnover Meeting

Within five years after the date of conveyance of the first unit to a person other than the Declarant, or within ninety (90) days after Declarant has sold and conveyed seventy five percent (75%) or more of the total number of units which Declarant may submit to the Condominium, whichever is earlier, the Declarant shall call the first meeting of the unit owners to organize the Association and to elect directors. Notice of such meeting shall be given to all owners as provided in Section 2.5. If Declarant fails to call the meeting, the meeting may be called and notice given by any unit owner or mortgagee of a unit. The expense of giving notice shall be paid or reimbursed by the Association. At the meeting, Declarant shall deliver to the Association such information and documents as may be required by the Oregon Condominium Act. Nothing in this section shall be construed as preventing the Declarant from calling the organizational and

turnover meeting prior to such date, or from calling informal, informational meetings of the unit owners.

2.3. Annual Meetings

The annual meetings of the Association shall be held on such date each year as may be established by the board of directors from time to time, or if the board does not establish such a date, then in the month of February at such hour and on such date as the chairperson may designate, or if the chairperson should fail to designate such date by the 1st day of February then on the last Tuesday in February. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

2.4. Special Meetings

Special meetings of the Association may be called by the chairperson or by a majority of the board of directors and must be called by such officers upon receipt of written request from at least thirty percent (30%) of the unit owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

2.5. Notice of Meetings

Notice of the annual meeting and all other meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the chairperson or secretary. Such notice shall be in writing and mailed not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting to each unit owner at his address as it appears on the books of the Association and to any first mortgagee requesting such notice. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any unit owner before or after 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.

2.6. Voting

Each unit owner shall have one vote for each unit of the Condominium owned by such unit owner. The Declarant shall be entitled to vote as the unit owner of any then existing units retained by the Declarant, and the board of directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

2.7. Absentee Ballots and Proxies

A vote may be cast in person, by absentee ballot or by proxy. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing and signed by such owner, and shall be filed with the secretary at any time prior to the meeting. An owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specifies a shorter term. Every proxy shall automatically cease upon sale of the unit by its owner. A unit owner may pledge or assign such owner's voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled under these Bylaws and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the board of directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

2.8. Fiduciaries and Joint Owners

An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided, that such person shall satisfy the secretary that he or she is the executor, administrator, guardian or trustee, holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of disagreement among the co-owners, the vote of such unit shall be disregarded completely in determining the proportion of votes given with respect to such matter unless a valid court order establishes the authority of a co-owner to vote.

2.9. Tenants and Contract Vendors

Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the owner/landlord. Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any recorded and sale contract on the unit.

2.10. Quorum of Unit Owners

At any meeting of the Association, members holding twenty percent (20%) of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes of the meeting 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 a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy; may adjourn the meeting from time to time until a quorum is present. The quorum for the adjourned meeting shall be reduced to ten percent (10%) of the voting rights, present in person or by proxy. **NOTE: ORS 100.408(3)(b) prohibits a reduction below twenty percent (20%) of the voting rights.**

2.11. Majority Vote

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

2.12. Order of Business

The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

2.13. Rules of Order

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

2.14. Ballot Meetings

(a) At the discretion of the board of directors any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every member that is entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. **NOTE: ORS 100.425(1) contains limits on the use of written ballots. Please consult prior to scheduling a ballot meeting.**

(b) The board of directors shall provide owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the owners petition the board of directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the ballot. Notwithstanding the applicable provisions of paragraph (c) of this Section, written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) If approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed to be approved when the date for return of ballots has passed, a quorum of unit owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected. If approval of a proposed action otherwise would require a meeting at which a specified percentage of unit owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met. Except as otherwise provided in paragraph (b) of this Section, votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast or the date they are entered.

(d) All solicitations for votes by written ballot shall state the number of responses needed to meet any applicable quorum requirement and the total percentage of votes needed for approval. All such solicitations for votes shall specify the period during which the Association will accept written ballots for counting, which period shall end on the earliest of (i) the date on which the Association has received a sufficient number of approving ballots to pass the proposal, or (ii) the date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage, or

(iii) a date certain on which all ballots must be returned to be counted. A written ballot may not be revoked.

ARTICLE 3

BOARD OF DIRECTORS

3.1. Number and Qualification

The affairs of the Association will be governed by a five (5) person Board of Directors, as provided in Section 3.4 of this Article. All directors must be an owner or a co-owner of a unit in the Condominium. An officer or employee of a corporation, a trustee of a trust, a personal representative of an estate, or an employee of a trust or estate, may serve on the Board of Directors, if such corporation, trust or estate owns a unit. If a unit is owned by more than one (1) person, only one (1) owner of that unit may serve on the Board of Directors at any one time.

3.2. Interim Director

Upon the recording of the Declaration submitting the Condominium to the Oregon Condominium Act the Declarant shall appoint an interim board of one (1) director, who shall serve until replaced by Declarant or his or her successors have been elected by the unit owners as provided below.

3.3. Transitional Committee

Unless the organizational and turnover meeting described in Section 2.2 above has already been held, Declarant shall call a meeting of the unit owners for the purpose of forming a transitional committee. The meeting shall be called within sixty (60) days of conveyance to persons other than Declarant of fifty percent (50%) of the total number of units which Declarant may submit to the Condominium. Declarant shall give notice of the meeting as provided in Section 2.5 above. The committee shall consist of two or more members elected by the unit owners other than Declarant and not more than one representative of Declarant. The members shall serve until the organizational and turnover meeting. The transitional committee shall be advisory only and its purpose shall be to enable ease of transition from control of the administration of the Association by the Declarant to control by the unit owners. The committee shall have access to the information, documents and records which Declarant must turn over to the unit owners at the time of the organizational and turnover meeting. If Declarant fails to call the meeting to elect a transitional committee

within the time specified, the meeting may be called and notice given by any unit owner.

3.4. Election and Term of Office

The Board of Directors shall be elected by the Association's membership with each elected director serving a two (2) year term. The terms of the directors shall be staggered so that no more than three (3) directors' terms come up for re-election in any year. It may be necessary for two (2) directors to initially serve a one (1) year term to accomplish the staggered terms. Directors will hold office until their respective successors have been elected by the unit owners. Election shall be by a plurality.

3.5. Vacancies

Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, or by a sole remaining Director. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors shall be filled by Declarant.

3.6. Removal of Directors

At any regular or special meeting of the Association duly called, any one or more of the directors, other than interim directors, may be removed with or without cause by a majority vote of the unit owners present in person or by proxy, and a successor shall be elected at that meeting 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 that meeting.

3.7. Powers and Duties

The board of directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the board of directors by the unit owners. The powers and duties to be exercised by the board of directors shall include, but shall not be limited to the following:

(a) Operation, care, upkeep, maintenance, repair and replacement of the general and limited common elements and Association property, except those limited common elements to be maintained by the owners as provided in these Bylaws, and shall implement an annual maintenance program that includes a walk through inspection and any necessary caulking or sealing.

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

(c) Preparation and adoption of budgets, preparation, review and update of reserve studies and assessment and collection of the common expenses, all in accordance with the provisions of these Bylaws.

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

(e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the board may not incur or commit the Association to incur legal fees in excess of \$5,000 for any specific litigation or claim matter unless the unit owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association and the board of directors from claims or litigation brought against them. The limitation set forth in this paragraph shall increase by \$500 on each fifth anniversary of the recording of the Declaration. To the extent required by ORS 100.490, the board shall notify the owners prior to instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the board shall periodically report to the unit owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the board to disclose any privileged communication between the Association and its counsel.

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

(g) Preparation and distribution of annual financial statements in accordance with these Bylaws and annual preparation and filing of all required income tax returns or forms for the Association.

(h) Purchasing units of the Condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these Bylaws.

(i) 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 unit owners.

(j) Obtaining insurance or bonds pursuant to the provisions of these Bylaws and at least annually review the insurance coverage of the Association.

