

DESCHUTES COUNTY OFFICIAL RECORDS
MARY SUE PENHOLLOW, COUNTY CLERK

2002-47519



\$341.00

00004183200200475100030039

08/30/2002 02:51:50 PM

D-COVD Cnt=1 Stn=3 JEFF
\$315.00 \$11.00 \$10.00 \$5.00

**DECLARATION SUBMITTING
AQUILA LODGES AT SUNRIVER CONDOMINIUM
TO CONDOMINIUM OWNERSHIP**

Dated: August 29, 2002

Declarant: SUN EAGLE PROPERTIES, LLC,
An Oregon Limited Liability Company

Return to:
Beverly Sherree
55325 Big River Dr.
BEND, OR 97707

TABLE OF CONTENTS

PAGE NO.

1.	Definitions and Interpretation	1
1.1	Definitions	1
1.2	Liberal Construction	3
1.3	Mortgagee Approval	3
1.4	Original Owner of Units and Variable Property	3
1.5	Captions and Exhibits	3
1.6	Miscellaneous	3
2.	Property Submitted	3
3.	Name	3
4.	Units	4
4.1	General Description of Buildings	4
4.2	General Description, Location, and Designation of Units	4
4.3	Boundaries of Units	4
4.4	Unit Designation and Areas of Units	4
4.5	No Division	4
5.	Owner's Interest in Common Elements	4
6.	General Common Elements	4
7.	Limited Common Elements	5
8.	Variable Property	5
9.	Allocation of Common Profits and Expenses; Enforcement of Assessments	5
9.1	Method of Allocation	5
9.2	No Exception	5
10.	Voting Rights	6
11.	Use	6
11.1	General	6
11.2	Rules and Regulations Promulgated by the Association	6
12.	Service of Process	6

13.	Inclusion of Variable Property	6
13.1	Rights of Declarant	6
13.2	Additional Units	6
13.3	Existing Improvements	7
13.4	Creation of Limited Common Elements	7
13.5	Automatic Reclassification; Common Expenses	7
13.6	Nonwithdrawable Variable Property	7
13.7	Division of Variable Property	8
13.8	Other Rights and Responsibilities	8
14.	Restrictions on Merger	8
15.	Authority Regarding Easements and Other Property Rights	8
15.1	General	8
15.2	Utility Easements; Dedications	8
16.	No Restrictions on Alienation	9
17.	Rights of Access and Use	9
17.1	In General	9
17.2	Additional Rights Created by Association	9
17.3	Right of Entry	9
17.4	Right of Access and Use for Declarant	10
18.	Easements; Encroachments	10
19.	Notices to Mortgagees	10
20.	Operating Entity	10
21.	Managing Agent	11
22.	Taxation of Units	11
23.	Administrative Control	11
24.	Condemnation	12
24.1	Total Condemnation	12
24.2	Partial Condemnation	12

25.	Fidelity Bond	13
26.	Amendment	13
26.1	Approval by Owners	13
26.2	Approval by Mortgagees	13
26.3	Approval by Governmental Authorities	14
26.4	Recordation	14
27.	Termination	14
28.	Declarant's Special Rights	15
28.1	"For Sale" Signs	15
28.2	No Capital Assessments Without Consent	15
28.3	Common Element Maintenance by the Association	15
28.4	Declarant's Easements	15
28.5	Other Declarant Rights	15
28.6	Assignment of Declarant's Rights	15
28.7	Expiration of Declarant's Special Rights	15
29.	General Provisions	16
29.1	Interpretation	16
29.2	Severability	16
29.3	Waiver of Rights	16
29.4	Legal Proceedings	16
29.5	Costs and Attorney Fees	16
29.6	Compliance	16
29.7	Conflicting Provisions	16

DECLARATION OF AQUILA LODGES AT SUNRIVER CONDOMINIUM
MADE PURSUANT TO THE OREGON CONDOMINIUM ACT

This Declaration, to be effective upon its recording in Deschutes County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 26th day of July, 2002, by Sun Eagle Properties, LLC, an Oregon limited liability company ("**Declarant**").

Declarant proposes to create a residential condominium to be known as Aquila Lodges At Sunriver Condominium, anticipated to be composed of not more than eight Units, located in Deschutes County, Oregon. The purpose of this Declaration is to submit certain land, and all buildings, improvements, structures, easements, and rights and appurtenances thereon and thereto, to be known as Aquila Lodges At Sunriver Condominium to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation.

1.1 Definitions. As used in this Declaration, the Articles of Incorporation of Aquila Lodges At Sunriver Condominium Association, Inc., its Bylaws and its Rules and Regulations, and any exhibits hereto and thereto, unless the context shall otherwise require, the following definitions shall be applied:

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

1.1.2 Association shall mean Aquila Lodges At Sunriver Condominium Association, Inc., the nonprofit corporate entity responsible for the administration, management, and operation of the Condominium.

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

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

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

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

1.1.7 Declaration shall mean this Declaration of Aquila Lodges At Sunriver Condominium and any amendments hereto.

1.1.8 General Common Elements shall mean those Common Elements designated as such pursuant to Section 6 or any Supplemental Declaration.

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

1.1.10 Limited Common Elements shall mean those Common Elements designated as such pursuant to Section 7 or any Supplemental Declaration.

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

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

1.1.13 Owner shall mean the owner or owners (including an individual, co-owners, trust or entity) of a Unit or Variable Property, but does not include a Mortgagee unless in possession of a Unit or Variable Property.

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

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

1.1.16 Quelah Neighbors Settlement Agreement shall mean that settlement agreement dated June 4, 2001 between Beverly Sherrer and Dennis Smeage, as such agreement governs maintenance of the Property by the Association.

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

1.1.18 SROA Documents shall mean the Consolidated Plan of Sunriver, Sunriver Rules and Regulations, and the Articles of Incorporation and Bylaws of the Sunriver Owners Association and any amendments and revisions to the foregoing.

1.1.19 Supplemental Declaration shall mean any declaration described in Section 13, the recording of which causes all or a portion of the Variable Property to be reclassified as a Unit or Units and Common Elements and/or which divides the Variable Property into multiple parcels of Variable Property.

1.1.20 Termination Date shall mean the date described in Section 13.1.

1.1.21 Turnover Meeting shall mean the meeting at which Declarant relinquishes control of the administration of the Association pursuant to Section 100.210 of the Act.

1.1.22 Units shall mean those parts of the Condominium designated as such pursuant to Section 4 or any Supplemental Declaration; **Unit** shall mean any one of the Units.

1.1.23 Variable Property shall mean that part of the Condominium designated as such pursuant to Sections 8 and 13 or any Supplemental Declaration.

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

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

1.4 Original Owner of Units and Variable Property. Declarant is the original Owner of all Units and Variable Property and will continue to be deemed the Owner of such Units and Variable Property until a conveyance or other documents changing the ownership of such Units and Variable Property are filed of record.

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

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

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

3. Name. The name by which the Property is to be identified is "Aquila Lodges At Sunriver Condominium."

4. Units.

4.1 General Description of Buildings. The Condominium shall initially include four buildings, each of which shall consist of two Units. The Units are situated on a generally level site. The Units are of wood construction with two stories. The roofs of Units are of 40-year composition shingle construction.

4.2 General Description, Location, and Designation of Units. The approximate area, dimensions, designation, and location of the Units are shown on the Plans.

4.3 Boundaries of Units. Each Unit shall be bounded by the exterior surfaces of its roof (including any portions of the roof that overhang the perimeter walls), the exterior surfaces on three sides of the building with which it shares a Unit, the interior on the fourth side constituting the demising wall separating it from such Unit, exterior windows and doors, the exterior surface of the foundation, and any air space encompassed within the foregoing.

Exterior lighting fixtures that are attached to the Unit structure shall form a part of the Unit.

All outlets of utility service lines, including, but not limited to, power, light, gas, hot and cold water, and waste disposal, within the boundaries of the Unit shall form a part of the Unit.

In interpreting deeds, Mortgages, and other instruments for any purpose whatsoever in connection with a Unit, the existing physical boundaries of a Unit constructed in substantial accordance with the Plans shall be conclusively presumed to be the boundaries regardless of settling, rising, or lateral movement of the building in which the Unit is located.

4.4 Unit Designation and Areas of Units. The unit designation and the area of each Unit in square feet is set forth on the attached Exhibit B and in the Plans.

4.5 No Division. A Unit may not be subdivided in any manner.

5. Owner's Interest in Common Elements. Each Owner shall be entitled to an undivided 12.5% percentage ownership interest in the Common Elements. The percentage ownership of each Unit in the Common Elements is set forth on the attached Exhibit B. Such percentage ownership may change if additional Units are constructed on the Variable Property.

6. General Common Elements. The General Common Elements consist of all land, landscaping, pedestrian walkways, bike paths, street lamps, two six-foot high stone columns and wing walls with signage and light located near the southeasterly corner of the Property, installations of utilities, such as power, light, gas, hot and cold water and waste disposal up to the boundaries of the Units, all paved areas exclusive of portions of driveways shown as Limited Common Elements on the Plans, and all other elements of the Condominium necessary or convenient to its existence, maintenance, and safety, or normally in common use, except as may be expressly designated herein as part of a Unit or as part of the Limited Common Elements.

The dimensions, designation, and location of the General Common Elements are shown on the Plans. In addition, in the event any of the Variable Property is not reclassified into Units and Common Elements by the Termination Date, such Variable Property shall automatically become, and be administered as, General Common Elements as described in Section 6.

