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AMENDED AND RESTATED BYLAWS

OF

JASPER HEIGHTS CONDOMINIUM ASSOCIATION

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AMENDED AND RESTATED BYLAWS
OF
JASPER HEIGHTS CONDOMINIUM ASSOCIATION

ARTICLE 1
PLAN OF UNIT OWNERSHIP

1.1. **Unit Ownership.** The condominium, located in Multnomah County, Oregon, known as Jasper Heights Condominium, was submitted to the provisions of ORS 100.005 *et seq.*, the Oregon Condominium Act, by the Declaration Establishing a Plan for Condominium Ownership recorded July 8, 1977, in the Multnomah County records in Book 1191, Pages 1350, *et seq.*, as amended and supplemented from time to time thereafter ("the Declaration").

1.2. **Bylaws Applicability.** The provisions of these Bylaws are applicable to the Jasper Heights Condominium Association ("Association") and the entire management structure thereof.

1.3. **Personal Application.** All present or future owners, tenants, or their employees, or any other person that might use the facilities of the Condominium in any manner, are subject to the regulations set forth in these Bylaws. The acquisition, occupancy or rental of any of the Units of the Condominium or the mere act of occupancy of any such Units will constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

1.4. **Definitions.** Except as otherwise provided below, the terms herein shall have the meaning set forth in the Oregon Condominium Act, ORS 100.005 *et seq.*, as supplemented by the Declaration, and said statute and definitions are incorporated herein by this reference.

ARTICLE 2
ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES

2.1. **Membership in the Association.** Upon recordation of a conveyance or contract to convey a Unit, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association and shall remain a member of the Association until such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Condominium, Unit ownership shall be determined on the basis of the records maintained by the Association. Upon the Association's request the Unit owner shall file with the Association a copy of the deed to or land sale contract for such Unit, to which shall be affixed the certificate of the recording officer of Multnomah County, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as a Unit owner

after the Association has made such a request unless a copy of the deed or contract showing such person to be the current owner or contract purchaser of a Unit has been filed with the Association as provided above.

2.2. Voting. The owner or co-owner of each Unit shall be entitled to vote in a percentage equal to such Unit's percentage ownership of the common elements as set forth in the Declaration. The calling and conducting of meetings of the Association and the exercise of voting rights shall be controlled by Articles 2 and 3 of the Bylaws. See Section 2.7 regarding voting for entities and joint owners.

2.3. Majority of Owners. As used in these Bylaws, the term "majority of owners" shall mean those owners holding over fifty percent (50%) of the voting rights allocated to the Unit owners in accordance with the Declaration and Section 2.2 above. "Majority of owners present" shall mean owners holding over fifty percent (50%) of the votes present at any legal meeting (or votes cast in any legal vote) as defined in Section 2.8 hereof. Except where a different percentage is required by the Declaration, these Bylaws or applicable law, the vote of a majority of owners present shall be sufficient to act for the Association on matters on which owners are entitled to vote.

2.4. Quorum. Except as otherwise provided in these Bylaws, the presence in person, by proxy or by ballot of owners holding forty percent (40%) or more of the total voting power of all Units in the Condominium, calculated as set forth in Section 2.2, shall constitute a quorum. Provided, however, that the quorum at any adjourned meeting described in Section 3.6 shall be the presence of twenty percent (20%) of the total voting power of all Units in the Condominium.

2.5. Proxies; Ballots. Votes may be cast in person, by proxy or by written ballot or, at the Board's option, by electronic ballot. Proxies must be filed with the secretary of the Association (the "Secretary") before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting also shall be valid at an adjourned meeting called under the provisions of Section 3.6 hereof. In the sole discretion of the Board of Directors, a meeting of the Association may be held by ballot rather than at a formal gathering. Ballots for such meeting must be properly executed and returned in sufficient quantity to constitute a quorum and/or to pass the proposal(s) specifically propounded on the ballot. Procedures for meetings by ballot shall comply with the Oregon Condominium Act as may be amended from time to time and Section 3.7 of these Bylaws. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

2.6. Authority to Vote. Subject to compliance with Section 2.1, all owners, including those who have leased their premises to a third party, shall be entitled to vote. An owner's right to vote may not be revoked. A purchaser under a land sale contract who is entitled to immediate possession of the Unit shall be deemed to be the owner thereof, unless otherwise provided in such contract.

2.7. Fiduciaries, Entities and Joint Owners. An executor, administrator, guardian or trustee may vote, in person, by proxy or by ballot, at any meeting of the Association with respect

to any Unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the Secretary that he 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 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 such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of such disagreement and such protest, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to such matter. In the absence of a protest from any other representative of an entity that owns a unit, any officer, director or shareholder of a corporation, any member or manager of a limited liability company, and any partner of a partnership may cast the vote of a unit held by such corporation, limited liability company or partnership, respectively.

2.8. Actions by Association; Legal Meeting. Except as otherwise provided in the Declaration, the Articles of Incorporation, these Bylaws, the Oregon Condominium Act or the Oregon Nonprofit Corporation Act, decisions and resolutions of the Association shall require approval by a majority of owners present at any legal meeting. For purposes of these Bylaws, a legal meeting is one duly called pursuant to these Bylaws at which a quorum is present in person or by proxy, or at a ballot meeting where the number of owners casting written or electronic ballots constitutes a quorum.

ARTICLE 3 **ADMINISTRATION**

3.1. Association Responsibilities. The owners of the Units constitute the members of the Association which, through its Board of Directors, has the responsibility of administering the project, approving the annual budget, establishing and collecting assessments and arranging for the operation, management and maintenance of the Condominium, including negotiating and contracting with and supervising any person, persons or business entity with respect to such matters. The Association shall be incorporated as an Oregon nonprofit corporation.

3.2. Place of Meetings. Formal meetings of the Association shall be held at the Condominium or such other place that is convenient to the owners as may be designated by the Board of Directors. The outcome of a ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots, or in the event the ballot return date is postponed, within forty-eight (48) hours of the postponed date. Each Unit owner shall be notified within ten (10) days after the ballots have been counted, by mail or other delivery of written notice, of the results of the ballot meeting or that a quorum of ballots was not returned.

3.3. Annual Meetings. The first annual meeting of the Association shall be held on a date set by the Board of Directors. This meeting, the date of which may be changed from time to time, at the discretion of the Board of Directors, must be held annually. At such meetings, new members of the Board of Directors shall be elected by the owners in accordance with the requirements of Section 4.5 of these Bylaws, to replace those directors whose terms have expired. The owners may also transact such other business of the Association as may properly

come before them. Annual meetings of the Association may not be conducted by written or electronic ballot.

3.4. Special Meetings. Special meetings of the Association may be called by the chairperson of the Association ("Chairperson"), a majority of the Board of Directors, or upon the presentation to the Secretary of a petition signed by owners holding ten percent (10%) or more of the voting power of the Association. All meetings called because of petition of Unit owners shall be held at a formal gathering and not by ballot, and shall be held within thirty (30) days after receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business, except as stated in the notice therefor, shall be transacted at a special meeting unless by consent of all the owners of the Units or as otherwise set out in these Bylaws.