(k) Making additions and improvements to, or alterations of, the general common elements; provided, however, that no such project may be undertaken by the board if the total cost will exceed the amount of \$20,000 unless the unit owners have enacted a resolution authorizing the project by a majority vote of the members. This limitation shall not be applicable to maintenance, repairs or replacement undertaken pursuant to paragraph (a) above. The limitation set forth in this paragraph shall increase by \$1,000 on each anniversary of the recording of the Declaration.

(l) Modify, close, remove, eliminate or discontinue the use of a general common element facility or improvement or portion of the common element landscaping, except that modification, closure, removal, elimination or discontinuance other than on a temporary basis of any swimming pool, spa or recreation or community building must be approved by at least a majority of the unit owners voting on such matter at a meeting or by written ballot held or conducted in accordance with these Bylaws.

(m) Designating one or more committees which, to the extent provided in the resolution designating the committee, shall have the powers of the board of directors in the management of the affairs of the Association. At least one member of each committee shall be a member of the board of directors.

(n) Enforcement by legal means of the provisions of the Oregon Condominium Act, the Declaration, these Bylaws and any rules and regulations adopted hereunder. Nothing in these Bylaws shall be constituted as requiring the Association to take any specific action to enforce violations.

(o) The filing of an Annual Report and any amendment in accordance with ORS 100.250.

3.8. Management Agent or Manager

On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be established by the board of directors. Any such management agreement shall be terminable by the Association upon not more than 90 days' written notice thereof. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors shall act as manager.

3.9. Contracts Entered into by Declarant or Interim Board

Notwithstanding any other provision of these Bylaws, any leases or contracts (including management contracts, service contracts and employment contracts) entered into by the Declarant or the interim board on behalf of the Association shall have a term not in excess of three (3) years. In addition, any such lease or

contract shall provide that it may be terminated without cause or penalty by the Association or board of directors upon not less than thirty (30) days' notice to the other party given at any time after election or the permanent board at the organizational and turnover meeting described in Section 2.2 of these Bylaws.

3.10. Organizational Meeting

Unless otherwise agreed by the board, within fourteen (14) 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 organization meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.11. Regular and Special Meetings

Regular meetings of the board of directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Special meetings of the board of directors may be called by the chairperson and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or telegraph at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. 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.

3.12. Open Meetings

All meetings of the board of directors shall be open to unit owners except that, in the discretion of the board, the following matters may be considered in executive session: (a) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (b) personnel matters, including salary negotiations and employee discipline; and (c) the negotiation of contracts with third parties. Except in the case of an emergency, the board of directors shall vote in an open meeting whether to meet in executive session. If the board of directors votes to meet in executive session, the presiding officer shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. Meetings of the board of directors may be conducted by telephonic communication, except that if a majority of the units are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each board of directors' meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and only emergency meetings of the board of directors

may be conducted by telephonic communication. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

3.13. Waiver of Notice

Any director 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 director at any meeting of the board shall constitute a waiver of notice by such director, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the board, no notice to directors shall be required and any business may be transacted at such meeting.

3.14. Quorum of Board of Directors

At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. If at any meeting of the board of directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. 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 to directors.

3.15. Compensation

No director shall receive any compensation from the Association for acting as such.

3.16. Liability and Indemnification of Directors, Officers and Managing Agent

A member of the board of directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the board of directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, shall not be liable to the owners or any third parties on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts, and the Association shall indemnify the managing

agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

3.17. Insurance

The board of directors shall obtain the insurance and fidelity bonds required in Article 8 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 or unit owners. The board of directors shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the Condominium.

ARTICLE 4

OFFICERS

4.1. Designation

The principal officers of the Association shall be the chairperson, the secretary and the treasurer, all of whom shall be elected by the board of directors. The directors may appoint a vice chairperson, an assistant treasurer, an assistant Secretary, and such other officers as in their judgment may be necessary. The chairperson shall be a member of the board of directors, but the other officers need not be directors or unit owners.

4.2. Election of Officers

The officers of the Association shall be elected annually, by the board of directors at the organization meeting of each new board and shall hold office at the pleasure of the board. If any office shall become vacant, the board of directors shall elect a successor to fill the unexpired term at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

4.3. Removal of Officers

Upon the affirmative vote of a majority of the directors, any officer may be removed either with or without cause, and a 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. He or she shall preside at all meetings of the Association and of the board of directors. The chairperson shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the unit owners from time to time as the chairperson may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5. Secretary

The secretary shall keep the minutes of all proceedings of the board of directors and the minutes of all meetings of the Association. He or she shall attend to the giving and serving of all notices to the unit 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 chairperson and performing the chairperson's duties whenever the chairperson is absent or unable to act, unless the directors have appointed another vice chairperson.

4.6. Treasurer

The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of accounts showing all receipts and disbursements, and for the preparation of required financial statements. He or she shall be responsible for overseeing the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the board of directors, and shall disburse or cause to be disbursed funds of the Association upon properly authorized vouchers. The treasurer shall perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned to him or her by the board of directors.

4.7. Execution of Instruments

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the board of directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairperson. All checks shall be signed by the treasurer, or in the absence or disability of the treasurer, by the chairperson or any duly elected assistant treasurer.

4.8. Compensation of Officers

No officer who is a member of the board of directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the unit owners. The board of directors may fix any compensation to be paid to any officers who are not also directors.

ARTICLE 5

BUDGET, EXPENSES AND ASSESSMENTS

5.1. Budget

The board of directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment and plus any underassessment, and assess the common expenses to each unit owner in the proportion set forth in the Declaration. The budget shall provide for a reserve fund in accordance with Section 5.5 below. Within thirty (30) days after adopting the annual budget, the board of directors shall provide a summary of the budget to all owners. If the board of directors fails to adopt an annual budget, the last adopted budget shall continue in effect.

5.2. Determination of Common Expenses

Common expenses shall include:

- (a) Expenses of administration, including management fees.
- (b) Expenses of maintenance, repair or replacement of common elements, any other portions of the Condominium required to be maintained by the Association pursuant to the Declaration or these Bylaws, and any Association property.
- (c) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (d) General operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.
- (e) Reserve for replacements, repairs and maintenance.
- (f) Any deficit in common expenses for any prior period.

(g) Utilities for the common elements and other utilities with a common meter or commonly billed, such as water and sewer.

(h) Any other items properly chargeable as an expense of the Association.

5.3. Assessment of Common Expenses

(a) **Obligation to pay**. All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the Association pursuant to these Bylaws and the Declaration. No unit owner by the owner's own action may claim exemption from liability for contribution towards common expenses by waiver by the owner of use or enjoyment of any of the common elements or by abandonment by the owner of the owner's unit. A unit owner may not claim an offset against an assessment for failure of the Association to perform its obligations and no unit owner may offset amounts owing or claimed to be owing, by the Association or Declarant to the unit owner. Subject to paragraph (c) below, Declarant shall be assessed as the unit owner of any unsold unit, but such assessments shall be prorated to the date of sale of the unit. The board of directors, on behalf of the Association shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid for more than thirty (30) days from the due date for its payment. The board may elect to round assessments to the nearest dollar.

(b) **Working capital fund**. Declarant shall establish an initial working capital fund in an amount at least equal to two (2) months of estimated regular association assessments for each unit. At the time of closing of the initial sale of each unit and thereafter on any subsequent sale of a unit, the purchaser shall make a contribution to the working capital of the Association equal to two months regular association assessments for the unit. At the time of the organization and turnover meeting, the Declarant shall pay such contribution for all unsold units, but may obtain reimbursement for such sums from the purchaser upon the sale of each such unit. Such contribution shall be in addition to the regular monthly common expense assessment and shall not be considered as an advance payment of regular assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund at the time of the organizational and turnover meeting. Declarant may not use the working capital fund to defray any of Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association. After the organizational and turnover meeting, the board of directors, at its discretion, may use working capital funds for regular operating expenses, extraordinary items of maintenance, repair or replacement or capital additions, or may deposit all or a portion of such funds into the reserve account.