7. **Limited Common Elements.** The Limited Common Elements consist of covered and uncovered patios, upstairs decks, hot tub enclosures, the concrete slab within each hot tub enclosure, a four-foot by five-foot rectangle of land adjacent to the portion of the Unit pre-wired for air conditioning, pipes, garbage area enclosures, ducts, conduits, wires and other utility installations which are within the areas shown as Limited Common Elements on the Plans and which serve the associated Unit. The Limited Common Elements shall also consist of those portions of the driveway associated with each Unit that extend a distance of 20 feet from and in front of the garage door of such Unit, or, if shorter, the distance from and in front of such garage door to the boundary line of any General Common Element. The use of each of the Limited Common Elements is restricted to the Unit (or Units, in the case of those Units that are served by a common driveway) which each such Limited Common Element adjoins and pertains, as shown on the Plans. The dimensions, designation, and location of the Limited Common Elements are shown on the Plans.

8. **Variable Property.** The Variable Property consists of two distinct tracts of real property separate and apart from the Units and Common Elements and are legally described on the attached Exhibit C. The dimensions and location of each tract of the Variable Property are shown on the Plans.

9. **Allocation of Common Profits and Expenses; Enforcement of Assessments.**

9.1 **Method of Allocation.**

9.1.1 The common profits and common expenses of the Condominium shall be allocated based on each Owner's undivided percentage ownership interest in the Common Elements as determined in Section 5.

9.1.2 Assessments for common expenses shall commence upon closing of the first sale of a Unit, provided that Declarant may elect to defer the commencement of common expenses (other than assessments for reserves pursuant to the Bylaws). Assessments for reserves pursuant to the Bylaws shall commence upon closing of the first sale of a Unit. Declarant shall give not less than 10 days' written notice to all Owners of the commencement of all common expenses. Until the commencement of assessments for all common expenses, Declarant shall be responsible for payment of all common expenses of the Association (other than assessments for reserves pursuant to the Bylaws).

9.2 **No Exception.** No Owner may claim exemption from liability for contribution toward the common expenses by waiver by the Owner of the use or enjoyment of any of the Common Elements or the Variable Property, as the case may be, or by abandonment by the Owner of the Owner's Unit or Variable Property, as the case may be.

10. **Voting Rights.** Subject to the provisions of Section 23.2 of this Declaration, one vote shall be allocated to each Unit.

11. **Use.**

11.1 **General.** Subject to the restrictions, terms and conditions contained in this Declaration, the Bylaws and the Act, the Condominium shall be used only for residential purposes. Additional restrictions and regulations are set forth in the Bylaws and shall be set forth in the Rules and Regulations adopted pursuant to the provisions of the Bylaws.

11.2 **Rules and Regulations Promulgated by the Association.** The Board shall have the authority from time to time to promulgate such Rules and Regulations as the Board may deem in the best interests of the Association. No person shall use the Common Elements or any part thereof in any manner contrary to or inconsistent with such Rules and Regulations. Without in any manner intending to limit the generality of the foregoing, the Board shall have the right, but not the obligation, to promulgate Rules and Regulations limiting the use of the Common Elements to the members of the Association and their respective families, guests, invitees, and servants. Such use may be conditioned upon, among other things: (a) the payment by the Owner of assessments for common expenses and such other assessments or fees as may be established by the Association for the purpose of defraying the costs associated with the use of the Common Elements; and (b) the observance by the Owner, his or her guests, invitees, and servants, of the Declaration, Bylaws, and the Rules and Regulations.

12. **Service of Process.** The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report which will be filed in accordance with Section 100.250(1)(a) of the Act.

13. **Inclusion of Variable Property.**

13.1 **Rights of Declarant.** Declarant reserves, with respect to the Variable Property, the rights provided for under Section 100.150(1)(a) of the Act. Declarant has designated the Variable Property nonwithdrawable and, accordingly, Declarant shall not have the right to withdraw the Variable Property from the Condominium under Section 100.150(1)(b) of the Act. A metes and bounds legal description of the Variable Property is shown on the Plans. Upon reclassification of any of the Variable Property as Units or Common Elements, Declarant (or Declarant's successor in title to the Variable Property to be reclassified) shall record a supplemental declaration and plat in accordance with Section 100.120 of the Act, a copy of which will be provided to any governmental authority if required in connection with a guaranty of, or the issuance of insurance with respect to, a Mortgage by such authority. The rights reserved by Declarant under Section 100.150(1)(a) of the Act shall terminate on the seventh anniversary of the date of recording of the conveyance of the first Unit to a person other than Declarant (the "Termination Date").

13.2 **Additional Units.** Declarant may construct, or cause to be constructed, additional residential Units, driveways, and pedestrian walkways on the Variable Property. No more than

five buildings containing ten Units may be created on the Variable Property. No portion of the Variable Property shall be allocated an undivided interest in the Common Elements.

The maximum number of Units in the Condominium shall be 18. No portion of the Variable Property shall be reclassified as a Unit and as Common Elements until all improvements intended to be constructed on that portion of the Variable Property are substantially complete. The quality of construction of all improvements to be constructed on the Variable Property shall be consistent with that of the initial Units and Common Elements shown on the Plans. Assuming 18 Units are ultimately created within the Condominium, the allocation of common profits and common expenses to any Unit shall be 5.55% percent of the total common profits or common expenses of the Condominium. The allocation of assessments as between Owners of Units and the Owner of the Variable Property is described in Section 13.8.

As additional Units are added, the method used to establish the allocations of undivided interests in the Common Elements, the method used to determine liability for common expenses and rights to common profits, and the method used to allocate voting rights shall be the same as stated in this Declaration.

13.3 Existing Improvements. As of the date of this Declaration, there are located on the Variable Property foundations and the frames for five buildings (each of which shall contain two Units to be completed thereon).

13.4 Creation of Limited Common Elements. Declarant reserves the right to create Limited Common Elements within the Variable Property, including, without limitation, driveways and utility installations, each of which shall be reserved for the use of the Unit (or Units, in the case of Units that are served by a common driveway) to which the Limited Common Elements are assigned as shown on each Supplemental Declaration and corresponding supplement to the Plans.

13.5 Automatic Reclassification; Common Expenses. Each tract of Variable Property is designated nonwithdrawable. If, by the Termination Date, all or a portion of the Variable Property has not been reclassified, such property shall automatically become General Common Elements of the Condominium and any interest in such property held for security purposes shall be automatically extinguished. If this happens, the Association may, with respect to the Variable Property reclassified as General Common Elements, exercise any rights previously held by Declarant if the exercise of such rights is approved by at least a majority of all voting rights. In the event of automatic reclassification, the common expenses arising out of or related to maintenance, repair, replacement, use, or obligations of or pertaining to the General Common Elements shall be assessed equally to each Owner of a Unit. If a document is required to be recorded to memorialize the automatic reclassification of the Variable Property, such document shall be executed by the chairperson and secretary of the Association and their signatures shall be acknowledged.

13.6 Nonwithdrawable Variable Property. The Plans show the location and dimensions of each tract of the Variable Property, each of which is labeled

"NONWITHDRAWABLE VARIABLE PROPERTY." A metes and bounds legal description of each tract of the Variable Property, labeled Tract A and Tract B, is shown on the attached Exhibit C and on the Plans. The improvements that may be made on the Variable Property include residences and associated improvements such as landscaping, driveways, walkways and utility installations. All such improvements are intended for residential use; rental of Units is permitted in accordance with the Bylaws.

13.7 Division of Variable Property. Declarant reserves the right to divide the Variable Property into multiple parcels of Variable Property by recording a Supplemental Declaration and supplemental plat. The Supplemental Declaration shall state the allocation of common expenses to each such parcel of Variable Property. Pursuant to such Supplemental Declaration, Declarant may provide for the assignment of certain of its rights with respect to the Variable Property to Owners of parcels thereof. Such division of the Variable Property shall not affect its status as nonwithdrawable.

13.8 Other Rights and Responsibilities. The Owner of the Variable Property shall be responsible for the payment of any assessments, taxes, and other expenses on or relating to the Variable Property (other than expenses set forth in Section 5.2.8 of the Bylaws) and shall discharge any liens arising in connection with construction of improvements on the Variable Property. Ownership or occupancy of the Variable Property shall not confer any right to use any Unit or the Common Elements, subject to the rights of Declarant pursuant to Sections 17.4 and 23.3. Ownership or occupancy of a Unit shall not confer a right to use any portion of the Variable Property, subject to the rights of Declarant pursuant to Sections 17.4 and 23.3. Prior to the Termination Date, Variable Property shall be subject to assessments for expenses of the Condominium as set forth above in Section 9.

14. Restrictions on Merger. Nothing in this Declaration shall authorize the merger of the Condominium with a successor condominium, which merger may be effected only with the prior written approval of the Secretary of Veterans Affairs or his designee.

15. Authority Regarding Easements and Other Property Rights.

15.1 General. The Association has the authority, pursuant to Section 100.405(5) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 15 (other than leases having a term of two years or less) shall first be approved by the Owners holding at least 75 percent of the voting power of the Association.

15.2 Utility Easements; Dedications. Anything in this Declaration to the contrary notwithstanding, Declarant shall have the right to execute, deliver, and record on behalf of the Association and the Owners such documents as may be required in order to grant easements, rights-of-way, and licenses over the Common Elements for the installation, maintenance, and repair of public utilities serving the Condominium or adjacent property. Declarant shall also

have the right to execute, deliver and record on behalf of the Association and the Owners such deeds and other documents as may be required to convey, dedicate, or to grant such easements, rights-of-way, or licenses over Common Elements, as may be required by any government or governmental agency in order to complete development of the Condominium, or any adjacent property. In order to effect the intent of this Section 15.2, each Owner, by acceptance of a deed or contract to a Unit whether or not it shall be expressed in such deed or contract for the Owner and his or her successors in interest, irrevocably appoints Declarant or its nominee, as his or her lawful attorney-in-fact for the purpose of executing any and all documents required or permitted to be executed hereunder.