3.5. Notice of Meetings. The Secretary shall mail by first class or certified mail, shall hand deliver, or deliver via electronic communication, a notice of each annual or special meeting, stating the purpose thereof and the time and place where it is to be held, to each owner of record at least ten (10), but not more than fifty (50), days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The Secretary shall hand deliver, mail by first class or certified mail, or deliver via electronic communication, ballots for ballot meetings to each owner of record not less than twenty (20) days prior to the date on which such ballots must be received by the Association in order to be counted. The mailing shall be to the owner's mailing or email address last given to the Secretary in writing by the Unit owner or his vendee. If Unit ownership is split or the Unit has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given to the Secretary in writing, then mailing to the Condominium Unit shall be sufficient. The mailing or emailing of a notice in the manner provided in this section shall be considered notice served. An owner may decline to receive notices or ballots via electronic communication by written notice to the Secretary.

3.6. Adjourned Meetings. If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours or more than twenty (20) days from the time the original meeting was called (an "adjourned meeting"). The Board of Directors may extend the date for counting the ballots of a ballot meeting, in one or more extensions, for up to ninety (90) days after the originally scheduled ballot return date if a quorum of ballots has not been returned and/or for matters on which a certain percentage approval is required and that vote has not been received nor have sufficient votes in opposition been received to negate such approval. Provided, however, if a secret ballot is required, secrecy ballots may not be examined or counted prior to the date certain specified in the notice or any extension thereof.

3.7. Ballot Meetings. Unless prohibited or limited by the Articles of Incorporation of the Association, the Declaration or the Oregon Condominium Act, any action that may be taken at any annual or special meeting of the Unit owners may be taken without a meeting if the Association delivers a written or electronic ballot to every Unit owner entitled to vote on the matter. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The same quorum requirements and voting thresholds apply to votes by ballot as apply to actual meetings. The Board must provide owners with at least ten

(10) days' notice as required by ORS 100.425(2)(b) and (c) before written or electronic ballots are mailed or otherwise delivered. If, at least three (3) days before ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the owners petition the Board 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 making and returning the ballot, and if an electronic ballot is used, secrecy procedures must be put into place to protect the identity of the owner from the vote cast. Written ballots that are returned in secrecy envelopes or electronic ballots which use secrecy procedures may not be examined or counted before the deadline for returning ballots has passed.

3.8. Order of Business. The order of business at all meetings of the owners of Units shall be as follows unless the Board of Directors sets a different agenda:

- 3.10.1 Roll call;
- 3.10.2 Proof of notice of meeting or waiver of notice;
- 3.10.3 Reading of minutes of the preceding meeting;
- 3.10.4 Reports of officers;
- 3.10.5 Reports of committees;
- 3.10.6 Election of inspectors of election;
- 3.10.7 Election of directors;
- 3.10.8 Unfinished business;
- 3.10.9 New business.

ARTICLE 4 **BOARD OF DIRECTORS**

4.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons, each of whom must be an owner or a co-owner of a Unit. Provided, however, that if a Unit is owned by more than one (1) owner, only one (1) owner of that Unit may serve on the Board of Directors at any one time. An officer, director or employee of a corporation, a trustee or beneficiary of a trust, a personal representative of an estate, or an employee of a trust or estate, a member or manager of a limited liability company, and a partner of a partnership may serve on the Board of Directors, if such corporation, trust or estate, limited liability company or partnership owns a Unit.

4.2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

4.3. Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have authority to carry out and shall be responsible for the following matters:

4.3.1. Caring for, maintaining and supervising the management of the Condominium, Association property, if any, the general common elements, the limited common elements for which the Association has maintenance responsibilities, and assigning, supervising

assignments or approving any assignment of the use of any common element, general or limited, as may be required by the Declaration.

4.3.2. Establishing and maintaining replacement reserve accounts and updating the reserve study and maintenance plan, as required by the Oregon Condominium Act or these Bylaws and such other reserve accounts as are permitted by these Bylaws.

4.3.3. Designating and collecting regular and special assessments from the owners, in accordance with these Bylaws, the Declaration and the Oregon Condominium Act.

4.3.4. Establishing a budget for payment of all common expenses of the Association and instituting and maintaining a system for such payment as may be reasonably necessary to prevent any misuse of Association funds.

4.3.5. Obtaining and maintaining insurance policies and paying premiums therefor out of the common expense funds with respect to both the common elements and individual Units as more specifically provided in Article 8 of these Bylaws.

4.3.6. Designating and dismissing the personnel necessary for the maintenance and operation of the Condominium, the general common elements, and the limited common elements, if any.

4.3.7. Causing the preparation and distribution of annual financial statements of the Condominium to each of the Unit owners as more specifically provided in Article 12 of these Bylaws.

4.3.8. Adopting and amending administrative rules and regulations governing the details of operation and use of the common elements and the Units and the administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration or any rules or regulations promulgated thereunder. Provided, however, that any such rules or regulations always shall be subject to rescission or amendment by the Association upon a majority vote of owners present at any properly called meeting at which a quorum is present.

4.3.9. Causing the Association to comply with ORS 100.480 relating to maintenance within the State of Oregon of documents delivered to the Association by the Declarant, depositing all assessments in a separate bank federally insured account in the name of the Association, payment of all expenses of the Association from the Association's bank account, and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association. Further, the Board of Directors shall cause to be maintained and kept current the information required to enable the Association to comply with ORS 100.480(7).

4.3.10. Causing the Association to file an Annual Report with the Oregon Real Estate Agency, as provided in ORS 100.250 and ORS 100.260.

4.3.11. Causing the Association to file the necessary tax returns of the Association.

4.3.12. Establishing and maintaining a current mailing address for the Association.

4.4. **Management Agent.** The Board of Directors (after prior notification and an opportunity for discussion with the homeowners) may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3 hereof. Any such management contract must be cancelable without penalty upon not more than ninety (90) days' written notice.

4.5. **Election and Term of Office.** The Directors shall hold office until their successors have been elected and hold their first meeting. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Article 4. If additional Directors are elected, the same sequential election terms shall apply as nearly as is practicable.

4.6. **Vacancies.** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until his successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

4.7. **Removal of Directors.** At any legal annual or special meeting, other than a meeting by ballot, any one (1) or more of the Directors may be removed with or without cause, by a majority vote of owners and a successor may be then and there elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board of Directors which have been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors.

4.8. **Organizational Meeting.** The first meeting of a newly elected Board of Directors shall be held within ten (10) days after its election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice need be given to the newly elected Directors to hold such meeting legally, providing that a majority of the newly elected Directors are present.

4.9. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but shall be held no less often than quarterly. Notice of regular meetings of the Board of Directors may be called by the Chairperson on three (3) days' notice to each Director, given personally or

by mail, e-mail, telephone, facsimile, telegraph or other similarly reliable method, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

4.10. Special Meetings. Special meetings of the Board of Directors may be called by the Chairperson or Secretary or on the written request of at least two (2) Directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, e-mail, telephone or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

4.11. Waiver of Notice to Directors. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all 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.