(c) **Commencement of regular operating expense assessments.**

Regular monthly assessments for common operating expenses for units in the first stage of the Condominium shall commence upon closing of the first sale of a unit in such stage of the Condominium and for subsequent stages shall commence for all units in such stage upon recording of the applicable Supplemental Declaration.

(d) **Commencement of assessment for replacement reserves.**

Regular monthly assessments for replacement reserves as described in Section 5.5 for all units in the Condominium shall commence upon the closing of the sale of the first unit in the Condominium. Such reserve assessments shall commence with respect to subsequent stages upon recording of the applicable Supplemental Declaration for such stage. Declarant may elect to defer payment of such reserve assessments to the Association for each unit owned by Declarant until the closing of the sale of such unit, but not beyond the date of the turnover meeting referred to in Section 2.2 above, or if no turnover meeting is held, the date the owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owing from Declarant for all reserve assessments.

(e) **Annexation of additional stages.**

If additional units are annexed to the Condominium, the board of directors shall promptly prepare a new budget reflecting the addition to the Condominium and shall re-compute any previous assessment covering any period after the closing of the sale of the first unit in the new stage.

5.4. Special or Extraordinary Assessments

(a) **Special Assessments for 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 unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution. The Association shall not assess units owned by the Declarant for additional capital improvements to the Condominium without the written consent of Declarant as long as Declarant owns more than two units or the time specified in the Declaration for annexing additional stages has not expired.

(b) **Other Special or Extraordinary Assessments.**

In the event the board of directors determines that the assessments established upon adoption of the budget as provided in Section 5.1 above will be insufficient to pay the common expenses, or the board of directors determines that additional funds will be needed to meet unexpected or unbudgeted common expenses, the board may levy an additional special or extraordinary assessment. Such assessment shall be allocated to each unit in the same proportion set forth in the Declaration, and may be payable in installments over a specified period, in a lump sum, or in

a lump sum with option to pay in installments with interest, as determined by the board of directors.

5.5. Replacement Reserves

(a) **Establishment of Account.** The Declarant shall conduct a reserve study as described in paragraph (c) of this Section and establish a reserve account for replacement of those common elements all or a part of which will normally require replacement in more than three (3) and less than thirty (30) years, and for exterior painting if the common elements include exterior painted surfaces. The reserve account need not include those items that could reasonably be funded from operating assessments or for limited common elements for which maintenance and replacement are the responsibility of one or more unit owners under the provisions of the Declaration or these Bylaws.

(b) **Funding of Account.** The reserve account shall be funded by assessments against the individual units for the purposes for which the reserve account is being established, which sums shall be included in the regular monthly assessment for the unit, except as otherwise provided in Section 5.3(b). The reserve account shall be established in the name of the Association.

(c) **Reserve Studies.** The board of directors annually shall conduct a reserve study or review and update an existing study to determine the reserve account requirements for the items described in paragraph (a) of this Section and may adjust the amount of payments in accordance with the study or review and may provide for other reserve items that the board of directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include:

(i) Identification of all items for which reserves are to be established;

(ii) The estimated remaining useful life of each item as of the date of the reserve study;

(iii) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and

(iv) A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

(d) **Use of Reserve Funds.** The reserve account shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. After the organizational and turnover meeting

described in Section 2.2, however, the board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses which will later be paid from assessments, if the board 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 of directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. In addition to the authority of the board of directors under paragraph (c) of this Section, after the organizational and turnover meeting, the Association may, on an annual basis, elect not to fund the reserve account described in paragraph (a) of this Section by unanimous vote of the owners or elect to reduce or increase future assessments for the reserve account by an affirmative vote of at least seventy- five percent (75%) of the voting power.

(e) **Sale of Units**. Nothing in this section shall prohibit prudent investment of the reserve accounts. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of units. Sellers of the units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement.

5.6. Default in Payment of Assessments

In the event of default by any unit owner in paying any assessments to the Association, including assessed common expenses and any other charge imposed or levied by the Association pursuant to the provisions of the Declaration, these Bylaws or the Oregon Condominium Act, such unit owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such assessment from the due date thereof, or at such greater rate as may be established by the board of directors from time to time, not to exceed the maximum lawful rate, if any. In addition, the defaulting unit owner shall pay a late charge for any assessment not paid within ten (10) days of its due date in the amount of five percent (5%) of the delinquent payment, or such other reasonable late charge or administrative fee, or both, as may be established by the board of directors from time to time by resolution that is delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing address designated by the unit owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal or petition for review there from). If the assessment is not paid within thirty (30) days of its due date, the board of directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable. The board of directors shall have the right and duty to recover for the Association such assessments, together with such charges, interest and expense of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Condominium Act. The board of directors shall

notify the holder of any first mortgage upon a unit and any eligible mortgage insurer or guarantor thereof of any default not cured within sixty (60) days of the date of default.

5.7. Foreclosure of Liens for Unpaid Assessments

In any suit brought by the Association to foreclose a lien on a unit because of unpaid assessments, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The board of directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant, to convey, or otherwise deal with the unit. A suit or action to recover a money judgment for unpaid assessments shall be maintainable without foreclosing the liens securing the same.

5.8. Statement of Assessments

The board of directors shall advise each unit owner in writing of the amount of assessments payable by such owner, and furnish copies of each budget on which such assessments are based to all unit owners and, if requested, to their mortgagees. The board of directors shall promptly provide any unit owner who makes a request in writing with a written statement of the owner's unpaid assessments.

5.9. Priority of Lien: First Mortgages

Any lien of the Association against a unit for assessments shall be subordinate to tax and assessment liens and any prior mortgage of record. Where the purchaser or mortgagee of a unit obtains title to the unit as a result of foreclosure of a first mortgage, such purchaser or mortgagee, its successors and assigns, shall not be liable for any of the assessments chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser or mortgagee. Such unpaid share of assessments shall be a common expense and reallocated on a pro rata basis for all units, including the mortgaged unit. The purchaser or mortgagee shall not be relieved of the obligation to pay further assessments. A deed in lieu of foreclosure accepted by the holder of a first mortgage shall extinguish a lien filed by the Association to secure unpaid assessments under the circumstances described in ORS 100.465.

5.10. Voluntary Conveyance

In a voluntary conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However,

upon request of a prospective purchaser the board of directors shall make and deliver a statement of the unpaid assessments against the prospective grantor or the unit, and the grantee in that case shall not be liable for, nor shall the unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amount set forth in the statement.

ARTICLE 6

RECORDS AND AUDITS

6.1. General Records

The board of directors and the managing agent or manager, if any, shall keep detailed records of the actions of the board of directors and the managing agent or manager, minutes of the meetings of the board of directors and minutes of the meetings of the Association. The board of directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association, board of directors and the manager. 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. All documents, information, and records delivered to the Association by the Declarant pursuant to ORS 100.210 shall be kept within the State of Oregon.

6.2. Financial Records and Accounts

The board of directors or its designee shall keep within the State of Oregon financial records sufficient for proper accounting purposes. All assessments shall be deposited in a separate bank account, located in the State of Oregon, in the name of the Association. All expenses of the Association shall be paid from the Association's bank account.

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 or managing agent shall pay all vouchers for all budgeted items and for any non-budgeted items up to \$1,000 signed by the chairperson, managing agent, manager or other person authorized by the board of directors. Any voucher for non-budgeted items in excess of \$1,000 shall require the authorization of the chairperson.

6.5. Reports and Audits

An annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the board of directors to all unit owners and to all mortgagees of units who have requested the same within 90 days after the end of each fiscal year. From time to time the board of directors, at the expense of the Association, may obtain an audit or review of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. Upon written request, any holder, insurer or guarantor of a first mortgage shall be entitled to an audited financial statement for the immediately preceding fiscal year at the expense of the requesting party, if one is not otherwise available.