16. No Restrictions on Alienation. This Declaration and the Bylaws impose no restrictions on the alienation of any Unit.

17. Rights of Access and Use.

17.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each of the Limited Common Elements adjoining such Owner's Unit as may be required for ingress to and egress from such Owner's Unit; for the support of such Owner's Unit; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Unit, including, but not limited to, water, natural gas, air conditioning, cable television, electrical power and wiring, light, or plumbing. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

17.2 Additional Rights Created by Association. The Association, upon prior approval of the Owners holding at least 75 percent of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the Common Elements. No such right may be granted with respect to a Common Element unless the Owners and Mortgagees of the Units have the right to use such Common Elements consent to the creation of such a right. Nothing in this Section 17.2 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

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

17.4 Right of Access and Use for Declarant. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements for the purpose of (i) planning, designing, developing, constructing, maintaining, or repairing structures on the Property (including the Variable Property); and (ii) carrying out sales activities reasonably necessary for the sale of Units or Variable Property, including, without limitation, the right to use the Units or Variable Property owned by Declarant as sales offices or model units, until all Units have been conveyed to persons other than Declarant and all Variable Property has been reclassified as Units and Common Elements.

18. Easements; Encroachments.

18.1 Each Unit shall have an easement over all Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be a valid easement for the maintenance of the encroaching Units so long as the encroachment shall exist and, except as otherwise provided in Section 18.2, the rights and obligations of Owners shall not be altered in any way by the encroachment.

18.2 The easement described in Section 18.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve the Declarant or any contractor, subcontractor, or materialman of liability for failure to adhere to the Plans.

18.3 The encroachments described in Section 18.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

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

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

19.2 Any delinquency of 45 days in the payment of common expenses assessed to a Unit in which it holds an interest;

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

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

20. Operating Entity. Aquila Lodges At Sunriver Condominium Owners' Association, Inc., an Oregon nonprofit corporation, has been organized to administer the operation and management of the Condominium and to undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and the Bylaws. A copy of the Bylaws, which have

been adopted by the Declarant as required by Section 100.410(1) of the Act, are attached hereto as Exhibit D. The Owner of each Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in any Unit and the membership of an Owner shall terminate automatically upon such Owner's being divested of all such Owner's ownership interest in the Units, regardless of the means by which such ownership interest is divested. Each Owner shall be entitled to vote in the manner prescribed in the Articles of Incorporation of the Association and the Bylaws. Until the Turnover Meeting, the members of the Board need not be Owners. No person or entity holding any Mortgage, lien, or other encumbrance on any Unit shall be entitled, by virtue of such Mortgage, lien, or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership, except as specifically described in this Declaration. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments, and to adopt, promulgate, and enforce Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of any ownership interest in a Unit by an Owner shall constitute appointment of the Association as that Owner's attorney-in-fact in connection with proceedings, negotiations, settlements, and agreements arising from condemnation, destruction, liquidation, or termination of the Condominium, subject to the rights of the Owners described in the Bylaws.

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

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

23. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, until the earlier to occur of the date that is seven years after the date on which the first Unit is conveyed or the date at which 13 Units (representing 72.22% of the maximum of 18 Units planned for the Condominium in this Declaration and any Supplemental Declaration) have been conveyed to persons other than the Declarant:

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

23.2 Declarant shall have five votes with respect to each Unit owned by it, as well as additional votes equal to the product of (i) five and (ii) the excess of (a) 18 over (b) the number of Units then created within the Condominium, notwithstanding the provisions of Section 10;

23.3 Declarant shall have the right to exercise all powers of the Association, the Board, or the Association officers under this Declaration, the Bylaws, and the Act, except that Declarant may not bind the Association to any management agreement, service contract or employment contract, or contract or lease to which Declarant is a party, which is made prior to the Turnover Meeting, unless the Association or the Board is granted therein a right of termination thereof which is exercisable without cause or penalty upon not less than 30 days' written notice given to the other party thereto not later than 60 days after the Turnover Meeting; and

23.4 Declarant shall have the right to approve amendments proposed by the Owners to this Declaration, the Bylaws, the Plans, and the Rules and Regulations.

24. Condemnation.

24.1 Total Condemnation. In the event of condemnation of the whole of the Condominium, the compensation to be paid to Owners of Units shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners of at least 75 percent of the Units at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners of Units in equitable proportions and payable to any Mortgagee to the extent required to obtain a discharge of Mortgage. Notwithstanding the award for the condemnation of the whole Condominium, the rights of each Owner of a Unit shall be separate to negotiate and finalize his personal compensation for improvements made to the Unit, cost of moving, and other similar items personal to each Owner. In the event of condemnation of the whole of the Condominium, the Owner of the Variable Property shall deal with the condemning authority with regard to compensation relating to the Variable Property.

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

funds received for such reconstruction. Any monies received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

25. Fidelity Bond. The Board shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, shall furnish a fidelity bond as the Board deems adequate under this Section 25. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three months of common expense assessments on all Units and Variable Property. Any such bond shall include a provision requiring not less than ten days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association.

26. Amendment.

26.1 Approval by Owners. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by the Owners holding at least 75 percent of the voting power of the Association. No provisions herein regarding Variable Property may be changed unless the Owner of the Variable Property agrees to such change as evidenced by its signature on an Amendment to the Declaration implementing such change. The unanimous consent of all Owners shall be required for amendments of Sections 17.2 and 19 of this Declaration. Except as otherwise provided in the Act, no amendment may change the size, location, or rights to a Unit or Common Element or of Variable Property or method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit or the Variable Property, as applicable, unless such amendment has been approved by the Owners of the affected Units or the Variable Property. For as long as Declarant remains the Owner of one or more Units or any portion of the Variable Property, the Bylaws, the Rules and Regulations, and this Declaration may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designee, or otherwise so as adversely to affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

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

26.2.1 Section 4.3, which addresses Unit boundaries;

26.2.2 Section 7, which addresses the Limited Common Elements;

26.2.3 Section 9.1, which addresses the allocation of common profits and expenses and related matters;

26.2.4 Section 10, which addresses voting rights;

26.2.5 Section 13, which addresses the Variable Property;

26.2.6 Section 16, which addresses restrictions on alienation of Units;

26.2.7 Section 18, which addresses use of and access to Units and Common Elements;

26.2.8 Section 19, which addresses notices to Mortgagees;

26.2.9 Section 24, which addresses condemnation;

26.2.10 Section 25, which addresses fidelity bonds;

26.2.11 This Section 26;

26.2.12 Section 27, which addresses termination of the Condominium; and

26.2.13 Any other provision of this Declaration which expressly benefits Mortgagees of a Unit or insurers or guarantors of a Mortgage on a Unit.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the size, location, attribution of rights in the Limited Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the holders of any Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 26.2 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Declaration within 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested.

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

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

27. Termination. Termination of the Condominium shall be effected in accordance with Section 100.600 and any other applicable provision of the Act, but in no event shall be

consummated, other than in connection with the substantial destruction or condemnation of the Property, without the prior written consent of at least 90 percent of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees. The common profits and expenses of the Property following termination of the Condominium shall be allocated in accordance with the Act.

28. Declarant's Special Rights.

28.1 "For Sale" Signs. Declarant may maintain "For Sale" signs on the Property in accordance with the SROA Documents.

28.2 No Capital Assessments Without Consent. Neither the Association nor the Board shall make any assessments for new construction, acquisition, or otherwise without the prior written consent of Declarant, or as long as Declarant remains the Owner of one or more Units. Nothing contained in this Section 28.2 shall be construed as a limitation on Declarant's obligation to pay assessments for common expenses on Units owned by Declarant pursuant to requirements of the Act.

28.3 Common Element Maintenance by the Association. The Association shall maintain all Common Elements in a clean and attractive manner. Should the Association fail to do so, Declarant may perform such maintenance at the expense of the Association.

28.4 Declarant's Easements. Declarant, its agents, and employees shall have an easement on and over the Common Elements for the completion of any portion of the Condominium, including, but not limited to, the right to store materials on the Common Elements at reasonable places and for reasonable lengths of time.

28.5 Other Declarant Rights. The rights reserved to Declarant in this Section 28 shall in no way limit any other special declarant rights that Declarant may have, whether pursuant to the Act or otherwise. Upon the expiration of any or all special declarant rights, Declarant will have the same rights as any other Owner with respect to such ownership.

28.6 Assignment of Declarant's Rights. Declarant shall have the right to assign any and all of its rights, including without limitation Declarant's special rights as set forth in this Section 28, or to share such rights with one or more other persons exclusively, simultaneously, or consecutively.

28.7 Expiration of Declarant's Special Rights. Unless otherwise provided, Declarant's special rights reserved in this Section 28 shall expire upon the conveyance by Declarant of the last Unit owned by Declarant or seven years after conveyance of the first Unit, whichever is earlier.

29. General Provisions.

29.1 Interpretation. The rights and obligations of all members of the Association and any person dealing with the Association or any of its members in respect to matters pertaining to the Declaration and the Bylaws shall be interpreted and governed by the laws of the State of Oregon.

29.2 Severability. Each provision of the Declaration and the Bylaws is independent and severable. The invalidity or partial invalidity of any Section thereof shall not affect any of the remaining portions of that or any other provision of this Declaration or the Bylaws.

29.3 Waiver of Rights. The failure of the Association, Board, an officer, or an Owner to enforce any right, provision, covenant, or condition of the Declaration and Bylaws shall not constitute a waiver of the right of any such party to enforce such right, provision, covenant, or condition in the future.

29.4 Legal Proceedings. Failure to comply with any of the terms of the Declaration, any supplemental Condominium Declaration, the Bylaws, and any rules or regulations adopted thereunder shall be grounds for relief which may include, without intending to limit the same, an action to recover money due, damages, or a suit for injunctive relief, to foreclose a lien, or any combination thereof. Relief may be sought by the Association, Board, an officer, a professional manager or management firm, or, if appropriate, by an aggrieved Owner.