4.12. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors shall be the acts of the Board of Directors. A majority of those present may adjourn a meeting of the Board of Directors at which less than a quorum is present. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.13. Board of Directors' Meetings Open to All Association Members. Except as provided in Section 4.14, all meetings of the Board of Directors shall be open to all members of the Association. No Association member shall have a right to participate in the Board of Directors' meetings unless such member is also a member of the Board of Directors. The Chairperson shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

4.14. Executive Session. At the discretion of the Board, the following matters may be considered in executive sessions:

- (a) Consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
- (b) Personnel matters, including salary negotiations and employee discipline;
- (c) Negotiations of contracts with third parties;
- (d) Collection of assessments; and
- (e) Any other matters for which the Oregon Condominium Act permits.

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 of the Board of Directors shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations

can be disclosed to owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board of Directors, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

4.15. Notice to Association Members of Board of Directors' Meetings. For other than emergency meetings, notice of Board of Directors' meetings shall be posted at a place on the Condominium property at least three (3) days prior to the meeting or notice otherwise shall be provided to each member of the Association in a manner that is reasonably calculated to inform each member of such meetings. The posting of such notices shall be at a reasonable location which has been generally publicized to the Unit owners.

4.16. Emergency Meetings. In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. No notice to either Directors or Association members shall be required for such meetings of the Board of Directors to be held for any emergency action. Provided, however, that no such meeting shall occur unless at least seventy-five percent (75%) of the Board of Directors participate in the same and after an attempt has been made to reach each Director.

4.17. Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by a majority vote of the Unit owners.

ARTICLE 5 **OFFICERS**

5.1. Designation. The principal officers of the Association shall be a chairperson, a secretary and a treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary and any such other officers as in their judgment may be necessary.

5.2. Election of Officers. The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new Board or any Board meeting thereafter and shall hold office at the pleasure of the Board.

5.3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor shall be elected at any regular or special meeting of the Board of Directors.

5.4. Chairperson. The Chairperson shall be the chief executive officer of the Association, and 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 that are usually vested in the office of president of an association, including, but not limited to, the power to appoint

committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5.5. **Vice Chairperson.** The Vice Chairperson shall fulfill the duties of the Chairperson in the Chairperson's absence, and shall have such other powers and duties as may be assigned to the Vice Chairperson from time to time by the Chairperson and the Board of Directors.

5.6. **Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of secretary.

5.7. **Treasurer.** The Treasurer of the Association shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

5.8. **Directors as Officers.** Any Director may be an officer of the Association.

ARTICLE 6 **OBLIGATIONS OF THE OWNERS**

6.1. **Assessments.** All owners shall be obligated to pay assessments imposed by the Association to meet all the Condominium's common expenses, which shall include premiums for insurance required or permitted under Article 8 of these Bylaws. In the discretion of the Board of Directors, the assessments may be made payable semi-annually, quarterly or monthly. All of the reserve accounts set up pursuant to these Bylaws shall be funded by allocation and payment from the assessment of Unit owners. The assessment of all Unit owners who may be benefited by expenditure of reserve funds may be increased as necessary, so the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established.

Except as otherwise provided in the Declaration or these Bylaws, each Unit shall be liable for the common expense in the same percentage as the percentage of ownership in the common elements allocated to such Unit. The Board of Directors, in its sole discretion, or the management agent, at the direction of the Board of Directors, may round up the Unit assessments to the next whole dollar amount or to the next quarter dollar amount.

The assessment of Units shall include the following items, which shall be common expenses:

6.1.1. **Expense Items:**

6.1.1.1 Expenses of administration.

6.1.1.2 Expenses of maintenance, repair or replacement of the common elements and Association property, if any.

6.1.1.3 Any deficit in common expenses for any prior period.

6.1.1.4 The costs of utilities for the common elements and other utilities that have a common meter or that are commonly billed, such as water and sewer.

6.1.1.5 The cost of insurance or bonds obtained in accordance with these Bylaws.

6.1.1.6 The cost of any professional management if required by mortgagees or desired by the Board of Directors.

6.1.1.7 Legal, accounting and other professional fees.

6.1.1.8 The annual expense to update or perform a new reserve study and to update and/or supplement the maintenance plan and reserve study.

6.1.1.9 The expense necessary to carry out the maintenance plan.

6.1.1.10 Any other items that are properly chargeable as an expense of the Association.

6.1.2. Reserve Items:

6.1.2.1 **Reserve Account.** A reserve account shall be established for the purpose of effecting major maintenance, repair and replacement of structural elements, mechanical equipment, exterior painting, and other common elements of the Condominium which will normally require replacement in more than one (1) and less than thirty (30) years. Payment into this account shall be deemed a contribution to capital improvement as and when made. The Association has established a reserve account. The reserve accounts for major maintenance, repair and replacement shall be funded by assessment against the same Units that are assessed for the maintenance of the items for which the reserve account is established. Accordingly, the reserve account for major maintenance, repair and replacement of those general common elements and limited common elements, the maintenance of which is provided by assessment against all owners shall be created by assessment against all owners. The reserve account for major maintenance, repair and replacement of those limited common elements, the maintenance of which is provided by assessment of fewer than all Units, shall be created by assessment only against the specific Units responsible for the maintenance of such limited common elements.

The Board of Directors of the Association annually shall conduct a reserve study and maintenance plan, or review and update an existing study, of the common elements to determine the reserve account requirements. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall:

- (a) Identify all items for which reserves are to be established;

(b) Include the estimated remaining useful life of each item as of the date of the reserve study; and

(c) Include for each item, as applicable, an estimated cost of maintenance, repair and replacement of each item at the end of the item's useful life.

Except as otherwise provided in the Oregon Condominium Act, the reserve account shall be used only for major maintenance, repair and replacement of common elements for which reserves have been established and shall be kept separate from other accounts.

6.1.2.2 General Operating Reserve. The Board of Directors shall create and maintain a general operating reserve account by allocation and payment thereto monthly of an amount determined by the Board of Directors. This account shall be used to pay expenses which exceed budgeted amounts.

6.1.2.3 Special Reserves. Such other special reserve funds as may be set up by the Directors by special assessments of the Unit owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate.

Each reserve account shall be kept in an account with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Units. Provided, however, that nothing contained herein shall prevent sellers of Units from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Unit owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective Units may increase in proportion to each Unit's right to receive repair, maintenance and replacement therefrom.

6.1.3 Maintenance Plan. The Board of Directors shall prepare and periodically review and update a maintenance plan for the maintenance, repair and replacement of all property for which the Association has maintenance, repair and replacement responsibility under the Declaration or these Bylaws. The maintenance plan shall:

6.1.3.1 Describe the maintenance, repair and replacement to be conducted;

6.1.3.2 Include a schedule for the maintenance, repair and replacement;

6.1.3.3 Be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and

6.1.3.4 Address issues that include, but are not limited to, warranties and the useful life of the items for which the Association has maintenance, repair and replacement responsibility.