6.6. Notice of Sale, Mortgagee, Rental or Lease

Immediately upon the sale, mortgage, rental or lease of any unit, the unit owner shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

6.7. Availability of Records

During normal business hours or under other reasonable circumstances, the Association shall make available to unit owners, prospective purchasers and lenders, and to holders, insurers, or guarantors of any first mortgage, current copies of the Declaration, Bylaws, other rules concerning the Condominium, amendments or supplements to such documents, and the books, records, financial statements and current operating budget of the Association. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Association may charge a reasonable fee for furnishing copies of such documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.

6.8. Statement of Assessments Due

The Association shall provide, within ten (10) business days of receipt of a written request from an owner, a written statement that provides: (a) the amount

of assessments due from the owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, and late payment charges; (b) the percentage rate at which interest accrues on assessments that are not paid when due; and (c) the percentage rate used to calculate the charges for late payment or the amount of a fixed rate charge for late payment. The Association is not required to comply with this Section 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.

ARTICLE 7

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

7.1. Maintenance and Repair

Except as otherwise provided in Section 7.3 for damage or destruction caused by casualty:

(a) **By Association.** The Association shall be responsible for the following maintenance, repairs and replacement, the cost of which shall be charged to the unit owners as a common expense:

(i) Except as otherwise provided herein, all maintenance, repairs and replacements to the general common elements.

(ii) Maintenance, repairs and replacements of all utility lines outside of the units and limited common elements, or serving more than one unit, and the storm water system, including the sediment pump, drywell system, the five-foot square turf pad at the base of the downspouts for each dwelling unit, and regular irrigation and mowing required to maintain the turf drainage system in a healthy state.

(iii) Maintenance (including mowing) of all landscaping, irrigation and lighting within the limited common element yards in accordance with a Maintenance Resolution adopted by the Board of Directors.

(iv) The painting, staining, maintenance, repair, and replacements of all perimeter fences and trash enclosure fences.

(v) All maintenance, repairs and replacements of the garages, except automatic garage door openers.

(b) **By Unit Owners**. Each unit owner will be responsible for the following maintenance, repairs and replacements at such unit owner's own expense:

(i) Except as otherwise provided herein, all maintenance of and repairs to such unit owner's unit and limited common elements.

(ii) Maintenance, repair or replacement of windows and doors and any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, vents, lighting fixtures and lamps, electrical outlets, blinds, garbage disposals, fireplaces, refrigerators, dishwashers, ranges and other appliances or accessories that may be in or connected with such owner's unit.

(iii) Maintenance (including painting or staining, as appropriate), repair, and replacement of all exterior materials of the units, including, without limitation, roofing, exterior siding, trim, balconies, and porches, exterior gutters and downspouts.

(iv) Maintenance, repair or replacement of any utility or communication lines within the unit or limited common element yard and, except where such line serves more than one unit.

(v) Maintenance, repair or replacement of any automatic garage door opener within the unit owner's limited common element garage.

(vi) Maintenance, repair or replacement, but not painting or staining, of limited common element balconies and porches attached to the unit.

(vii) Except for landscaping, irrigation, drainage, and lighting within the limited common element yard to the extent maintained by the Association pursuant to the Maintenance Resolution, all other maintenance of the limited common element yard, and any other structure or improvement thereon approved by the Board of Directors which shall be kept in a clean condition, in good repair and free of trash and other unsightly material.

(c) **Failure to Maintain**. The board of directors, by resolution, may adopt required maintenance schedules. In the event any owner fails to perform any maintenance, repair or replacement as required by this section, the Association may cause such maintenance to be performed at the expense of the unit owner and assess the cost of such maintenance or repair to the unit owner. At the request of an owner, the Association may elect to contract for any such maintenance, repair or replacement at the expense of the owner.

7.2. Additions, Alterations or Improvements

(a) A unit owner may make any improvements or alterations to such owner's unit that does not impair the structural integrity or mechanical systems of the Condominium. A unit owner shall make no repair or alteration or perform any other work on such owner's unit which would jeopardize the soundness or safety of the property, reduce its value, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained.

(b) A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without the prior written permission of the board of directors.

7.3. Damage or Destruction by Casualty of Condominium Property

In the case of damage or destruction which affects a material portion of the project, timely written notice shall be given to the unit owners and their mortgagees and any eligible mortgage insurer or guarantor and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of Condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association. Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless unit owners holding ninety percent (90%) of the voting power, whether in person, by writing or by proxy, with the approval of mortgagees as required by the Declaration, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. If the damage or destruction is not repaired, reconstructed or rebuilt, then the property shall be removed from condominium ownership in the manner provided in the Oregon Condominium Act.

(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance coverage, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing or rebuilding of his unit as is not so covered by the Association's insurance and to the extent of any deductible under the Association's insurance.

(c) If, due to the act of neglect of a unit owner, or of a member of such owner's family or household pet or of a guest or other occupant or visitor of such unit owner, damage shall be caused to the common elements or to a unit owned

by others, or maintenance, repairs or replacements shall be required which would otherwise be a common expense, then such unit owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not fully covered by the Association's insurance.

(d) In the event any portion of the insurance proceeds paid to the Association is not used to repair, reconstruct, or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit Owners and their mortgagees (as their interests may appear) in the same proportion as common expenses are shared, unless the property is removed from unit ownership. If the property is removed from unit ownership, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the unit owners and their mortgagees (as their interests may appear) in the manner described in the Oregon Condominium Act.

7.4. Condemnation

If any portion of the Condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each unit owner and to each mortgagee and any eligible mortgage insurer or guarantor. The Association shall represent the unit owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any portion of the common elements and each unit owner appoints the Association to act as his attorney-in-fact for such purposes. All compensation, damages or other proceeds of the taking, other than any award for moving expenses of specific unit owners, shall be payable to the Association and allocated and distributed as provided in this Section 7.4.

(a) **Complete Taking**. If the entire Condominium property is taken, or if unit owners holding ninety percent (90%) of the voting power agree that such substantial portion of the Condominium has been taken as to make the project obsolete, then the property shall be deemed removed from unit ownership. In such event, any proceeds of the condemnation paid to the Association, together with any other proceeds upon sale of the remaining Condominium property, shall be distributed among the unit owners and their mortgagees, as their interests may appear in accordance with the provisions of the Oregon Condominium Act.

(b) **Partial Taking**. If less than the entire Condominium property is taken and the property is not determined to be obsolete as provided in paragraph (a) above, then as soon as practicable the board of directors shall, reasonably and in good faith, allocate the award among the units in accordance with the reduction in the value of each unit and its interest in the common elements, compared to the total reduction in value of all units and their interest in the common elements. In the event any unit owner or mortgagee objects to the allocation determined by

the board of directors, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to unit owner under this paragraph shall be paid first to all mortgagees and holders of liens on the unit owner's interest in accordance with the existing priorities, and the balance to the unit owner. If any reconstruction or repair is undertaken as a result of the condemnation, the board of directors may retain and apply such portion of each unit owner's share of the award as is necessary to discharge the owner's liability for any special assessment arising from such reconstruction or repair.

7.5. Restrictions and Requirements Respecting Use of Condominium Property

The following restrictions and requirements are in addition to all other restrictions and requirements contained in the Declaration and these Bylaws:

(a) **Residential use.** No commercial activities of any kind shall be carried on in any unit or in any other portion of the Condominium without the consent of the board of directors of the Association, except activities relating to the rental or sale of units. This provision, however, shall not be construed so as to prevent or prohibit a unit owner from maintaining his or her professional personal library, keeping his or her personal business or professional records or accounts, handling his or her personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in such owner's unit.

(b) **Use of common elements.** The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

(c) **Offensive or unlawful activities.** No noxious or offensive activities shall be carried on in any unit nor shall anything be done in or placed upon any unit or common element which interferes with or jeopardizes the enjoyment of other units or the common elements or which is a source of annoyance to residents. No unlawful use shall be made of the Condominium nor any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(d) **Animals.** No animals or fowls shall be raised, kept or permitted within the Condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit or yard. No such dogs, cats or pets shall be permitted to run at large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or

unpleasantness caused by such pets shall be the responsibility of the respective owners thereof; and owners shall be responsible for removal of wastes of their animals. All dogs shall be carried or kept on a leash while outside a unit or yard. No pet shall be permitted to cause or create a nuisance or unreasonable disturbance or noise. A unit owner may be required to remove a pet upon receipt of the third notice in writing from the board of directors of violations of any rule, regulation or restriction governing pets within the Condominium.