29.5 Costs and Attorneys' Fees. In the event of any litigation to enforce any of the terms and provisions of this Declaration (as may be amended or supplemented), the Bylaws (as may be amended), rules and regulations of the Association, or any provisions of the Act, the prevailing party shall be entitled to recover the cost of the proceedings and such reasonable attorney fees as may be determined by the trial court in any trial or by the appellate court in any appeal thereof. In addition, the Association shall be entitled to recover costs and attorneys' fees incurred by it to collect delinquent assessments whether or not any collection or foreclosure action or suit is filed.

29.6 Compliance. Each Owner shall comply with the Declaration, any Supplemental Declaration, and the Bylaws, and with the Rules and Regulations adopted thereunder, any amendments or supplements to the foregoing, and with all other applicable covenants, conditions, and restrictions of record. Failure to comply therewith shall be grounds for suit or action maintainable by the Association or any Owner in addition to other sanctions that may be provided by the Bylaws or by any existing administrative rules and regulations.

29.7 Conflicting Provisions. In the event of a conflict between or among the Declaration, Bylaws, and any administrative rules and regulations, the provisions of the Declaration shall be paramount to the Bylaws and the Rules and Regulations, and the Bylaws shall be paramount to the Rules and Regulations.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 26th day of July, 2002.

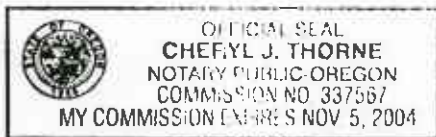
DECLARANT:

Sun Eagle Properties, LLC

By: Beverly Sherrer
Beverly Sherrer, Manager

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me on this 26th day of July, 2002, by Beverly Sherrer, who is the Manager of Sun Eagle Properties, LLC, on behalf of the limited liability company.



Cheryl J. Thorne
Notary Public for Oregon
My Commission expires: 11-5-04

Scott W. Taylor
County Assessor, Deschutes County

Maell
County Tax Collector, Deschutes County

The foregoing Declaration is approved pursuant to ORS 100.110 this 27 day of August, 2002, and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

Scott W. Taylor, Real Estate Commissioner

By: Brian DeMarco
Brian DeMarco

The undersigned, the holder of a Line of Credit Instrument on the property subject to this Declaration, executes this Declaration for the purpose of consenting to the property being submitted to the provisions of ORS 100.005 to 100.625 and the terms and conditions of the Declaration and Bylaws.

Columbia River Bank

By: 
Kip Anderson, Vice President

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me on this 26 day of July, 2002, by Kip Anderson, who is the Vice President of Columbia River Bank, on behalf of the company.



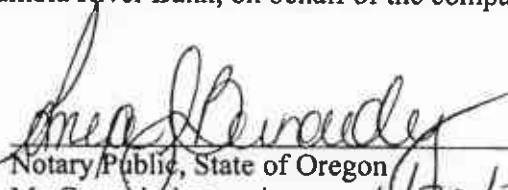

Notary Public, State of Oregon
My Commission expires: 11/30/2003

EXHIBIT A

CONDOMINIUM DECLARATION

AQUILA LODGES AT SUNRIVER CONDOMINIUM

Legal Description of Condominium Property

A parcel of land located in the Northwest Quarter (NW1/4) of Section Thirty-two (32), Township Nineteen (19) South, Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon, being fully described as follows:

Beginning at the Southwest corner of Parcel 3 in MLP-79-27, the initial point for the plat of QUELAH ESTATES and this subdivision; thence North 15°29'49" East 349.11 feet to a 5/8" iron rod at the Southerly most corner of the plat of RANCH CABINS, PHASE I AND II; thence following the boundary of said plat North 89°26'07" East 39.67 feet to a 5/8" iron rod; thence North 58°20'29" East 87.64 feet to a 5/8" iron rod; thence North 46°05'57" East 63.19 feet to a 5/8" iron rod; thence North 25°42'23" East 64.12 feet to a 5/8" iron rod; thence leaving said boundary of RANCH CABINS, PHASE I AND II, South 72°14'18" East 158.47 feet to a 5/8" iron rod; thence South 19°07'01" West 534.52 feet to the Southerly boundary of said Parcel 3; thence North 74°57'47" West 265.86 feet to the point of beginning. Contains 3.06 acres.

Together with an easement for roadway purposes upon the following described parcel of land located in the Northwest Quarter (NW1/4) of Section Thirty-two (32) in Township Nineteen (19) South and Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon:

Commencing at the Southwest corner of the Southeast Quarter (SE1/4) of said Section 32; thence North 89°10'08" East 2652.83 feet to the Southeast corner of said SE1/4; thence North 54°00'20" West 5284.86 feet to a 5/8" iron rod at the Southwest corner of Parcel 3 in MLP-79-27; thence South 74°57'50" East 265.81 feet along the South line of said Parcel 3 to a 5/8" iron rod and the point of beginning; and running thence North 19°07'12" East leaving said South line a distance of 24.22 feet to a 1/2" iron rod; thence South 73°08'50" East 131.22 feet; thence South 69°56'14" East 379.25 feet to the Westerly right-of-way of Abbot Drive; thence 64.76 feet along the arc of a 204.44 foot radius curve left (the long chord on which bears South 29°28'33" West 64.49 feet to a 5/8" iron rod at the Southeast corner of said Parcel 3; thence North 49°43'26" West 77.63 feet to a 5/8" iron rod; thence North 73°25'47" West 180.05 feet to a 5/8" iron rod; thence North 66°10'50" West 247.27 feet to the point of beginning.

Also together with an easement for roadway purposes upon the following described parcel of land located in the Northwest Quarter (NW1/4) of Section Thirty-two (32) in Township Nineteen (19) South and Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon, being fully described as follows:

Commencing at the Southwest corner of said Section 32; thence North 89°10'08" East 2652.83 feet to the Southeast corner of said SE1/4; thence North 54°00'20" West 5284.86 feet to a 3" brass cap at the Southwest corner of Parcel 3 in MLP-79-27, said point being the initial point of QUELAH ESTATES; thence South 74°57'50" East 265.81 feet along the South boundary of said Parcel 3 and the North boundary of QUELAH ESTATES to a 5/8" iron rod; thence leaving said South boundary and said North boundary North 19°06'50" East 24.35 feet to a 1/2" iron rod and the Northwest corner of an easement for roadway purposes recorded in Volume 182, Page 558 of the Official Records, Deschutes County, and the point of beginning for this description; thence North 19°06'50" East 10.77 feet; thence South 68°22'28" East 131.21 feet to an angle point in the North line of said easement for roadway purposes; thence North 73°08'50" West 131.22 feet to the point of beginning.

EXHIBIT B

CONDOMINIUM DECLARATION

AQUILA LODGES AT SUNRIVER CONDOMINIUM

**Unit Designation, Area in Square Feet,
and Undivided Interests in Common Elements**

Unit Number	Area in Square Feet*	Percentage of Ownership in Common Elements
7	2,636	12.5%
8	2,659	12.5%
9	2,658	12.5%
10	2,661	12.5%
11	2,350	12.5%
12	2,639	12.5%
13	2,327	12.5%
14	2,633	12.5%
TOTALS	20,563	100%

* The stated area includes garage space.

EXHIBIT C

CONDOMINIUM DECLARATION

AQUILA LODGES AT SUNRIVER CONDOMINIUM

Legal Description of Variable Property

Tract A:

A Parcel located in the Northwest 1/4 of Section 32 of Township 19 South and Range 11 East of the Willamette Meridian, Deschutes County, Oregon, as shown on the attached map and fully described as follows:

Commencing at the Southwest corner of Parcel 3 in MLP – 79-27, a brass cap at the Initial Point for the plat of QUELAH ESTATES; thence North 74°57'50" East 265.81 feet along the Northerly boundary of said plat to a 5/8" iron rod; thence leaving said boundary, North 19°07'12" East 26.69 feet to the point of beginning; thence North 69°23'01" West 21.73 feet; thence 47.16 feet along the arc of a 163.15 foot radius curve right (the long chord of which bears North 61°06'08" West 47.00 feet); thence 115.60 feet along the arc of a 75.00 foot radius curve right (the long chord of which bears North 08°39'50" West 104.49 feet); thence North 35°29'36" East 83.39 feet; thence 64.38 feet along the arc of a 70.00 foot radius curve left (the long chord of which bears North 09°08'49" East 62.13 feet); thence 62.99 feet along the arc of a 45.00 foot radius curve right (the long chord of which bears North 22°53'54" East 57.97 feet); thence North 62°59'46" East 26.84 feet; thence 20.10 feet along the arc of a 20.00 foot radius curve right (the long chord of which bears South 88°13'00" East 19.26 feet); thence 71.78 feet along the arc of a 40.50 foot radius curve left (the long chord of which bears North 69°53'32" East 62.75 feet); thence South 70°52'48" East 14.59 feet to the Easterly boundary of said Parcel 3; thence South 19°07'12" West 364.80 feet to the point of beginning. Contains 0.78 acres, 34,036 square feet.

Tract B:

A Parcel located in the Northwest 1/4 of Section 32 of Township 19 South and Range 11 East of the Willamette Meridian, Deschutes County, Oregon, as shown on the attached map and fully described as follows:

Beginning at the Southwest corner of Parcel 3 in MLP – 79-27, a brass cap at the Initial Point for the plat of QUELAH ESTATES; thence North 15°29'04" East 174.08 feet along the boundary of said plat; thence leaving said boundary of QUELAH ESTATES, North 85°09'16" East 163.42 feet; thence South 35°29'36" West 64.37 feet; thence 146.43 feet along the arc of a 95.00 foot radius curve left (the long chord of which bears South 08°39'50" East 132.36 feet); thence 52.94 feet along the arc of a 183.15 foot radius curve left (the long chord of which bears South 61°06'08" East 52.76 feet); thence

South 69°23'01" East 22.25 feet; thence South 19°07'12" West 6.68 feet to the Southerly boundary of said Parcel 3; thence North 74°57'50" West 265.81 feet to the point of beginning. Contains 0.67 acres, 29,354 square feet.