6.2. Special Assessments. The Board of Directors shall have the power to levy special assessments against an owner or all owners for the following purposes and in the following manner:

6.2.1. To correct a deficit in the operating budget by vote of a majority of the Board;

6.2.2. To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

6.2.3. To make repairs, replacements or renovations to the common elements if sufficient funds are not available from the operating budget or replacement reserve accounts by vote of a majority of the Board;

6.2.4. To make capital acquisitions, additions or improvements by vote of at least seventy-five percent (75%) of the votes present at a meeting where such matter was included in the notice of the meeting;

6.2.5. To make capital acquisitions, additions or improvements costing less than \$2,500;

6.2.6. To make capital acquisitions, additions or improvements costing \$2,500 or more by vote of at least seventy-five percent (75%) of the votes present at a meeting where such matter was included in the notice of the meeting;

6.2.7. To collect from a purchaser a transfer fee of \$500 in connection with the sale or conveyance of a Unit; or

6.2.8. To pay for unbudgeted or unexpected expenses.

6.3. Adoption of Budget; Determination of Fiscal Year; Filing of Income Tax Returns.

6.3.1. Adoption of Budget. At least sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the common elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses pursuant to the Oregon Condominium Act, the Condominium instruments, or a resolution of the Association and that shall be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering to the Unit owners of all related services.

Such budget also shall include such reasonable amounts as the Board of Directors considers necessary to provide working capital and such general operating reserve accounts, contingency and other reserve accounts as the Board shall determine. The amount

designated for replacement reserves shall be adjusted annually to reflect current replacement cost and remaining useful life. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary of the budget to all owners. Such budget shall constitute the basis for determining each Unit owner's assessment for the common expenses of the Condominium.

6.3.2. Failure to Prepare Budget. The failure of the Board of Directors to prepare and/or to present, in a timely manner, a budget to the Unit owners shall not be cause for any owner to fail or refuse to pay assessments. Assessments shall continue, based upon the last adopted or accepted budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board of Directors to make up for any deficiency.

6.3.3. Failure to Adopt Budget. In the event the Board of Directors fails to adopt, in a timely manner, a budget for a new fiscal year, Unit owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Unit owners and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, Unit owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, the amount of assessments due from Unit owners shall be based on the budget as so amended until a new budget is adopted in accordance with this Section 6.3.

6.3.4. Determination of Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

6.3.5. Filing of Income Tax Returns. The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

6.4. Default. The failure of an owner to pay any assessment of the Association shall be a default by such owner of his obligations pursuant to these Bylaws and the Oregon Condominium Act and, in addition to the Association's other remedies provided in the Declaration, these Bylaws shall entitle the Association to declare the balance of such owner's annual assessment otherwise being paid in installments to be immediately due and payable in full. Interest shall be charged on delinquent assessments at such rate as may be set by the Board of Directors from time to time not to exceed the lower of eighteen percent (18%) per annum or the highest rate permitted by applicable law. Before a change in the interest rate charged on delinquent assessments, the Board of Directors shall give thirty (30) days' written notice to all owners.

In addition, the Board, at its option, may impose a late charge penalty on any assessment that is delinquent for ten (10) or more days. Such penalty shall not exceed the sum of twenty-five percent (25%) of the delinquent assessment and shall be imposed only once on each regular or special assessment or installment of such assessments.

The Association shall be entitled to a lien that may be enforced upon compliance with the provisions of ORS 100.450. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting owner

for the use of his Unit or shall be entitled to the appointment of a receiver pursuant to ORS 100.460. Liability for all assessments, fines, charges, interest, fees (including attorneys' fees, whether or not a suit or an action is commenced), and other sums owing by the Unit owner pursuant to the Declaration, these Bylaws, the Oregon Condominium Act and rules and regulations of the Association, shall be the personal obligation of the Unit owner and may be enforced by suit for a money judgment, in addition to all other remedies of the Association. Any default by the owner in any provisions of these Bylaws or of the Oregon Condominium Act shall be deemed to be a default by the owner of any mortgage to which the owner is a party or to which the Unit is subject.

6.5. Statement of Assessments.

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

6.5.1.1 The amount of assessments due from the owner and unpaid at the time the request was received, including:

- (a) Regular and special assessments;
- (b) Fines and other charges;
- (c) Accrued interest; and
- (d) Late payment charges.

6.5.1.2 The percentage rate at which interest accrues on assessments that are not paid when due.

6.5.1.3 The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

6.5.2. The Association is not required to comply with Section 6.5.1 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.

6.6. Maintenance and Repair.

6.6.1. Owner's Duty to Maintain. Every owner shall perform promptly all maintenance and repair work that is needed within the owner's Unit to prevent any negative effect on the common elements of the Condominium or a part thereof belonging to other owners, and every owner shall be solely responsible for all damages and liabilities caused by the owner's failure to maintain and repair the owner's Unit, including, but not limited to, damage caused by plugged toilets and bath drains, overloaded electrical outlets, and clothes washer, bath tub/shower and dishwasher overflow. Each Unit owner shall be responsible for maintenance, repair and replacement of all plumbing lines, fixtures and equipment from the point of the water shut-off valve for such Unit.

6.6.2. Owner's Expenses. All repairs within each Unit, such as water, lights, gas, power, sewage, telephones, air conditioners, heaters, and sanitary installations, doors,

windows, lamps and all other accessories and appliances belonging to the Unit area, shall be at the sole expense of the owner of such Unit.

6.6.3. Reimbursement of Association. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common elements and/or facility that was damaged through such owner's fault and that is not otherwise covered by insurance policies carried by the owner or the Association for the owner's and the Association's benefit. In such circumstances, the insurance obtained by the owner shall be deemed to be the primary coverage.

6.7. Right of Entry; Easement for Maintenance; Encroachments; Access Easement.

6.7.1. Association Right of Entry. In case of an emergency originating in or threatening his Unit, an owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether the owner is present at the time or not.

6.7.2. Easement for Maintenance. An easement for the benefit of the Association is hereby reserved in and through all Units and the common elements providing access at reasonable times and with reasonable notice for purposes of maintenance, repair, and replacement of the common elements. If, in the process of such repair and maintenance by the Association, it is necessary to alter or damage any Unit or common elements, such alterations or damages shall be permitted without compensation, provided that the Unit and/or common elements are promptly restored to substantially their prior condition by the Association.

6.7.3. Encroachment. If any portion of the common elements encroaches upon a Unit, or a Unit encroaches upon any portion of the common elements, a valid easement for the encroachment and for the maintenance of the same, so long as the affected Unit or common element stands, shall and does exist. In the event that the affected Unit or common element either is partially or totally destroyed and then rebuilt, the owners of the Units agree that minor encroachment of parts of the common elements due to such rebuilding shall be allowed and an easement shall exist for such purpose.