(e) **Exterior lighting or noisemaking devices and antennas**. Except with the consent of the board of directors of the Association, no exterior lighting or noisemaking devices shall be installed or maintained on any unit. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations and if removed within thirty (30) days after the celebrated holiday. Exterior antennas, satellite receiver and transmission dishes and other communication devices shall not be permitted to be placed upon the general common elements, and may not be placed on any unit or limited common element except in accordance with rules established by the board of directors.

(f) **Windows, terraces, yards, balconies, porches and outside walls**. In order to preserve the attractive appearance of the Condominium the board of directors of the Association may regulate the nature of items which may be placed in or on windows, terraces, patios, yards, porches, and the outside walls so as to be visible from other units, the common elements or outside the condominium. Garments, rugs, laundry, sheets, reflective surfaces and other similar items may not be hung from windows, facades, terraces, yards, balconies, porches or patios. The owner may not alter the landscaping or plantings within his or her yard other than from the approved plant list without prior written approval from the board of directors of the Association.

(g) **Leasing and rental of units**. A unit owner shall only be permitted to lease or rent his or her unit as provided in this Section 7.5 (g).

(i) **Definitions**. The term "owner" shall mean the person or persons listed on the deed to a unit. In the event that a unit is owned by a corporation or other entity, the officers or members of such entity may also be considered an owner. The terms "lease," "rent" or "renting" a unit mean the granting of a right to use or occupy a unit, for a specified term or indefinite term in exchange for the payment of rent (that is, money, property or other goods or services of value), but shall not mean or include joint ownership of a unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. The term, "owner-occupied" shall mean any period during which the unit is occupied by an owner or an owner's spouse, relatives, in-laws or domestic partner as a primary or secondary residence. The phrase "when a lease [or tenancy] terminates for any reason" means a lease [or tenancy] that terminates by abandonment, eviction, death of the tenant, or any other cause whatsoever.

(ii) **Rental Restriction.** With the exception of a lender in possession of a unit following default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure:

a. No unit owner may rent or lease his or her unit for an initial term of less than six (6) months, except that any lease that is six (6)-months or longer lease may be extended beyond such term on a month-to-month basis.

b. Except as provided in subsection (iii) or subsection (iv), the maximum number of units in the Condominium that may be leased or rented shall not exceed five (5) (the "Rental Limit"). Occupancy shall be limited to the tenants, their household members, visitors and guests.

c. An owner may not rent less than his or her entire unit, except that an owner who occupies his or her unit may have one or more roommates, regardless of whether rent is charged, and such arrangement shall not be considered a rental for purpose of calculating the Rental Limit.

d. Vacant units are not counted towards the Rental Limit.

e. The rental of a unit must include the rental of the unit's assigned garage. Garages may not be rented separately from the unit, and owners may not rent their unit while retaining the use of the garage for themselves.

(iii) **Hardship.** If the Rental Limit has already been reached, a unit owner may apply to the Board of Directors for a hardship-based exception, except that no hardship-based exception shall be granted if doing so causes the non-owner occupancy rate in the Condominium to exceed seven (7) units. The following situations may be considered for hardship-based exceptions: (1) if the unit owner or his or her spouse or legal domestic partner relocates for work to a location farther than 100 miles away from the Condominium; (2) if the unit owner is hospitalized for a protracted illness, or is placed in a nursing home or a convalescent home or other facility or with family members due to illness; (3) if the unit owner is called to active military service; (4) if the inability to rent the unit would create severe financial hardship for the unit owner. The Board of Directors, in its sole and unfettered discretion, shall determine whether a unit owner's situation meets any of the factual situations set forth above and thus qualifies for a hardship-based exception. The Board may request reasonable documentation, including without limitation, a doctor's letter, financial documents, and other related information to substantiate a unit owner's petition. The Board may, but is not obligated, to then grant such exception only if doing so would not cause the number of tenant-occupied units to exceed seven (7) units.

(iv) **Temporary Increase in Rental Limit.** To minimize any inconvenience to unit owners in connection with the adoption of this Section 7.5 (g), until January 1, 2016, the Rental Limit set forth in subsection 7.5 (g) (ii) b shall be increased from five (5) units to eleven (11) units. No hardship exception may be granted if the eleven (11) unit Rental Limit has been reached. Any proposed leases submitted to the Board of Directors between the date this Amendment is recorded and December 31, 2015, shall be subject to the higher limit set forth in this subsection 7.5 (g) (iv). With respect to any tenancy which was permitted only because of the higher temporary limit set forth in this subsection (iv), when such tenancy terminates for any reason after January 1, 2016, such unit owner's permission to rent the unit shall be deemed to have been withdrawn, and any new lease of such unit shall thereafter be subject to the Rental Limit set forth in subsection (ii).

(v) **Existing Rentals.** Units which are already rented as of the date this Amendment is recorded will count towards the Rental Limit. Except as noted in this Section 7.5 (g), such existing rentals will be exempt from the terms of Section 7.5 (g) (ii)-(iv) and (vi)-(viii) for the duration of the tenancies in effect at the time this Amendment is recorded, including any month-to-month extension thereof, but shall be subject to this Section 7.5 (g) (v) and (ix-xi). Once such existing tenancy terminates for any reason, the exemption no longer applies and the unit owner shall be subject to all provisions of this Section 7.5 (g).

(vi) **Procedure.** Prior to entering into any lease agreement, a unit owner shall notify the Board of Directors or its manager in writing of his or her intent to lease or rent such owner's unit. Within three (3) business days of such notification, the Board or manager shall advise the owner of whether such proposed tenancy would or would not exceed the Rental Limit and, if it would exceed such limit, the Board or manager shall place the owner on a waiting list and shall notify such owner when the owner may rent the owner's unit. Each application shall be time-stamped when received by the Board or manager to establish such owner's priority in the waiting list. Provided, however, an owner on the waiting list may apply for a hardship exception if the owner believes the circumstances are appropriate for such an exception.

(vii) **Duration.** Once a unit owner is notified by the Board or manager that the owner's unit may be rented, the owner shall enter into a written lease of no less than six (6) months in length within ninety (90) days from the date of such notice. If a notified owner has not entered into a lease within such period, and unless the owner petitions the Board for more time, the owner shall lose the right to rent the owner's unit, the Board shall place the owner at the end of the waiting list and shall notify the next owner on the list that the owner may rent the owner's unit. The Board will consider petitions for additional time to rent on a case-by-case basis and all decisions shall be at the complete discretion of the Board. An owner who receives permission from the Board to rent the owner's unit and enters into a lease may continue that particular tenancy

indefinitely, but when such tenancy terminates for any reason, the owner's permission to rent the unit shall be deemed to have been withdrawn. Such owner shall thereafter be subject to the same application and waiting list procedures as any other owner without permission to rent. If a unit owner is renting a unit at the time this Section 7.5 (g) is adopted and then sells or transfers the unit, the new owner of the unit shall be subject to subsections (ii)-(iv) and (vi)-(viii) when such tenancy terminates for any reason in the same manner as the prior owner would have been, as provided in subsection (v).

(viii) **Notice to Board; Management.** Owners with existing rentals and owners who have been given Board approval to rent their units shall provide current contact information to the Board or its manager for the tenant (including information regarding the tenant's automobile, by make, model, color, and license plate), the owner, and if the owner is not residing in the Portland area, a local contact person who will be familiar with the lease and able to respond in the event of an emergency. An owner renting his or her unit is encouraged, but not required to have the tenancy managed by a professional property manager. If a property manager is engaged, the owner shall also provide the contact information for such manager to the Board. An owner renting his or her unit shall provide a fully executed copy of the lease, including all amendments and extensions to the Board or its manager. The unit owner shall be solely responsible for the payment of any reasonable fee(s) charged by the Association's manager in connection with the rental of the owner's unit, including a set-up charge for establishing the tenant's information in the database, charges for copies of the governing documents, etc.