EXHIBIT D

CONDOMINIUM DECLARATION

AQUILA LODGES AT SUNRIVER CONDOMINIUM

Bylaws of Aquila Lodges At Sunriver Condominium Association, Inc.

**BYLAWS OF AQUILA LODGES
AT SUNRIVER CONDOMINIUM ASSOCIATION, INC.**

Dated: July 26, 2002

4.	OFFICERS	10
4.1	Designation	10
4.2	Election	10
4.3	Removal	11
4.4	Chair	11
4.5	Secretary	11
4.6	Treasurer	11
4.7	Execution of Instruments	11
4.8	Compensation of Officers	11
5.	ASSESSMENTS, EXPENSES, BUDGET, AND DEFAULT	11
5.1	Assessment of Common Expenses	11
5.2	Determination of Common Expenses	12
5.3	Reserve Items	13
5.3.1	Reserve Account and Study	13
5.3.2	General Operating Reserve	14
5.3.3	Special Reserves	14
5.4	Special Assessments	14
5.5	Payment of Assessments	15
5.6	Budget	15
5.6.1	Adoption of Budget	15
5.6.2	Failure to Prepare Budget	15
5.6.3	Failure to Adopt Budget	15
5.7	Default by Owners	16
5.7.1	Payment of Assessments	16
5.7.2	First Mortgages; Liability of Subsequent Purchaser	16
5.7.3	Other Defaults	17
5.8	Liability of Owners	18
6.	RECORDS AND AUDITS	18
6.1	General Records	18
6.2	Records of Receipts and Expenditures	18
6.3	Assessment Roll	19
6.4	Reports and Audits	19
6.5	Notice of Sale, Mortgage, Rental or Lease	19
6.6	Payment of Vouchers	19
7.	PURPOSES, USES AND RESTRICTIONS	19
7.1	Use	19
7.2	Alterations	19
7.2.1	Specifically Authorized	19

7.2.2	Restrictions	20
7.3	Restrictions on Alterations of the Common Elements	20
7.4	Appearance of Units	20
7.5	Nuisances	20
7.6	Improper, Offensive, or Unlawful Use	20
7.7	Vehicle Restrictions	21
7.8	Parking	21
7.9	Leasing Units	21
7.10	Separately Metered Utilities	21
7.11	Garbage	21
7.12	Antennas	21
7.13	Children	21
7.14	Pets	21
7.15	Unlawful or Improper Activities	21
7.16	Contested Legal Requirements	22
7.17	Association Rules and Regulations	22
7.18	Other Restrictions	22
7.19	Activities of the Declarant	23
8.	MAINTENANCE AND REPAIR	23
8.1	By Board	23
8.2	By Owner	23
9.	INSURANCE	23
9.1	Types of Insurance Policies	23
9.2	Insurance Companies Authorized	24
9.3	Authority to Adjust Losses	24
9.4	Value of Owner Improvements	24
9.5	Provisions in Insurance Policies	24
9.6	Additional Requirements	25
9.7	By the Owner	26
9.8	Owners' Insurance Carriers and Evidence of Coverage	26
10.	CASUALTY	27
10.1	Responsibility of Association	27
10.2	Responsibility of Owner	27
11.	AMENDMENTS TO BYLAWS	27
11.1	How Proposed	27
11.2	Adoption	27
11.3	Execution and Recording	28

11.4	Rights of the Declarant	28
12.	DISPUTE RESOLUTION AND LITIGATION	28
12.1	Dispute Resolution	28
12.2	Litigation By Fewer than All Owners	29
12.3	Complaints Against Board and Association	29
13.	MISCELLANEOUS	29
13.1	Notices	29
13.2	Waiver	30
13.3	Invalidity; Number; Captions	30
13.4	Action Without a Meeting	30
13.5	Conflicts	30
13.6	Liability Survives Termination	30
13.7	Indexing	30
13.8	The Declarant as Owner	30

**BYLAWS
OF
AQUILA LODGES AT SUNRIVER
CONDOMINIUM ASSOCIATION, INC.**

1. GENERAL PROVISIONS.

1.1 Identity. Aquila Lodges At Sunriver Condominium Owners' Association, Inc., a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Office of the Secretary of the State of Oregon on the 18th day of January, 2002, (the "**Association**"), has been organized for the purpose of administering the operation and management of Aquila Lodges At Sunriver Condominium (the "**Condominium**"), in accordance with the terms of these Bylaws. The Condominium was established by Sun Eagle Properties, LLC, an Oregon limited liability company (the "**Declarant**"), in accordance with the provisions of ORS Chapter 100 (the "**Act**"). The Condominium is located upon property in Deschutes County, Oregon, as more particularly described in the Declaration of Aquila Lodges At Sunriver Condominium (the "**Declaration**"), which is being recorded simultaneously herewith in the records of Deschutes County, Oregon.

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

The provisions of these Bylaws are also subject to the covenants, conditions and restrictions of the Consolidated Plan of Sunriver recorded in the Deed Records of Deschutes County, Oregon, in Volume 113, Page 1158, as amended and revised January 3, 1986, together with all governing documents mentioned therein or relating thereto that may affect the Condominium, including, but not limited to the Sunriver Articles of Incorporation, the Bylaws of the Sunriver Owners Association, the Sunriver Rules and Regulations, the Sunriver Design Rules and Regulations, and amendments to any of the foregoing documents (the "**SROA Documents**").

1.3 Capitalized Terms. All capitalized terms used in these Bylaws and not specifically defined herein shall have the meaning given such terms in the Declaration, and, unless the context clearly indicates otherwise, where appropriate the singular shall include the plural and the masculine shall include the feminine or neuter, and vice versa, to the extent necessary to give the terms defined in this section or the terms otherwise used in these Bylaws their proper meanings.

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

1.5 Office. The office of the Association shall be at 55325 Big River Drive, Bend, Oregon 97707, or at any other place within Sunriver, Oregon, designated by the Association.

2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provisions of these Bylaws, until the Turnover Meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 23 of the Declaration.

2.2 Initial Meeting. The Declarant shall call an initial meeting of the Owners within 60 days after the conveyance to persons other than the Declarant of 25% of all Units planned for the Condominium. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least seven but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. The initial meeting shall function to establish the Association's permanent records and ease the transition from control of the administration of the Association by the Declarant to control by the Owners, and the Owners at the initial meeting shall have access to the information, documents, and records which the Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within 90 days of the expiration of the period of Declarant's administrative control described in Section 23 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least seven but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting, the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control, the Owners shall elect a board of directors as set forth in these Bylaws, and the Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three-month period following the Turnover Meeting, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5) of the Act. If the Declarant has complied with the terms of Section 100.210 of the Act, then, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and the Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner for any unsold Unit.

2.4 Annual Meetings. In the first calendar month following the month in which the Turnover Meeting is held, the first annual meeting of Owners shall be held. At such meeting, the three incumbent directors of the Association (any director of the Association, a "Director") elected at the Turnover Meeting shall resign and three directors (who may have previously served as Directors) shall be elected by the Owners in accordance with these Bylaws. Thereafter, annual meetings shall be held on the third Saturday of September of each year at such hour as the Chair of the Association may designate. At such meetings, the Owners shall elect Directors to fill vacancies or to succeed retiring Directors as provided in Section 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

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

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

2.7 Notice. The Chair or Secretary shall give written notice of each meeting of the Association at least ten days, but not more than 50 days, prior to the date set for such meeting, stating the purpose, time, and place of the meeting, to each Owner of record (and to any first Mortgagee of record requesting such notice), at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the Chair or Secretary at least ten days prior to the giving of such notice by the Chair or Secretary. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery, shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

Any action that may be taken at any annual, regular or special meeting of the Association of Owners may be taken without a meeting if the Association delivers a written ballot to every Owner that is entitled to vote on the matter. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

The Board of Directors must provide Owners with at least ten days' notice before written ballots are mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner and instructions for marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

2.8 Voting. The total number of votes of all Owners shall be equal to the total number of Units in the Condominium and each Owner shall be entitled, subject to the provisions of Section 23.2 of the Declaration (which grants the Declarant five votes for each Unit owned by it, as well as to additional votes with respect to the Variable Property it owns, prior to the Turnover Meeting) and to Section 3.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of Units owned by such Owner. The Declarant shall be entitled to vote as the Owner of any Units retained by the Declarant, and the Board shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board shall not be entitled to vote such Units in any election of Directors.

2.9 Proxies. A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of a Unit by its Owner. An Owner may pledge or assign such Owners' voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

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

2.11 Quorum. At any meeting of the Association, the presence, in person or by proxy, of a number of Owners holding 51 percent or more of the voting power of the Association shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present; provided, however, that a quorum shall not be necessary to proceed with and hold a binding Turnover Meeting

2.12 Binding Vote. The vote of more than 50 percent of the voting power of the Association, present in person or by proxy, at a meeting at which a quorum is constituted, shall be binding upon with respect to the matter voted on all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

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

2.13.1 Calling of the roll and certifying of proxies;

- 2.13.2 Proof of notice of meeting or waiver of notice;
- 2.13.3 Reading of minutes of preceding meeting;
- 2.13.4 Reports of officers;
- 2.13.5 Reports of committees, if any;
- 2.13.6 Election of directors;
- 2.13.7 Unfinished business;
- 2.13.8 New business; and
- 2.13.9 Adjournment.