6.7.4. Access Easement. The ten (10) foot wide pedestrian easement shown on the Plat shall be maintained by the Association.

ARTICLE 7

USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

The failure of an owner (his family, invitees or tenants) to comply with the rules of conduct and restrictions set forth herein, in the Declaration, or others promulgated by the Board of Directors, shall be cause for which the Board of Directors may deny or restrict such owner's right to use any common element facility with respect to which such owner otherwise had a right of use.

7.1. Use as Private Dwelling Only. Each of the Units shall be occupied as a single-family private dwelling by its owner or his tenants, visitors, and guests, and for no other purpose. Subject to compliance with applicable local ordinances and other restrictions of record, an owner may use his Unit as a "home office," provided that clients, customers, vendors and employees do not regularly visit the "home office." All common elements shall be used in a manner conducive to such purpose. No Unit owner shall be permitted to lease the owner's Unit for a period of less than six (6) months, as more particularly provided in Section 7.13. No Unit owner may lease less than the entire Unit. Any agreement to lease a Unit shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the tenant to comply with the terms of such documents shall be a default under the lease. Leasing of Units shall be governed by Section 7.13 of these Bylaws.

7.2. Restriction on Alteration to Unit. No owner shall make structural alterations or installations in his Unit without previously notifying the Association in writing by notice to the management agent, if any, or to the Chairperson of the Board of Directors, if no management agent is employed. The Association shall answer within thirty (30) days of receipt of such notice, and failure to do so within the stipulated time shall mean that it does not object to the proposed alteration or installation. Provided, however, that nothing herein contained shall waive or limit an owner's obligation to comply with the provisions of ORS 100.535.

7.3. Use of the Common Elements. No owner shall place or cause to be placed on the patios, decks, ramps, or other common elements of the Condominium of a similar nature, any furniture, packages or objects of any kind, except that suitable furniture may be placed on the decks and patios without the prior written consent of the Board of Directors. Such areas shall not be used for any purpose that is not appropriate, customary and acceptable to the Board of Directors.

7.4. Pets. A total of two (2) pets per Unit shall be permitted, except that in addition to such pet(s), a reasonable number of aquarium fish or house birds may be kept inside a Unit. No exotic pets are allowed anywhere on the Condominium property. Exotic pets shall include, but are not limited to, any poisonous animal or amphibian of any kind; any animal that is inherently dangerous or is commonly incapable of domestication such as a cougar, lion, elk, ape, etc. Any Unit owner who maintains any pet upon any portion of the Condominium shall be deemed to have indemnified and agreed to hold the Association and each of its members free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be licensed and inoculated as required by law. Further, such owner shall abide by all governmental regulations and leash laws, as well as the rules or regulations of the Association created by the Board of Directors. Any cat or dog outside of a Unit or outside of the Unit's enclosed patio or deck shall be on a leash. The Board of Directors shall have the power to require any owner or occupant whose pet is a nuisance, to remove such pet from the premises. No animals shall be bred for sale or for commercial purposes at the Condominium.

7.5. Appearance of Condominium Building(s). No Unit owner shall cause anything to be hung, displayed, or placed on the walls, railings, doors, windows, mailboxes, walkways, patios, fences, ceilings of walkways or roof of the Condominium building(s) or any other common element or otherwise change the appearance of any portion of the common elements

without the prior written consent of the Board of Directors. No clothes lines or similar devices and no "For Sale" or "For Rent" signs shall be allowed on any part of the Condominium property without the prior written consent of the Board of Directors.

7.6. Nuisances. No nuisances or any use or practice that is the source of annoyance to residents or that interferes with the peaceful possession and proper use of the property by its residents shall be allowed upon the Condominium property. Residents shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions and amplifiers that may disturb other residents. All parts of the Condominium shall be kept in a clean and sanitary condition; no rubbish, refuse or garbage shall be allowed to accumulate; and no fire or environmental hazard shall be allowed to exist. All garbage and trash shall be placed inside disposal containers. No Unit owner shall make or permit any use of his Unit or make any use of the common elements that would increase the cost of insurance upon the Condominium property.

No owner shall hang garments, towels, rugs or similar items from any window, facade, deck, patio, fence, railing, balcony or terrace of the Condominium or hang or shake dust rags, mops or similar items from any window, porch, terrace or patio, or clean such items by beating them on an exterior part of the Condominium.

7.7. Improper, Offensive or Unlawful Use. No improper, offensive or unlawful use shall be made of the Condominium property or any part of it; all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction shall be observed. The responsibility for meeting the requirements of governmental bodies for maintenance, modification or repair of the Condominium property shall be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

7.8. Restriction on Exterior Installations. Except as permitted by law, no owner, resident or tenant shall install wiring for electrical or telephone installation, machines or air conditioning units or similar devices on the exterior of the Condominium building(s) or cause them to protrude through the walls or the roof of the Condominium except as authorized in writing by the Board of Directors, and, if the modification or installation would require an easement pursuant to the Declaration, then prior approval by the required percentage of Unit owners. Without limiting the prohibitions in Sections 7.5 or 7.8, no windows, storm doors, window guards, awnings or shades shall be installed without the prior written consent of the Board of Directors. Any owner making any exterior alteration or installation (with or without required approval) shall be deemed to defend, indemnify, and hold harmless the Association from any and all loss, damage or cost associated with such alteration or installation, regardless of whether such obligation shall be expressed in any approval.

7.9. Satellite Dishes and Antennas. Except as otherwise provided by law or this section, no exterior antennas, satellite dishes, microwave, aerial, tower or other devices for the transmission or reception of television, radio or other forms of sound or electromagnetic radiation shall be erected, constructed or placed on any Unit or any common elements. Only exterior satellite dishes or antennas with a surface diameter of one (1) meter or less and antennas designed to receive television broadcast signals or multi-channel multi-point distribution (wireless cable), may be placed on a limited common element if it is securely mounted in such a

manner that it may not become dislodged. Owners installing permitted satellite dishes or antennas in limited common element areas shall not penetrate into general common element areas. Any damage to the common elements caused by such owner shall be repaired at owner's sole cost and expense. Such cost shall be considered as an assessment and collectible as such as elsewhere provided in the Bylaws or Declaration. The Board may adopt reasonable rules and regulations governing the installation, safety, placement and screening of such antennas, satellite dishes and other transmission devices. This section and any rules adopted hereunder shall not unreasonably delay or increase the cost of installation, maintenance or use or preclude reception of a signal of acceptable quality.

7.10. Parking. Each unit in the condominium has either a single car garage or a double car garage. For purposes of regulating parking, each unit with a single car garage shall be deemed also to have a single space for parking a car in the driveway leading to that garage, and each unit with a two-car garage shall be deemed also to have two parking spaces for parking cars in the driveway leading to that garage. Residents may park one vehicle in each garage space and one vehicle in each driveway space. No more vehicles than the total number of spaces calculated in accordance with this section may be parked at a residence, regardless of whether a resident might be able to physically fit more vehicles within the area of a driveway. No part of a vehicle, including hitches, winches, racks, cargo or similar items may extend beyond the driveway into the access roadway. Vehicles may not be parked on the access roadways, but may be parked on public roadways in accordance with local (city) regulations. The access roadways are considered fire lanes and must be kept open at all times. Vehicles are not to be parked on common area lawns at any time. Violators are subject to tow at Owner's risk and expense.