(ix) **Compliance with Documents.** Each tenant, including tenants in existing rentals, shall be provided copies of the Declaration, Bylaws and Rules and Regulations by the owner of the unit being leased at the beginning of the lease term (or as soon as practicable for existing rentals) and thereafter with any amendments to such documents. Tenants of all owners shall be subject to the terms of the Declaration, Bylaws, and Rules and Regulations of the Association. Each lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, Bylaws, and Rules and Regulations and that any failure by a tenant to comply with the terms thereof shall be a default under the lease. An owner may be assessed personally for any expenses incurred by the Association resulting from damage to the common elements caused by such owner's tenant. After notice and an opportunity to be heard, owners may be fined in accordance with the Association's schedule of fines for the tenant's noncompliance with any provision of the Declaration, Bylaws and Rules and Regulations, and such fines and attorney's fees and costs incurred by the Association (whether or not suit or action is filed) shall be collectible as assessments as elsewhere provided in the Bylaws.

(x) **Payments by Tenant or Lessee to Association.** For existing rentals and new leases, the Board may collect, and the tenant shall pay over to

the Board, any amounts due to the Association hereunder for such unit or portion thereof, plus interest and costs if the same are in default over sixty (60) days. The tenant shall not have the right to question payment demanded by the Board. Such payment will discharge the tenant'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 the Declaration for assessments and charges, or operate as an approval of the lease. In the event the Board exercises this power, neither it nor the Association shall be considered the landlord for purposes of the Oregon Residential Landlord Tenant Act (ORS Chapter 90). The owner of the unit shall continue to be considered the landlord with all the duties and obligations thereof. 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.

(xi) **Enforcement**. In the event that a tenancy violates any provision of the Declaration, Bylaws or Rules and Regulations of the Condominium, the Association shall have available all remedies arising from the Declaration, Bylaws, Rules and Regulations and Oregon law, including, without limitation, the right to levy fines, to sue for an injunction or for damages. All enforcement costs and attorney's fees shall be assessed against the violating owner's unit and may be collected through the filing of a lien, money judgment lawsuit or other collection actions.

(h) **Signs**. Unless written approval is first obtained from the board of directors, no sign of any kind shall be displayed to the public view on or from any unit or the common elements except signs used by the Declarant to advertise units for sale or lease. The restrictions contained in this paragraph shall not prohibit the placement of "political" signs on the unit or limited common element yard by the owner, subject to reasonable regulations adopted by the board of directors relating to size and length of display.

(i) **Trash**. No part of any unit or any part of the common elements shall be used or maintained as a dumping ground for rubbish, trash, garbage, recycling materials or other waste. No garbage, trash, recycling materials or other waste shall be kept or maintained on any part of the property, except for sanitary containers in the designated areas.

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

(k) **Garage doors**. All garage doors shall remain closed except to permit the entrance and exit of vehicles or access to any garage storage area.

(l) **Washing machines.** Each unit contains a washing machine hookup. The owner shall be responsible for all damages to any unit or the common elements that might be caused by the washing machine or leakage from the washing machine.

(m) **Association rules and regulations.** In addition, 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 common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium property. Such action may be modified by vote of not less than seventy-five percent (75%) of the voting rights present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation or rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

7.6. Abatement and Enjoining of Violations

The violation of any provision of the Declaration or these Bylaws, of any rule or regulation adopted pursuant to these Bylaws, or of any decision of the Association made pursuant to such documents, shall give the board of directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these Bylaws to do any or all of the following after giving written notice and an opportunity to be heard:

(a) To enter the unit and limited common element in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing, or condition that may exist contrary to the intent and meaning of such provisions, and the board of directors shall not thereby be deemed guilty of any manner of trespass provided. However, that judicial proceedings shall be instituted before any items of construction may be altered or demolished; or

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

(c) To levy reasonable fines based upon a resolution adopted by the board of directors that is delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing address designated by the owner of each unit in writing; or

(d) To terminate the right to receive utility services paid for out of assessments or the right of access to and use of recreational and service

facilities of the Condominium until the correction of the violation has occurred. The offending unit owner shall be liable to the Association for a reasonable administrative fee as established by the board of directors and all costs and attorneys' fees incurred by the Association, whether or not legal proceedings are instituted and including attorneys' fees at trial, in arbitration or on appeal or petition for review, together with any expense incurred by the Association in remedying the default, damage incurred by the Association or unit owners, or fines so levied. Such sums shall be assessed against the offending unit as an assessment and enforced as provided in Article 5. In addition, any aggrieved unit owner may bring an action against such other unit owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

7.7 Exterior Maintenance, Repair and Replacement of Units

(a) **ARC Approval**. Without in any way limiting any other provision of the Declaration or Bylaws, including, without limitation, Section 7.2(b) and 7.5 of these Bylaws, no owner may perform any maintenance, repair or replacement work, including but not limited to changes to the exterior appearance of the owner's unit or related common elements without the prior written consent of the Architectural Review Committee ("ARC"). Owners' requests for such approval shall be governed by Section 7.8. The ARC, subject to review on appeal by the Board of Directors, shall have the authority to decide whether a particular owner has met those standards, or in the absence of adopted standards with respect to a particular aspect of the property, to decide whether the owner has adequately maintained the area(s) of improvement(s) concerned.

(b) **Work**. Except as described herein, all maintenance, repair and replacement work performed by third parties on behalf of an owner shall be performed by insured contractors licensed in Oregon, and an owner's application shall include evidence that all contractors selected by the owner satisfy such requirements. The requirement to hire licensed and insured contractors does not apply to the performance of painting and staining of the exteriors of their respective units.

(c) **Notice to correct**. Whenever in the judgment of the ARC an owner has not maintained, repaired or replaced an improvement or landscaping in the manner required by the Association, the ARC shall send written notice to the owner specifying such failure and giving the owner a reasonable time specified in such notice for the correction of such failure, and giving the owner an opportunity for a hearing if the owner objects to the notice of violation. An Owner who disputes the Association's notice may request an opportunity for a hearing before the ARC. Shortly after receipt of a request for a hearing, the ARC shall schedule a hearing to determine if a violation exists and, to the extent that a violation is found to exist, to direct the Owner to remedy the violation.

(d) **Notice of Association's Right to Cure.** Whenever the ARC determines that an Owner has failed to make any meaningful progress in curing the failure(s) specified in the Association's notice described in the preceding subsection, the Board of Directors, upon recommendation of the ARC, may proceed to cure such failure(s) at the Owner's cost. Whenever the ARC determines that an Owner has taken meaningful steps toward a cure of the failure(s) specified in the Association's notice described in the preceding subsection, but has not yet achieved such cure to the satisfaction of the ARC, the ARC shall send a second notice to the Owner specifying such failure(s) and specifying a reasonable date by which the Owner must cure such remaining failure(s). When the ARC determines that an Owner has failed to correct the failure specified in the Association's notice under either of the procedures described above by the specified date, the Board of Directors, upon recommendation of the ARC may cure such failure(s) at the Owner's expense. At its option, the Board of Directors acting on behalf of the Association may, but shall not be obliged to, retain such contractors as the Board of Directors considers appropriate to correct one or more of the failure(s) specified in the notice, and all costs incurred by the Association in connection with such effort shall be at the owner's expense, and such amounts shall constitute a lien against the owner's unit, collectible in like manner with all other assessments.