2.14 Rules of Order. Subject to Section 2.13, meetings of the Association shall be conducted according to the latest edition of Robert's Rules of Order published by the Robert's Rules Association. A decision of the Association may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied. A decision of the Association is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of three persons. Until the Turnover Meeting shall have been held, the Board of Directors shall consist of the three Directors subject to the appointment and removal powers of the Declarant described in Section 23.1 of the Declaration. At the Turnover Meeting, three Directors shall be elected by all Owners to serve until the first annual meeting of the Association. At the first annual meeting of the Association, two Directors shall be elected by the Owners to serve for a term of two years and one Director shall be elected by the Owners to serve for a term of one year. Election by the Owners shall be by plurality. At the expiration of the initial term of office of each Director elected or appointed at the first annual meeting of the Association, his successor shall be elected or appointed as provided in this Section 3.1 to serve for a term of two years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected or appointed as herein provided. After the Turnover Meeting, all directors shall be Owners and no Director shall continue to serve on the Board of Directors after he ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company which owns a Unit shall be considered co-Owners of any such Unit.

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

3.2.1 Operation, care, upkeep, repair, replacement and maintenance of the exterior surfaces of the Units, the Common Elements (but subject to the Owners' obligations set forth in Section 8.2), Association Property, and the landscaping located on the Variable Property.

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

3.2.3 Collection of the common expenses from the Owners.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the maintenance, upkeep and repair of the Units, the Common Elements and the landscaping located on the Variable Property; engagement of or contracting for the services of others; and making purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); provided, however, that any agreement for management services entered into before the Turnover Meeting on behalf of the Association must be terminable by the Association for cause upon not more than 30 days' notice, must have a reasonable term not exceeding two years, and must be renewable with the consent of the Association and the manager.

3.2.5 Adoption and amendment of reasonable rules and regulations of the condominium pursuant to Section 7.17 hereof.

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

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

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

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

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

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

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

3.2.13 Making additions and improvements to, or alterations of, the Common Elements; provided, however, that no such project of a non-structural or non-capital nature may be undertaken by the Board of Directors if the total cost will exceed the amount of Ten Thousand Dollars (\$10,000), unless (i) the Owners have enacted a resolution authorizing the project by a vote of Owners holding at least 75 percent of the voting power of the Association, present in person or by proxy at a meeting of the Owners or (ii) the expenditure is authorized in the annual budget of the Association. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Subsection 3.2.1.

3.2.14 Levying fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations; provided, that for any offense for which a fine is levied, the minimum fine shall be Seventy-Five Dollars (\$75) for the first offense, One Hundred Dollars (\$100) for the second offense and Two Hundred Fifty Dollars (\$250) for the third or any later offenses of the same nature, and that the maximum fine for any single offense shall in no event exceed Two Hundred Fifty Dollars (\$250) per occurrence.

3.2.15 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Units and Common Elements; provided, however, that (i) the consent of Owners holding at least 75 percent of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Units and Common Elements, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Owner of such Unit. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Subsection 3.2.15 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against such Owner's Unit.

3.2.16 Adjusting and settling claims under insurance policies and executing and delivering releases on settlement of such claims on behalf of all Owners, all holders of

Mortgages or other liens on the Units, and all Owners of any other interest in the Condominium.

3.2.17 Bidding for and purchasing any Unit or Variable Property at a sale pursuant to a foreclosure of the lien for common expenses under the Act, or at a sale pursuant to an order or direction of a court, or other involuntary sale.

3.2.18 Filing all appropriate income tax returns.

3.2.19 Filing of the Annual Report described in Section 100.260 of the Act with the Real Estate Agency pursuant to Section 100.250 of the Act, and any amendments thereto.

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

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

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

3.5 Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the Chair and must be called by the Secretary at the written request of at least two Directors. Notice of any special meeting shall be given to each Director, personally or by mail, telephone, or telecopy at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to the Owners except that, in the discretion of the Board, the following matters may be considered in executive session: (a) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (b) personnel matters, including salary negotiations and employee discipline; and (c) the negotiation of contracts with third parties. Except in the case of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. Meetings of the Board of

Directors may be conducted by telephonic communication, except that if a majority of the Units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication.

Meetings of the Directors shall be conducted in accordance with the same rules of order as meetings of the Association, as provided in Section 2.14.

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

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

3.8 Removal. At any regular or special meeting of the Owners, any one or more of the members of the Board of Directors may be removed with or without cause, but only by approval of at least a majority of the Owners, notwithstanding the quorum provisions of Section 2.11, and a successor may then and there or thereafter be elected by the Owners to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

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

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

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

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

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

3.14 Special Committees. The Board of Directors by resolution may designate one or more special committees which, to the extent provided in such resolution, shall have and may exercise the powers set forth in such resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. Such special committee shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such special committee or committees designated shall be appointed by the Board of Directors or the Chair. The Board of Directors or the Chair may appoint Owners to fill vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

4. OFFICERS.

4.1 Designation. The principal officers of the Association shall be the Chair, the Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. None of the officers need be Owners until the Board of Directors is elected by the Owners at the Turnover Meeting. Thereafter, all officers shall be Owners (or officers, directors, shareholders, partners, employees or beneficiaries, or members of the respective families, of Units owned by corporations, partnerships, fiduciaries or Mortgagees).

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

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

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

4.5 Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. He shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chair. In addition, the Secretary shall act as Vice-Chair, taking the place of the Vice-Chair and performing his duties whenever the Vice-Chair is absent or unable to act, unless the Directors have appointed another Vice-Chair.

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

4.7 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the Chair.

4.8 Compensation of Officers. No officer who is a member of the Board of Directors, other than the Secretary and Treasurer, shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners. The Board of Directors may fix any reasonable compensation to be paid to the Secretary and Treasurer.

5. ASSESSMENTS, EXPENSES, BUDGET, AND DEFAULT.

5.1 Assessment of Common Expenses. All Owners shall be obliged to pay on a quarterly basis in advance common expenses assessed to them by the Board of Directors on behalf of the

Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve funds described in Section 5.3. Assessments may not be waived due to limited use or nonuse of Common Elements. The Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 9.1.2 of the Declaration. The Board of Directors, on behalf of the Association, shall take prompt action to collect from an Owner any common expense due which remains unpaid by him for more than 30 days from the due date for its payment (except as provided above for the Declarant).

If additional Units are added to the Condominium during the Fiscal Year, the quarterly assessment shall be prorated for each new Owner based on the number of days such Owner owned a Unit during such quarter.

5.2 Determination of Common Expenses. Common expenses shall include:

5.2.1 Expenses of administration.

5.2.2 Cost of insurance or bonds obtained in accordance with these Bylaws.

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

5.2.4 Reserve for replacements and deferred maintenance, as set forth in Section 5.3.

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

5.2.6 Utilities for the Common Elements and other utilities not separately metered or charged.

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

5.2.8 Professional management services, gardening, landscaping, snow removal, waste removal, cleaning, decorating, and maintenance, repair and replacement of the Units, the Common Elements and the Variable Property as the Board of Directors shall determine are necessary and proper.

5.2.9 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board of Directors is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and which the Board of Directors determines should be assessed to the Owners under Section 5.3.

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

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

5.3 Reserve Items.

5.3.1 Reserve Account and Study. A reserve account in the name of the Association must be established for the purpose of effecting replacements of structural elements, mechanical equipment, and other Common Elements that will normally require replacement in more than three years and less than 40 years. Payment into this account is deemed a contribution to capital improvement as and when made. Pursuant to provisions of the Act, Declarant has established a reserve account for replacement of such Common Elements. The reserve accounts for replacement must 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 replacement of those General Common Elements and Limited Common Elements, the maintenance of which is provided by assessment against all Owners, must be created by assessment against all Owners.

The Board of Directors must prepare a schedule of the Common Elements having a remaining useful life of more than three and less than 40 years, together with the current replacement cost of such Common Elements. The amount of the periodic payments to the reserve account must be adjusted at regular intervals to recognize changes in remaining useful lives and replacement costs over time. Except as otherwise provided in the Act, the reserve account must be used only for replacement of Common Elements and must be kept separate from accounts for maintenance.

The Board of Directors shall annually conduct a reserve study or review and update an existing study to determine the reserve account requirements and may adjust the amount of payments in accordance with the study or review and provide for other reserve items that the Board of Directors, in its discretion, may deem appropriate. The reserve study shall include identification of all items for which reserves are to be established, the estimated remaining useful life of each item as of the date of the reserve study, an estimated cost of maintenance, repair or replacement of each item at the end of its useful life, and a 40-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

After the Turnover Meeting, the Board of Directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses which will later be paid from assessments if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board of

Directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of Units.

The Association may, on an annual basis, elect not to fund the reserve account by unanimous vote of the Owners; or elect to reduce or increase future assessments for the reserve account by an affirmative vote of at least 75 percent of the Owners.

5.3.2 General Operating Reserve. The Board of Directors must 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 must be used to pay expenses that exceed budgeted amounts.

5.3.3 Special Reserves. Such other special reserve funds may be set up by the Directors by special assessments of the Owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate, including a reserve fund for any lease payments.

Each reserve account must be kept in an account with a safe and responsible depository, must be accounted for separately and, if invested, the obligation or security must 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. However, nothing contained here prevents sellers of Units from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Owner has 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.

5.4 Special Assessments. The Board of Directors has the power to levy special assessments against an Owner or all Owners for the following purposes and in the following manner:

- (a) To correct a deficit in the operating budget by vote of a majority of the Board;
- (b) To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the Declaration, these Bylaws, or the Rules and Regulations, by vote of a majority of the Board;
- (c) To make repairs 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; or
- (d) To make capital acquisitions, additions, or improvements by vote of at least 75% of all votes allocated to Units in the Condominium.