7.11. Vehicle Restrictions. The speed of vehicular traffic on the parking areas and driveways on Condominium property shall be limited to ten (10) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair or similar things may be parked or kept on Condominium property without the prior written consent of the Board of Directors.

7.12. Use of Recreational and Common Facilities. The recreational building and facilities and all other general common elements, including any common greenway areas, are provided for the use of the owners and their guests. Rules and regulations setting forth the hours the various facilities shall be available for use and the conditions attendant thereto shall be posted. Use of recreational and common facilities shall be conditioned upon compliance with such rules and regulations.

7.13. Leasing/Renting Units.

7.13.1. Rental. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.13. "Leasing or Renting" a Unit means the granting of a right to use or occupy a Unit for any term, regardless of whether Rent is paid, but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. Any person acquiring a Unit after this Amendment is recorded must personally occupy such Unit for at least thirty-six (36) months before such Owner will be eligible to Lease or Rent such Unit.

(i) **No Transient or Monthly Rentals.** No Owner shall be permitted to Lease his Unit for any period less than six (6) months, except that any Lease may be extended beyond such minimum term on a month-to-month basis. This subsection (i) shall not apply to occupancy of a furnished Unit by an immediate family member of the Owner.

(ii) **Limitation on Number of Rented Units.** Except in the case of hardship as determined below, no more than five (5) Units in the Condominium may be Leased at any one time.

(iii) **Hardship.** If the five (5) Leased Unit threshold set forth above has already been reached, an Owner may apply to the Board of Directors for a hardship exception to the prohibition against additional Leases. The following situations may be considered for hardship-based exceptions: a) if the Owner or his/her spouse relocates for work or educational purposes; b) if the Owner dies, 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; c) if inability to Rent a Unit will result in serious financial hardship to the Owner; and d) such other extraordinary circumstances that the Board of Directors deems a hardship. The Board of Directors, in its sole and unfettered discretion, shall determine whether Owner's situation meets any criterion for a hardship-based exception. It may then grant or deny such exception.

(iv) **Procedure.** Before entering into any Lease agreement, an Owner shall notify the Board of Directors in writing of his/her intent to Lease or Rent such Owner's Unit. Within thirty (30) days after such notification, the Board shall advise the Owner whether such proposed Lease would exceed the limitation on the number of Leased Units, and, if it would exceed such restriction, the Board shall place the Owner on a waiting list, and shall notify such Owner when such Owner's Unit may be Rented. An Owner on the waiting list may apply for a hardship exemption, and the Board shall notify the Owner of its decision within forty (40) days after such application. The Board shall establish rules concerning the order in which hardship and non-hardship requests are permitted to Lease Units from the waiting list. Once an Owner is notified that his/her Unit may be Rented, such Owner shall enter into a Lease with a tenant, if at all, and provide a copy of such lease and the names of all occupants to the Association within two (2) months after the date of such notice. If a notified Owner has not provided the Association with a fully signed Lease within such period, the Board shall place such Owner at the end of the waiting list, if any, and shall notify the next Owner on such list that he may Rent his/her Unit. Any Owner whose Unit is leased at the time this Amendment is recorded, and any Owner receiving permission from the Board of Directors to rent the Owner's Unit after this Amendment is recorded, may continue to Rent such Unit (and such Unit will be considered Leased), even to different tenants, following the expiration or termination of the initial tenancy until any one of the following occurs: a) the Owner notifies the Board that the Owner no longer wishes to Lease such Unit; b) the Unit is occupied by the Owner for any period exceeding thirty (30) days; or c) the Unit is vacant for any period exceeding sixty (60) days. Notwithstanding the preceding sentence, any tenancy entered into after this Amendment is recorded shall be for a minimum duration of six (6) months.

7.13.2. Enforcement. If an Owner fails to follow the procedures set forth in Section 7.13.1 with respect to the Leasing of his Unit, at any time after learning of such Leasing, the Board of Directors may pursue any and all remedies available as a result of such Owner's

violation of the provisions of the Declaration, Bylaws, and Rules and Regulations, including, without limitation, the right to levy fines in an amount not to exceed a maximum established from time to time by resolution of the Board of Directors, the right to sue for an injunction, for damages, and to remove the tenant in the event that the tenancy violates any provision of this Section. In addition, the Board of Directors may charge such Owner an administrative fee(s), the amount of which shall be determined from time to time by Board resolution to reimburse fully the Association for time, costs, fees, and expenses, including attorneys' fees, incurred to obtain information about the tenant, to provide such tenant with copies of Association documents, and to enforce the Association's other rights and remedies relating to such unauthorized Lease, including, without limitation, collection of any amounts owing by such Owner to the Association hereunder.

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

7.13.4. Identification of Tenants. Each Owner wishing to rent the Owner's Unit shall submit to the Board in writing the identity of and contact information for such tenant at the same time such Owner provides a copy of the lease to the Association pursuant to Section 7.13.1 (iv) above, and shall do so any time the tenancy changes.

7.14. Fines. As provided in Section 4.3.8, after giving written notice and an opportunity to be heard, the Board of Directors may levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Unit or mailed to the mailing address designated in writing by the owner(s).

7.15. Additional Rules. Rules and regulations concerning other use of the Condominium property and Units and administration of the Association may be made and amended from time to time by the Association or the Board of Directors. Copies of such rules and regulations shall be furnished to all Unit owners and residents of the Condominium upon request.

7.16. Grandfathered Units; Transition. Effective as of the date these Amended and Restated Bylaws are recorded, no Units in the Condominium may be Leased or Rented as defined in Section 7.13.1 except Units C-2, B-49, A-65, B-72, and C-53. For so long as such a Unit is owned by its current owner, such Unit shall be subject to the provisions of Section 7.13.3 - 7.15, but shall be exempt from Sections 7.13.1 and 7.13.2. When such a Unit is no longer owned by its current owner, such Unit shall become subject to Sections 7.13.1 and 7.13.2.

Notwithstanding the foregoing, the hardship provisions of Section 7.13.1(iii) shall be effective immediately upon the recordation of these Amended and Restated Bylaws. At no time after the recordation of these Amended and Restated Bylaws may more than five (5) Units be rented (exclusive of hardship possibilities).

ARTICLE 8 **INSURANCE**

The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, including insurance for such other risks of a similar or dissimilar nature as are or hereafter customarily shall be covered with respect to other condominiums similar in construction, design and which insurance shall be governed by the provisions in this numbered section.