(e) **Access; Procedure.** Whenever the Association undertakes work as provided in the preceding subsection, the Association and its directors, employees, contractors, and consultants shall have the right to enter the unit and the general and limited common elements associated with the owner's unit to do and perform such act(s) and work, and to make such changes to the improvement(s) and/or landscaping as the Association considers reasonable, all without being guilty of trespass, conversion, or any other tort or crime. In conducting such work, the Association shall hire such insured contractors licensed in Oregon as considered appropriate by the Board of Directors to perform such work, but the Board of Directors shall not be required to put any such work out to competitive bidding, and if the Board of Directors obtains multiple bids, it shall not be required to award the work to the lowest bidder. The Board of Director's selection of contractors shall be a matter for the judgment of the Board of Directors.

(f) **Other Remedies.** The Association's decision to retain contractors to cure an owner's failure as provided in this Section 7.7 shall be in addition to, and not in lieu of, any and all other rights and remedies available to the Association, whether under the Declaration or these Bylaws, or otherwise under applicable law. Without limiting the generality of the foregoing, no work done at the request of the Association under this Section 7.7 shall prevent the Board of Directors from levying fines or instituting legal proceedings against the owners with respect to the matters referred to herein.

(g) **Decisions of the ARC and the Board.** Decisions made by the ARC and by the Board as provided in Sections 7.7 and 7.8 involve some degree of subjective evaluation of the facts and circumstances. Accordingly, decisions of the ARC (except when appealed to the Board of Directors) and the Board of Directors made as provided in Sections 7.7 and 7.8 shall be made in the discretion of each respective body. In the absence of actual fraud or a decision enabled only by the vote(s) of one or more persons who had a conflict of interest as defined in the Oregon Nonprofit Corporation Act (ORS 65.361) at the time the decision was made, all such decisions of the applicable body shall be final, binding, without an opportunity for redress, regardless of whether the vote(s) in question resulted in the Board taking action or refraining from taking action.

7.8 Architectural Review Committee and Procedures

The following provision shall govern owners' requests to change the exterior appearance of an owner's unit or related common elements, as well as requests to make any alteration or addition to a unit.

(a) **Architectural Review Committee.** The Board of Directors shall appoint the ARC that shall be responsible for the review of maintenance, repair and replacement proposals for work on the exterior of the units and the general common elements. In the event that the Board of Directors fails to appoint an ARC, the Board of Directors shall serve as the ARC.

(b) **Prior ARC Approval Necessary.** Prior to commencement of any maintenance, repair, or replacement to an existing unit or its common elements or any other change in the exterior appearance of a unit or any common elements ("Work"), the plans and all required forms shall be submitted in writing to the ARC for approval. Owners must discuss the project with the Association to ensure common areas are kept in good order and disturbance to other residents is minimized.

(c) **ARC Application.** The ARC plan application submittal package includes a mandatory application form. The owner's proposal shall contain a description of the Work, including the height, width, length, color, materials used, finishes, etc. All information must be submitted on the "ARC Change Request Form," which can be requested from the Board of Directors or the ARC.

(d) **Approval Process.**

(i) The Work, including each alteration or addition must be specifically approved even though the intended alteration or addition conforms to the Condominium Declaration and applicable Board resolutions, and even when a similar or substantially identical alteration or addition has been previously approved. (A record of previously approved additions or alterations will be maintained by the Association.)

(ii) The ARC has the authority to approve or disapprove the plans, or to require that the plans be resubmitted as redrawn by an appropriate professional contractor and/or with the additional information accurately provided.

(iii) The applicant shall be informed in writing of the ARC's decision to approve, disapprove, or request more information within 30 calendar days of the ARC's receipt of the owner's written application or its receipt of any supplemental materials requested by the ARC. In the event that the ARC fails to respond within such 30 day period, the application shall be deemed approved.

(iv) The ARC has further authority to specify a design to maintain uniformity of appearance of the real property and/or its improvements.

(v) An owner who disagrees with the decision of the ARC may appeal such decision to the Board of Directors. Appeals must be submitted within fifteen (15) days of the date of the ARC's decision. The Board shall hear the appeal within thirty (30) days unless the owner whose application is being considered consents to a delay in the hearing on the appeal.

(e) **Commencement and Performance of Work.** Once the Work has been approved in writing, and any applicable appeal period has expired, construction can commence. Owners and their contractors, subcontractors, and other workers must adhere to the following along with any other rules and regulations that the Board of Directors may adopt:

(i) Construction is permitted only between the hours of 8 a.m. and 5 p.m. from Monday to Friday and from 9 a.m. to 4 p.m. on Saturday. No construction work can be performed on Sundays.

(ii) Noise is to be kept to a minimum so that other residents are not disturbed.

(iii) Owners are responsible for ensuring their workers keep the common areas free of construction materials and activities at all times.

(iv) Common areas must be kept free of litter, dirt and debris from construction work at all times. If the Association must do cleanup, a minimum charge established by the Board of Directors from time to time will be assessed to that owner's account.

(v) All construction debris must be promptly removed off site by the owner and cannot be disposed of in the Association's disposal and recycling facilities.

(vi) All Work, whether an approved modification or as a result of a notice of non-compliance, shall be promptly commenced and executed by the

Owner. In the event that an Owner fails to commence work on a modification request within twelve months of approval, the Owner will have to reapply for ARC approval for the Work. Owners may obtain one six month extension for approved Work.

(vii) Owners who intend to perform non-emergency work, at least 24 hours before commencement of such work, shall make a reasonable effort to notify all other Owners of the date, time, duration and scope of the Work such Owner intends to perform upon the Owner's Unit. The Board of Directors shall adopt a resolution setting forth the manner of such notification.

ARTICLE 8

INSURANCE

8.1. Types of Insurance

For the benefit of the Association and the unit owners, the board of directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

(a) **Property Damage Insurance.**

(i) The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association may deem desirable.

(ii) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the units and common elements (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a maximum deductible of the lesser of \$10,000 or one percent (1%) of the policy amount.

(iii) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the common elements and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations comprising a part of each unit.

(iv) Such policy or policies shall name the Association as insured, and shall provide for loss payable in favor of the Association as a trustee for each unit owner and each such unit owner's mortgagee, as their interests may appear. The policies shall contain the standard mortgage clause, or equivalent

endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Oregon.

(b) **Liability Insurance.**

(i) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the board of directors, the unit owners and the managing agent, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the operation, maintenance, ownership or use of the property, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or board of directors) for liability arising out of acts or omission of such unit owner and liability incident to the ownership and/or use of the part of the property as to which such unit owner has the exclusive use or occupancy.

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

(iii) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) **Workers' Compensation Insurance.** The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) **Fidelity Insurance.**

(i) The Association shall maintain 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 management agent, such agent 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 may be at the expense of the Association.

(ii) 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.

(iii) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based

upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("Fannie Mae").

(e) **Directors' and Officers' Liability Insurance.** The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible.

(f) **Insurance by Unit Owners.** The Association has no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for (i) damage to a unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by these Bylaws or held by the Association); or (ii) for any damage or loss to the owner's or tenant's personal property. Owners must be responsible for purchasing insurance policies insuring their units and appurtenant limited common elements for the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Proof of such insurance coverage must be provided to the Association by the unit owner. Tenants must be responsible for insuring their own personal property for any loss or damage. The Association shall notify all owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all units must procure and maintain comprehensive liability policies having combined limits in amounts reasonably set by the board of directors no more often than every three years. Such insurance must provide coverage for, without limitation, the negligent acts of the owner and tenant and their guests or other occupants of the unit for damage to the general and limited common elements and other units and the personal property of others located therein.

8.2. Other Insurance Requirements

Insurance obtained by the Association shall be governed by the following requirements:

(a) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon acceptable to Fannie Mae which falls into an A- general policyholder's rating or a financial performance index of 6 or better, as designated in Best's Key Rating Guide, or an A or better rating from Demotech, Inc.

(b) Notwithstanding the provisions of Section 8.1 above, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each unit owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear.

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

(d) For purposes of this article, 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 Fannie Mae, the designee of Fannie Mae, or the Association or unit owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) which could prevent Fannie Mae or the owners from collecting insurance proceeds.

(e) All policies required by this article shall provide that they may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy. Evidence of insurance shall be issued to each unit owner and mortgagee upon request.