5.5 Payment of Assessments. Subject to the provisions of Sections 5.2 and 5.3, from the date on which the Declaration is recorded, Declarant must:

(a) Pay assessments due for operating expenses on all unsold Units from the date of conveyance of the first Unit, and, with respect to unsold Units on Variable Property, from the date of recording the supplemental declaration and supplemental plat; and

(b) Pay assessments due for reserves on all unsold Units from the date of conveyance of the first Unit, or, at Declarant's option, pay or require the Owner to pay all accrued reserve assessments against the Unit at the time of the initial sale to the Owner. However, such reserve accrual must not be for a period beyond the date of the Turnover Meeting as provided in Section 2.3. The books and records of the Association shall reflect the amount the Declarant owes for all reserve account assessments.

5.6 Budget.

5.6.1 Adoption of Budget. At least 60 days before the beginning of each fiscal year, the Board of Directors must 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 for which the Association is responsible for maintaining, repairing, and replacing, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be common expenses pursuant to the Act.

The budget also must 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 determines. The amount designated for replacement reserves must be adjusted annually to reflect current replacement cost and remaining useful life. At least 30 days before the beginning of each fiscal year, the Board of Directors must send to each Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the common expenses and any special assessment payable by each Owner. The budget must constitute the basis for determining each Owner's assessment for the common expenses of the Condominium.

5.6.2 Failure to Prepare Budget. The failure of the Board of Directors to timely prepare and/or to present a budget to the Owners is not cause for any Owner to fail or refuse to pay assessments. Assessments must continue, based on 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.

5.6.3 Failure to Adopt Budget. If the Board of Directors fails to adopt, in a timely manner, a budget for a new fiscal year, 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 Owners and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, 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 Owners must be based on the budget as so amended until a new budget is adopted in accordance with this Section 5.6.

5.7 Default by Owners.

5.7.1 Payment of Assessments. The failure of an Owner to pay any assessment of the Association is a default by that Owner of his or her obligations pursuant to these Bylaws and the Act and, in addition to the Association's other remedies provided in the Declaration, these Bylaws entitle the Association to declare the balance of the Owner's annual assessment otherwise being paid in installments to be immediately due and payable in full. Interest must be charged on delinquent assessments at the rate set by the Board of Directors from time to time, not to exceed the lower of 18% per annum or the highest rate permitted by applicable law. Before the imposition of or a change in the interest rate charged on delinquent assessments, the Board of Directors must give 30 days' written notice to all Owners.

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

Within ten business days of receipt of a written request from an Owner, the Association shall provide a written statement to the Owner that provides 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; (d) late payment charges; (e) the percentage rate at which interest accrues on assessments that are not paid when due; and (f) the percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment. The Association is not required to comply with this paragraph 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.

The Association must be entitled to a lien that may be enforced on compliance with the provisions of ORS 100.450. In any foreclosure suit by the Association with respect to the lien, the Association must be entitled to collect reasonable rent from the defaulting Owner for the use of his or her Unit or must be entitled to the appointment of a receiver pursuant to ORS 100.460 to collect such rental. Liability for all assessments, fines, charges, interest, fees (including attorney fees, whether or not a suit or an action is commenced), and other sums owing by the Owner pursuant to the Declaration, these Bylaws, the Act, and Rules and Regulations are the personal obligation of the 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 Act is 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.

5.7.2 First Mortgages; Liability of Subsequent Purchaser. Any lien of the Association against a Unit or Variable Property for common expenses shall be subordinate to tax and assessment liens and any first Mortgage of record; provided, however, that if there has been compliance with all requirements of Section 100.450(7) of the Act, such Association lien

shall be prior to such first Mortgage. Where the purchaser or Mortgagee of a Unit or Variable Property obtains title to the Unit or Variable Property as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee and his successors and assigns shall not be liable for any of the common expenses chargeable to such Unit or Variable Property which became due prior to the acquisition of title to such Unit or Variable Property by such purchaser or Mortgagee except to the extent provided in Section 100.475(2) of the Act; provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of Section 100.465(1) of the Act; and provided further, that any sale or transfer of a Unit or Variable Property pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit or Variable Property from liability for, nor such Unit or Variable Property from the lien of, any common expenses thereafter becoming due. In a voluntary conveyance of a Unit or Variable Property, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit or Variable Property to the time of grant of conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser, the Board shall make and deliver a statement of the unpaid assessments against the prospective grantor of the Unit or Variable Property, and the grantee in such case shall not be liable for, nor shall the Unit or Variable Property when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts therein set forth.

5.7.3 Other Defaults. The violation of any Rule or Regulation or other determination duly adopted by the Board of Directors, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Board of Directors the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner or the Variable Property owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Board of Directors, or its agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Board of Directors must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 12.2. All expenses of the Board of Directors in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 5.7.1 of these Bylaws until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his respective share of the common expenses. The Board of Directors shall have a lien for all of the same upon the Unit or Variable Property of such defaulting Owner or Variable Property owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Unit or Variable Property or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and

from time to time, cumulatively or otherwise, by the Board of Directors. Any violations by an Owner or Variable Property owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board of Directors to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner or Variable Property owner as a specific item, which shall be a lien against the offending Owner's Unit (or Variable Property owner's Variable Property) with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit or Variable Property.

After giving 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 if the charge imposed or fine levied is based on a schedule contained in the Declaration or Bylaws, or an amendment to either that is delivered to each Unit, mailed to the mailing address of each Unit or mailed to the mailing addresses designated in writing by the Owners, or based on a resolution adopted by the Board of Directors or the Association that is delivered to each Unit, mailed to the mailing address of each Unit or mailed to the mailing addresses designated by the Owners in writing.

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

6. RECORDS AND AUDITS.

6.1 General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units. The Association shall maintain a copy, suitable for duplication, of: (i) the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.4; and (iii) the current operating budget of the Association. Such documents shall be available for inspection by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours.

6.2 Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the

Common Elements, itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

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

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

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

6.6 Payment of Vouchers. All vouchers up to Five Hundred Dollars (\$500) may be signed by the Chair, managing agent, or other person authorized by the Board of Directors. Any voucher in excess of Five Hundred Dollars (\$500) shall require the signature of at least two authorized signatories.

7. PURPOSES, USES AND RESTRICTIONS.

7.1 Use. Subject to the restrictions, terms and conditions contained in these Bylaws, the Declaration and the Act, including, but not limited to, the remaining provisions of this Section 7, the Condominium shall be used for residential purposes only. Subject to the restrictions of Section 7.2, any Owner may paint the inside of such Owner's Unit and may make additions or improvements to, or otherwise alter, such Owner's Unit, so long as it is consistent with the foregoing stated use of the Condominium.

7.2 Alterations.

7.2.1 Specifically Authorized. No Owner shall make any alterations of any nature whatsoever to the exterior of such Owner's Unit, except as stated in this Section 7.2.1. Each Unit is pre-wired for air conditioning, and has a designated area adjacent to such Owner's Unit on which an air conditioning unit, and support therefor, can be placed, and each Owner may, at such Owner's sole expense, install air conditioning for his or her Unit, and in connection therewith, shall install adequate ground support for such, construct and install an enclosure consistent in design, construction materials and color with such owner's Unit, that shall hide such air conditioning unit from view. Such air conditioning unit, support thereunder, and

enclosure shall, upon completion of construction, thereafter constitute Limited Common Elements.

7.2.2 Restrictions. Notwithstanding the provisions of Section 7.1 and 7.2.1:

(a) Any alteration, improvement or addition to a Unit shall be made in compliance with local, state and federal law, and the SROA Documents, and specifically, but without limitation, shall be made of noncombustible material, as required by the local building code.

(b) An Owner shall make no repair or alteration or perform any other work on such Owner's Unit which would jeopardize the soundness or safety thereof or the soundness or safety of another Unit or the Common Elements.

(c) The use of a contractor for structural work on a Unit shall be subject to the Board's prior written approval. Any contractor approved by the Board shall be licensed and, in the Board's discretion given the scope of the work involved, adequately bonded and insured.

7.3 Restrictions on Alterations of the Common Elements. No Owner shall alter the Common Elements without the prior written consent of the Board.

7.4 Appearance of Units. No Owner will cause anything to be hung, displayed, or placed on the walls, doors, or roof of a Unit or any Common Element nor otherwise change the appearance of any portion of the Common Elements without the prior written consent of the Board. No clotheslines or similar devices and no "For Sale" or "For Rent" signs will be allowed on any part of a Unit, without the prior written consent of the Board.

7.5 Nuisances. No nuisances will be allowed on the Condominium property nor any use or practice that is the source of annoyance to Owners or that interferes with the peaceful possession and proper use of the property by its Owners. Owners shall exercise extreme care about creating disturbances or making noises that may disturb other Owners. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate, nor any fire hazard allowed to exist. All such garbage and trash shall be placed inside disposal containers. No Owner will permit any use of his or her Unit or make any use of the Common Elements that will increase the cost of insurance carried by the Association on the Condominium property.

7.6 Improper, Offensive, or Unlawful Use. No improper, offensive, or unlawful use will be made of the condominium property nor any part of it; all valid laws, zoning ordinances, and regulations of governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification, or repair of the condominium property will be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

7.7 Vehicle Restrictions. Vehicular traffic on the parking areas and driveways on Condominium property shall travel at a safe and reasonable speed. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles, and trucks.

7.8 Parking. Vehicles belonging to an Owner, or such Owner's visitors or guests shall be parked only inside Units or only on the driveway that constitutes the Limited Common Element associated with such Owner's Unit.