8.1. Types of Insurance Policies. For the benefit of the Association and the owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance to the extent that it is available at reasonable cost:

8.1.1. A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism and malicious mischief, for the full insurable replacement value, if available, of all Units and common elements, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the owners and their mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each Unit. For the purposes of any policy or policies of fire insurance, the term "building" shall include fixtures (including cabinets, built-in appliances and plumbing fixtures), installations or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of the individual Condominium Units initially installed or replacement thereof, in accordance with the original Condominium plans and specifications, or installed by or at the expense of any Unit owner or owners.

8.1.2. A policy or policies insuring the Association, its Board of Directors, the Unit owners individually, and the manager against any liability to the public or the owners of Units and their invitees or tenants, incident to the ownership, supervision, control or use of the project. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000) per occurrence for bodily injuries and property damage. Such limit and coverage shall be reviewed at least annually by the Board of Directors which, in its discretion, may increase either. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of a named insured under the policy or policies shall not be prejudiced with respect to his action against another named insured.

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

8.1.4. A fidelity bond naming such persons as may be designated by the Board of Directors as principals and the Association and the owners as obligees, for the amount

determined by the Board of Directors. Provided, however, that the Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Association shall not be responsible for any loss or damage to personal property of any owner, whether stored on the common elements or in the owner's Unit; nor shall the Association maintain any insurance coverage for such losses.

8.2. Insurance Companies Authorized. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "B+" and a size rating of "IX," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and directors.

8.3. Authority to Adjust Losses. All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative; provided, however, that where a first mortgagee has been designated as a loss payee by a Unit owner and such first mortgagee has requested the opportunity to exercise the rights provided by this Article 8, such mortgagee shall be entitled to settle losses as to the mortgaged Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two directors.

8.4. Value of Owner Improvements. Each owner must inform the Board of Directors of the value of improvements made to his Unit in excess of One Thousand Dollars (\$1,000) so that the Board of Directors may make any desired adjustments in insurance coverage. 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.

8.5. Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that provide for the following:

8.5.1. A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the Unit owners and their respective servants, agents and guests.

8.5.2. A provision that the master policy on the Condominium cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual owners.

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

8.5.4. A provision that any "no other insurance" clause in the master policy exclude individual owners' policies and not otherwise prevent such individual policies from providing coverage for damage to Units or common elements.

8.6. Reconstruction Costs. If the Association is required or elects to reconstruct any common element or Unit that has been damaged or destroyed, an affected Unit owner (i.e., the owner whose Unit or limited common element has been damaged or destroyed) shall contribute to the Association all amounts received by such owner from property loss insurance policies to help pay for the repairs. To the extent that such insurance proceeds are unavailable or unpaid when needed, the Association shall assess such owner the amount of the Association's "deductible" under its policy to pay the cost of repairing or reconstructing such owner's Unit or limited common elements. Such assessment shall be both a personal obligation of such owner and a lien against such owner's Unit in the same manner as any other Association assessment.

8.7. Insurance Deductible/Owner and Tenant Insurance. The Board of Directors shall determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this Article 8. In determining the deductible under the policies, the Board shall take into consideration, among other factors, the availability, cost, and loss experience of the Association. In this regard, as in other Board responsibilities, the Board members shall exercise their reasonable business judgment. Except as otherwise allocated herein, the responsibility for payment of the deductible shall be set forth in a resolution adopted by the Board which complies with ORS 100.435(6) and (9).

The Association shall have no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for: (a) 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 normally covered by fire and property loss insurance policies with extended coverage endorsements); or (b) for any damage or loss to the owner's or tenant's personal property. Owners shall be responsible for purchasing insurance policies insuring their Units and appurtenant limited common elements for any losses below 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 shall be provided to the Association's Secretary by the Unit owner. The Association shall have no duty to monitor owners' compliance, or to notify owners of their noncompliance, with such requirements, and individual owners are solely responsible for their own failure to obtain proper insurance. Tenants shall be responsible for insuring their own personal property for any loss or damage. The Board of Directors shall notify all owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Board of Directors 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 shall procure and maintain comprehensive liability policies having combined limits of not less than Fifty Thousand Dollars (\$50,000) for each occurrence. Such insurance shall provide coverage for, without limitation, the negligent acts of the owner(s) and tenant(s) and their guests or other occupants of the Unit(s) for damage to the general and limited common elements and other Units and the personal property of others located therein.

8.8. Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

8.9. **Duplicate Insurance Coverage.** In the event of duplicate insurance coverage, the insurance policy obtained by the Unit owners shall be deemed to be the primary coverage.

ARTICLE 9 DAMAGE AND DESTRUCTION

9.1. **Insurance Proceeds Sufficient to Cover Loss.** In case of fire, casualty or any other damage and destruction, the insurance proceeds of the master policy, if sufficient to reconstruct the buildings damaged or destroyed, shall be applied to such reconstruction.

9.2. **Insurance Proceeds Insufficient to Cover Loss.** If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to, or destruction of, such buildings shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on such buildings for that purpose and all the Unit owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by such owner. Provided, however, that if three-fourths (3/4ths) or more in value of all the buildings is destroyed or substantially damaged, and if the owners of at least sixty percent (60%) of the Units so vote, and upon written approval of holders of first mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium, the manager or Board of Directors shall record with the County Recorder a notice setting forth such facts, and upon the recording of such notice:

9.2.1. The Condominium property shall be deemed to be owned in common by the owners.

9.2.2. The respective interest of each Unit owner in the property shall be determined by the provisions of ORS 100.610 that are in effect on the date the Condominium Declaration is recorded.

9.2.3. Any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the owners in the project.

9.2.4. The Condominium shall be subject to an action for partition at the suit of any owner. If a decree of partition orders the sale of the Condominium property, the net proceeds of sale, together with the net proceeds of the policies of insurance on the Condominium, if any, shall be considered as one fund and shall be divided among all of the owners in proportion to their respective undivided interests, after first paying, out of the respective shares of the owners, to the extent such share is sufficient for the purpose, all liens on the undivided interest in the project owned by each owner.

9.3. **Architectural Changes After Damage or Destruction.** Reconstruction of the damaged or destroyed building as used in this Article means restoring the buildings to substantially the same condition in which they existed prior to the fire, casualty or disaster and shall be performed substantially in accordance with the Declaration and the original plans and specifications unless other action is approved in writing by holders of first mortgages that represent at least fifty-one percent (51%) of the votes of Mortgaged Units in the Condominium.

Such reconstruction shall be accomplished under the direction of the manager or the Board of Directors. Notwithstanding all other provisions hereof, the owners may, by an affirmative vote of sufficient owners, amend these Bylaws, cause an amendment to be made to the Condominium documents so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the Condominium, or any buildings thereof, by fire, casualty or any other disaster is so great as to require the substantial reconstruction of the whole of the Condominium, or said buildings, and upon written approval by holders of first mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium. Provided, however, that any such amendment of such Condominium documents shall be valid only upon (1) compliance with all applicable provisions of the Oregon Condominium Act; (2) approval by the Oregon Real Estate Commissioner; (3) recording thereof with the recording officer of Multnomah County; and (4) recording with that recording officer of the approval thereof of each first Mortgagee and each other lienholder of record having a lien against any part of the project, or building, affected by such amendment.