(f) Each unit 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 Five Hundred Dollars (\$500). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board of directors pursuant to Section 7.2.

(g) Any unit owner who obtains individual insurance policies covering any portions of the property other than such owner's personal property and fixtures

shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

8.3. Optional Provisions

The board of directors shall make every effort to secure insurance policies that will provide for the following:

(a) To the extent appropriate and available at reasonable cost, the Association shall maintain additional coverage against such other risks as are customarily covered with respect to projects similar in construction, location and use, including but not limited to, host liquor liability, contractual and all written contract insurance, employer's liability insurance, comprehensive automobile liability insurance, and an endorsement patterned after "use and occupancy" insurance providing relief from monthly assessments while a unit is uninhabitable due to a covered loss.

(b) If reasonably available, the insurance policies shall include Inflation Guard Endorsement, and Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement).

(c) A Steam Boiler and Machinery Coverage Endorsement if the Condominium has central heating or cooling, which coverage per accident shall at least equal the lesser of Two Million Dollars (\$2,000,000) or the insurable value of the building housing the boiler or machinery.

(d) Flood Insurance, if the Condominium is in a Special Flood Hazard Area.

(e) If reasonably available, waiver of subrogation by the insurer as to any claims against the board of directors, any unit owner or any guest of a unit owner.

8.4. Fannie Mae and GNMA Requirements

Notwithstanding any other provisions of this article, 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 Fannie Mae 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 Fannie Mae or Government National Mortgage Association. Fannie Mae or Fannie Mae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

ARTICLE 9

AMENDMENTS TO BYLAWS

9.1. How Proposed

Amendments to the bylaws shall be proposed by either a majority of the board of directors or by unit owners holding thirty percent (30%) of the voting rights. 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 or attached to any request for consent to the amendment.

9.2. Adoption

A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose or by ballot vote. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by unit owners holding a majority of the voting rights and by mortgagees to the extent required by the Declaration, except that (a) any provision of these Bylaws that is also contained in the Declaration must be approved by the same voting requirement for amendment of such provision of the Declaration, and (b) any amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy units, or limitations on the rental or leasing of units must be approved by unit owners holding seventy-five percent (75%) of the voting rights. Declarant's consent shall also be required until the last stage is annexed and so long as Declarant owns twenty-five percent (25%) or more of the total number of units which Declarant may submit to the Condominium. Such consent shall not be required after five years from the date of conveyance of the first unit to a person other than Declarant. Any amendment which would limit or diminish any special Declarant rights established in these Bylaws shall require the written consent of Declarant.

9.3. Execution and Recording

An amendment shall not be effective until certified by the chairperson and secretary of the Association as being adopted in accordance with these Bylaws and the provisions of the Oregon Condominium Act and recorded as required by law. Any amendment adopted within five (5) years after the recording of the initial bylaws shall be approved by the Oregon Real Estate Commissioner to the extent required by the Oregon Condominium Act.

ARTICLE 10

DISPUTE RESOLUTION

10.1 Mediation

(a) Except as otherwise provided in this Section, before initiating litigation, arbitration or an administrative proceeding in which the Association and an owner have an adversarial relationship, the party that intends to initiate litigation, arbitration or an administrative proceeding shall offer to use any dispute resolution program available within Multnomah County, Oregon that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand delivered or mailed by certified mail, return receipt requested, to the address contained in the records of the Association, for the other party.

(b) If the party receiving the offer does not accept the offer within ten (10) days after receipt by written notice hand delivered or mailed by certified mail, return receipt requested, to the address contained in the records of the Association, for the other party, the initiating party may commence the litigation, arbitration or the administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

(c) If a qualified dispute resolution program exists within Multnomah County, Oregon, and an offer to use the program is not made as required under paragraph (a) of this Section, litigation, arbitration or an administrative proceeding may be stayed for thirty (30) days upon a motion of the non-initiating party. If the litigation, arbitration or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

(d) Unless a stay has been granted under paragraph (c) of this Section, if the dispute resolution process is not completed within thirty (30) days after receipt of the initial offer, the initiating party may commence litigation, arbitration or an administrative proceeding without regard to whether the dispute resolution is completed.

(e) Once made, the decision of the court, arbitrator or administrative body arising from litigation, arbitration or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

(f) The requirements of this Section do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation, arbitration

or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

10.2 Arbitration

Any claim, controversy or dispute by or among Declarant, Association, the manager or managing agent, or one or more unit owners, or any of them, arising out of or related to the Declaration, these Bylaws of the Condominium shall be first subject to mediation as provided in Section 10.1 above or otherwise, and, if not timely settled by mediation, resolved by arbitration in accordance with this Article 10. The decisions and award of the arbitrator shall be final, binding and non-appealable. The arbitration shall be conducted in Portland, Oregon pursuant to the arbitration statutes of the State of Oregon and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action (“*lis pendens*”).

10.3 Selection of Arbitrator

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

10.4 Consolidated Arbitration

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

10.5 Discovery

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

10.6 Evidence

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

10.7 Excluded Matters

Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 10 (but shall be subject to the applicable provisions of Section 10.8 below): (a) actions relating to the collection of fees, assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this Article 10. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article.

10.8 Costs and Attorneys' Fees

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

exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

10.9 Survival

The mediation and arbitration agreement set forth in this Article 10 shall survive the transfer by any party of its interest or involvement in the Condominium and any unit therein and the termination of the Declaration of these Bylaws.

ARTICLE 11

MISCELLANEOUS

11.1 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 designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by such owner from time to time, in writing, to the board of directors, or, if no address has been designated, then to the owner's unit.

11.2 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.

11.3 Action Without a Meeting

Any action which the Oregon Condominium Act, the Declaration or the Bylaws require or permit the owners or directors to take at a meeting or ballot meeting may be taken without a meeting or ballot 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 directors, shall be filed in the records of minutes of the Association.

11.4 Invalidity, Number, Captions

The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used in these Bylaws, 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 are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

11.5 Conflicts

These Bylaws are intended to comply with the Oregon Condominium Act and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

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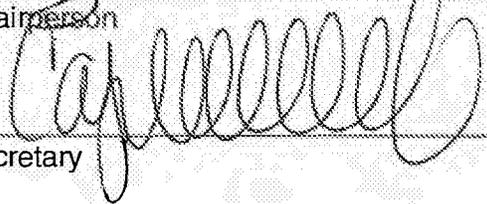
The undersigned Chairperson and Secretary of the Association of Unit Owners of Cottages at Hasting Green Condominiums hereby certify that these Restated Bylaws include all previously adopted amendments that are in effect, that amendments were approved by the commissioner, if required under this Section, and that no other changes were made except to correct scrivener's errors or to conform format and style.

DATED this 3 day of JANUARY, 2015 CK

**BOARD OF DIRECTORS OF ASSOCIATION OF
UNIT OWNERS OF COTTAGES AT HASTING
GREEN CONDOMINIUMS**



Chairperson

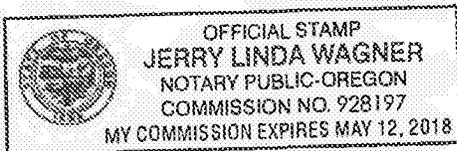


Secretary

STATE OF OREGON)
)ss.
County of Multnomah)

Dated: Jan 9 2015

Personally appeared the above-named Peter England the acting Chairperson of the Board of Directors of the Association of Unit Owners of Cottages at Hasting Green Condominiums, (the "Association") being first duly sworn stated that these Restated Bylaws are voluntarily signed on behalf of the Association.





Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
)ss.
County of MULTNOMA H)

Dated: January 3rd, 2014 5 *RJP*

Personally appeared the above-named Carleen Kopacek, the acting Secretary, of the Board of Directors of the Association of Unit Owners of Cottages at Hasting Green Condominiums, (the "Association") being first duly sworn stated that these Restated Bylaws are voluntarily signed on behalf of the Association.

Marie J. Petrasz
Notary Public for Oregon
My Commission Expires: 09/30/2018