7.9 Leasing Units. Any Owner may rent or lease his or her Unit; provided, however, that any tenant shall always be under the control of and subject to the Declaration, Bylaws, Rules and Regulations of the Association and the Board. At any time during a tenancy, the Board may cause its termination and evict the tenant for cause with or without joining the Owner of such Unit in any such action. Units may be rented by an Owner for any period of time.

7.10 Separately Metered Utilities. Each Unit shall be separately metered for water, sewer and electricity. Each Owner shall pay directly the company supplying water and sewer services, and electricity, to such Owner's Unit.

7.11 Garbage. Garbage collection from each Unit shall be arranged and separately paid for by each Owner. Any expense incurred for any dumpsters used by the Condominium shall be regarded as a common expense.

7.12 Antennas. Subject to the Rules and Regulations of the Association, an Owner may place an antenna and satellite dish on the exterior walls around such Owner's Unit or on the roof over such Owner's Unit.

7.13 Children. Children will be the direct responsibility of their parents or legal guardians, including full supervision of them while within the Condominium and including full compliance by them with these Bylaws and the Rules and Regulations.

7.14 Pets. Pets are allowed on Condominium property but shall be controlled by the pet owners thereof by being kept (1) inside Units, or (2) on a leash, or (3) by the side of such pet owners. Pet owners shall immediately clean up after their pets. The Board shall have the right to exclude from the Property any pet it reasonably deems to be unruly or vicious or otherwise detrimental to the quiet enjoyment of the Condominium.

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

maintain and repair, and the Board of Directors shall cooperate with such Owner in such proceedings, provided that:

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

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

7.15.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand.

7.16 Contested Legal Requirements. An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.15, provided that noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest. The Board of Directors may also contest any Legal Requirement without being subject to the conditions described in Section 7.15 as to contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.16 as to deferral of compliance by an Owner, and the costs and expenses of any contest by the Board of Directors shall be a common expense.

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

7.18 Other Restrictions. In addition to the foregoing requirements and the Rules and Regulations, the conduct of persons on the Property and the use and maintenance of the Units, Variable Property and Common Elements are subject to the covenants, conditions and restrictions of the SROA Documents and the Quelah Neighbors Settlement Agreement (both as defined in Section 1 of the Declaration).

7.19 Activities of the Declarant. Nothing in this Section 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of the Declarant pursuant to the Declaration with respect to the planning, designing, developing, and constructing of structures on Variable Property (as defined in the Declaration).

8. MAINTENANCE AND REPAIR.

8.1 By Board. Subject to Section 8.2, the necessary work to maintain, repair, or replace the exterior surfaces of the Units and the Common Elements located on the Property and on the Variable Property shall be the responsibility of and carried out by the Board as provided in Section 3.2.1.

If the Mortgagee of any Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to Section 100.500 of the Act, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.2 By Owner. Each Owner shall be responsible to maintain and repair, as such Owner deems necessary, the interior of such Owner's Unit, and shall be responsible to maintain, repair and replace all exterior windows and doors that are part of such Unit, and any hot tub and air conditioning unit, and support thereunder, being used with respect to such Unit.

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

9.1 Types of Insurance Policies. For the benefit of the Association and the Owners, the Board must obtain and maintain at all times, and must pay for out of the common expense funds, the following insurance:

9.1.1 A policy or policies of special form property insurance for the full insurable replacement value, if available, of all Units and Common Elements, and such other fire and casualty insurance as the Board determines, to give substantially equal or greater protection to the Owners and their Mortgagees, as their respective interests appear, which policy or policies must provide for a separate loss payable endorsement in favor of the Mortgagee, if any, of each Unit.

9.1.2 A policy or policies insuring the Association, the Board, officers and directors, the Owners individually, and the manager, if any, against any liability to the public or the Owners

and their invitees or tenants, incident to the ownership, supervision, control, or use of the Property. Limits of liability under such insurance must be not less than \$1 million per occurrence for bodily injuries and property damage. Such limit and coverage must be reviewed at least annually by the Board, which, in its discretion, may increase either. The policy or policies must be issued on a comprehensive liability basis and provide cross-liability endorsements wherein the rights of a named insured under the policy or policies must not be prejudiced with respect to his or her action against another named insured.

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

9.1.4 Officers and directors insurance, with such company and coverages as determined by the Board.

9.1.5 A fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board. However, the Board must require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds must be paid by the Association.

The Association will 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 will the Association maintain any insurance coverage for such loss.

9.2 Insurance Companies Authorized. All policies must be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "A" by Best's Insurance Reports, or as may be otherwise acceptable to all mortgage holders and directors.

9.3 Authority to Adjust Losses. All losses under policies in force regarding the Property must be settled exclusively with the Board or its authorized representative. However, when a first Mortgagee has been designated as a loss payee by an Owner and the first Mortgagee has requested the opportunity to exercise the rights provided by this Section 9, the mortgage holder must be entitled to settle losses as to the mortgaged Unit, provided that the loss that occurs is severable. Releases and proofs of loss must be executed by at least two directors.

9.4 Value of Owner Improvements. Each Owner must inform the Board of the value of improvements made to his or her Unit in excess of \$1,000 so that the Board may make any desired adjustments in insurance coverage. Nothing in this paragraph permits an Owner to make improvements without first obtaining the approval of the Board.

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

9.5.1 A waiver of subrogation by the insurer as to any claims against the Board, the manager, if any, the Owners, and their respective servants, agents, and guests;

9.5.2 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;

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

9.5.4 A provision that such policy or policies of insurance shall not be canceled or substantially modified without at least 30 days' prior written notice to all parties whose interests appear thereon, including any Mortgagee who has given notice to the insurer;

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

9.5.6 An "inflation guard" endorsement; and

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

9.6 Additional Requirements.

9.6.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagees holding Mortgages on at least 75 percent of the Units so requires, or at such other times as the Board may deem advisable, the Board shall obtain an appraisal from an independent qualified appraiser, of the "full replacement cost" of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Section 9.1.1, and the cost of such appraisal shall be a common expense; provided, however, that the full replacement cost of the Common Elements for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the Declarant.

9.6.2 No Mortgage may be placed against any Unit or Variable Property unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Subsection 9.6.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

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

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

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

9.7.1 Insurance shall be purchased and maintained by the Owner for all furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his Unit, and his personal property and chattels stored elsewhere on the Property, including his automobile or automobiles, hot tub and air conditioning unit (if any) and support thereunder, for loss of use and occupancy of his Unit in the event of damage, and the deductible under the Association property policy. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.7.2 Public liability insurance in an amount reasonably set by the Board no more often than every two (2) years, but in no event less than One Million Dollars (\$1,000,000) on a combined single limit basis, covering any liability of any Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association.

9.8 Owners' Insurance Carriers and Evidence of Coverage. All insurance to be provided by the Owner pursuant to Section 9.7 shall be carried with a company or companies qualified to do business in the State of Oregon, and shall provide that payment for any losses covered thereunder shall be made to the Owner and the Association and/or any Mortgagee designated by the Owner, as their respective interests may appear. Before taking possession of a Unit, each Owner shall furnish the Association with certificates evidencing the insurance required under Section 9.7 and thereafter shall furnish the Association with certificates evidencing extension or replacement insurance. Such policies of insurance and certificates shall provide (i) that the Association is named as an additional insured, and (ii) that the Association shall receive at least thirty (30) days' written notice before any insurance evidenced by such policy or certificate is reduced or terminated.

10. CASUALTY.

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

10.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his family or his household pet or of a guest, servant, invitee, or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit or a portion of Variable Property owned by others, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, to the extent not covered by the Association's insurance and shall also pay the deductible of such insurance with respect to such damage. In the event of casualty to a Unit or Variable Property not covered by the Association's insurance, the Owner of such Unit or Variable Property shall cause it to be repaired or rebuilt to a good and neat condition within 12 months of the occurrence of such casualty, unless the casualty is part of a casualty affecting other portions of the Property and Owners of at least 75 percent of the Units and 75 percent of all first Mortgagees of Units agree that the Property shall not be rebuilt or restored.

11. AMENDMENTS TO BYLAWS.

11.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by the Owners holding at least 33 percent of the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

11.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the voting power of the Association, except that any resolution containing an amendment relating to age restrictions, pet

restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by Owners holding at least 75 percent of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. No provisions herein regarding Variable Property may be changed unless the Owner of the Variable Property consents in writing thereto. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51 percent of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees: (i) Section 8, which addresses maintenance and repair; (ii) Section 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 11.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as the Declarant remains the owner of one or more Units or of any Variable Property, the Bylaws may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

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

11.4 Rights of the Declarant. Nothing in this Section 11 shall limit the right of the Declarant to approve amendments to the Bylaws pursuant to Section 28 of the Declaration.

12. DISPUTE RESOLUTION AND LITIGATION.

12.1 Dispute Resolution. Subject to the last paragraph of this Section 12.1, before initiating litigation or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to use any dispute resolution program available within Deschutes County that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

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

If a qualified dispute resolution program exists within Deschutes County, and an offer to use the program is not made as required under the first paragraph of this Section 12.1, litigation or an administrative proceeding may be stayed for 30 days upon a motion of the noninitiating party. If the litigation or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

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

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

The requirements of this Section 12.1 do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

12.2 Litigation by Fewer Than All Owners. If any action is brought by one or more but fewer than all Owners on behalf of the Association and recovery is obtained, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; provided, however, that if such action is brought against all of the Owners or against the Board of Directors, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff's expenses, including counsel's fees, shall not be charged to or borne by the other Owners, as a common expense or otherwise.

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

13. MISCELLANEOUS.

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

have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Unit.

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

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

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

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

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

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

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

Dated at Sunriver, Oregon, this 26th day of July, 2002, being hereby adopted by the undersigned Declarant on behalf of the Association.

DECLARANT:

Sun Eagle Properties, LLC

By: 
Beverly Shorrer, Manager