9.4. Reallocation of Percentage Interest. In the event of a partial destruction of the Condominium buildings or Units therein, the Unit owners may not reallocate percentages of interest in the common elements without the prior approval of the Mortgagees of all the remaining Units, whether existing in whole or in part. Any such reallocation shall also comply with the Oregon Condominium Act and other provisions of the Declaration and the Bylaws.

ARTICLE 10 **CONDEMNATION**

The Board of Directors shall have the sole authority to negotiate with any public or private body or person having the power of eminent domain and to sue or defend in any litigation involving such bodies or persons with respect to the common elements of the Condominium and shall assist any Unit owner whose Unit or a part thereof, is the subject of any condemnation or eminent domain proceeding. Provided, however, that nothing in this or any document or agreement relating to the Condominium shall be construed to give a Unit owner or any party priority over the rights of the first mortgagees of any Condominium Units in the case of a distribution to the Unit owner of any such condemnation awards for losses to or a taking of a Unit and/or the common elements. In the event of a taking or acquisition of part or all of the common elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any trustee, for the use and benefit of the Unit owners and their mortgage holders as their interest may appear. The Board of Directors shall distribute the proceeds of any such award or settlement on a reasonable and equitable basis among the Unit owners.

ARTICLE 11 **AMENDMENTS TO BYLAWS**

These Bylaws may be amended by the owners holding a majority of the voting rights present at a duly constituted meeting or ballot meeting called for such purpose. Notwithstanding the preceding sentence, any amendment relating to age restrictions, pet restrictions, limitations

on the number of persons who may occupy Units, and limitations on the rental or leasing of Units shall not be effective unless approved by at least seventy-five percent (75%) of the voting rights allocated to the Units. Any amendments adopted hereunder shall be reduced to writing and certified by the Chairperson and Secretary of the Association to be the amendment so adopted by the Association. Such amendment so certified shall be recorded in the Deed Records of Multnomah County, Oregon. Provided, however, that no amendment of these Bylaws reducing or eliminating the right of any first Mortgagee shall be made without the prior written consent of such first Mortgagees.

ARTICLE 12 **RECORDS AND AUDITS**

12.1. 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 as required by ORS 100.480. 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 insofar as such names have been provided to the Board by the owner or Mortgagee. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

12.2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common elements, itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Unit owners and Mortgagees during convenient weekday hours.

12.3. 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.

12.4. Payment of Common Expenses. The Board of Directors shall authorize the Treasurer, the management agent, or another specified party, to pay all legitimate expenses of the Association. Such payments shall be made pursuant to the payment system instituted by the Board of Directors as described in Section 4.3.4 of these Bylaws.

12.5. Reports and Audits. The Board of Directors shall prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expense statement setting forth the financial condition of the Association as of the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Unit owners within ninety (90) days after the end of each fiscal year. In the event the Association's annual assessments exceed \$75,000.00, the Board of Directors shall cause the financial statement to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon,

in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. In the event the annual assessments are \$75,000.00 or less, the Board of Directors shall cause the most recent financial statement of the Association to be reviewed in the manner described above within one hundred eighty (180) days after the Board of Directors receives a petition requesting review signed by owners holding at least a majority of the voting rights in the Association. At any time and at his own expense, any owner or Mortgagee may cause an audit or inspection to be made of the books and records of the Association.

12.6. Notice of Sale, Mortgage, 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 such purchaser, vendee, mortgagee, lessee or tenant. This obligation is in addition to those set forth in Section 7.13.

12.7. Annual Report. The Board of Directors shall cause an Annual Report, including any amendments, to be filed with the Oregon Real Estate Agency, pursuant to the provisions of ORS 100.250 and ORS 100.260.

ARTICLE 13 **COMPLIANCE**

These Bylaws are intended to comply with the provisions of the Oregon Condominium Act, which are incorporated herein, and to supplement the provisions of the Condominium Declaration. If any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. If any of the provisions hereof conflict with the provisions of the Declaration, the provisions of the Declaration shall apply.

ARTICLE 14 **INDEMNIFICATION OF DIRECTORS,** **OFFICERS, EMPLOYEES AND AGENTS**

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the act that he is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had

reasonable cause to believe that his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to be reimbursed, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

ARTICLE 15
ASSESSMENT AND FINE COLLECTION COSTS;
ENFORCEMENT; SUITS AND ACTIONS

Whether or not suit or action is commenced, Unit owners shall be obliged to pay reasonable fees and costs, including, but not limited to, attorney's fees (whether or not suit or action is commenced) incurred in connection with efforts to collect delinquent and unpaid assessments, fines and enforcement of the Declaration, Bylaws or rules and regulations of the Association. In addition to the assessment for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to ORS 100.405(4)(j)(k)(L).

In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Bylaws or of the Oregon Condominium Act, the owner or owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

ARTICLE 16
MEDIATION

If any dispute arises between or among any of the owners, other than assessment collection matters, the owners shall submit the dispute to mediation. The mediation shall be conducted in Multnomah County, Oregon. Before commencing any action, suit or arbitration between or among the owners, the owners who are parties to any dispute shall in good faith attempt to resolve the matter by mediation administered by a recognized mediation service located in Portland, Oregon. Any party may select a mediation service by written notice to the other party(ies). Mediation shall then proceed according to the rules of the mediation service. Litigation or arbitration may not be commenced until at least thirty (30) days after the first mediation session between or among the parties has been completed. The Article does not apply to disputes between the Association and the owners.

ARTICLE 17
MISCELLANEOUS

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

17.2. **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.

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

IN WITNESS WHEREOF, the Chairman and Secretary hereby certify that the foregoing Amended and Restated Bylaws of Jasper Heights Condominium Association were duly adopted in accordance with all applicable requirements.

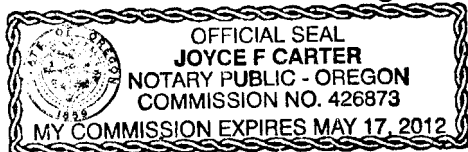
DATED this 30th day of July, 2011.

By: Wayne Sharkey
Chairperson

By: Joyce F Carter
Secretary

STATE OF OREGON)
) ss. July 30, 2011
County of Multnomah)

Personally appeared before me the above-named WAYNE SHARKEY and who, being duly sworn, did say that he is the **Chairperson** of Jasper Heights Condominium Association, and that said instrument was signed in behalf of said association by authority of its Board of Directors, and acknowledged said instrument to be its voluntary act and deed.



Joyce F Carter
Notary Public for Oregon

STATE OF OREGON)

County of Multnomah) ss. July 30, 2011

Personally appeared before me the above-named JILL S ERICKSON and who, being duly sworn, did say that she is the **Secretary** of Jasper Heights Condominium Association, and that said instrument was signed in behalf of said association by authority of its Board of Directors, and acknowledged said instrument to be its voluntary act and deed.



Joyce F Carter
Notary Public for Oregon