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**AMENDMENT TO THE  
INN OF THE SEVENTH MOUNTAIN – PHASE I  
DECLARATION**

**THIS AMENDMENT TO THE DECLARATION** is made and executed by The Association of Unit Owners of the Inn of the Seventh Mountain, an Oregon nonprofit corporation ("AUO").

**RECITALS**

The Inn of the Seventh Mountain was created pursuant to the Inn of the Seventh Mountain – Phase I Declaration recorded by the Declarant, Condominiums Northwest, Inc., an Oregon corporation ("Declarant"), on February 25, 1970 as Document No. 4677 in Volume 168, Page 886 of the official records of Deschutes County, Oregon ("Original Declaration"). The Original Declaration has been subsequently amended and supplemented by the following and shall collectively be referred to herein as the "Declaration":

The Inn of the Seventh Mountain – Phase I Amended Declaration recorded on February 11, 1972 in Book 182, Page 109 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase II-A recorded on February 11, 1972 in Book 182, Page 279 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase II-B recorded March 9, 1972 in Book 182, Page 880 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase II-C recorded March 29, 1972 in Book 183, Page 422 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase II-D recorded April 26, 1972 in Book 184, Page 103 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase II-E recorded April 26, 1972 in Book 184, Page 134 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase III-A recorded September 20, 1972 in Book 188, Page 460 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase III-B recorded September 20, 1972 in Book 188, Page 490 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase III-C recorded September 20, 1972 in Book 188, Page 519 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase III-D recorded September 20, 1972 in Book 188, Page 547 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase III-E recorded September 20, 1972 in Book 188, Page 574 of the official records of Deschutes County, Oregon;

Amendment to Declaration, Amended Declaration and Supplemental Declarations, The Inn of the Seventh Mountain recorded January 4, 1974 as Document No. 12472 in Book 202, Page 153 of the official records of Deschutes County, Oregon;

Amendment to Declarations The Inn of the Seventh Mountain recorded September 12, 1974 as Document No. 3892 in Book 210, Page 856 of the official records of Deschutes County, Oregon;

Supplemental Declaration the Inn of the Seventh Mountain Phase IV recorded July 11, 1977 as Document No. 886 in Book 253, Page 739 of the official records of Deschutes County, Oregon;

Amendment to Declarations The Inn of the Seventh Mountain recorded September 21, 1977 as Document No. 7872 in Book 258, Page 707 of the official records of Deschutes County, Oregon;

Amendment to Declarations The Inn of the Seventh Mountain recorded September 26, 1978 as Document No. 9519 in Book 284, Page 33 of the official records of Deschutes County, Oregon.

The purpose of recording this Amendment is to conform the Declaration to the revisions to the Declaration set out in the Settlement Agreement and Mutual Release ("Agreement") effective on August 29, 2008, which was voted on by the owners.

#### AMENDMENT

1. The following language shall be added to the Declaration, Paragraph 12. Powers of Board of Directors:

"Any sale or lease of the real property owned by the AUO in fee simple title and not held as land designated on any recorded declaration as common area or a common element of the AUO shall require the affirmative vote of seventy-five percent (75%) of the Percentage Interest present (in person or by proxy) for a vote on the issue (either at an owners' meeting or by written ballot) once a quorum has been obtained.

Except in extraordinary circumstances as determined by the Board of Directors,

any annual increase of monthly dues for operating expenses in excess of twenty-five percent (25%) shall require the affirmative vote of seventy-five percent (75%) of the Percentage Interest present (in person or by proxy) for a vote on the issue (either at an owners' meeting or by written ballot) once a quorum has been obtained."

2. The Declaration, Paragraph 13. Improvement of Common Areas shall be deleted and replaced with the following:

"The Board of Directors shall not make any structural alterations, capital additions to, or capital improvements of, the common areas requiring an expenditure in any one (1) year in excess of eight thousand dollars (\$8,000), adjusted on January 1<sup>st</sup> of each year by an inflationary rate which shall be the Consumer Price Index – U.S. City Average for all Items for All Urban Consumers (1982-84=100) ("CPI") published the preceding December, since 1972, without the prior approval of at least seventy-five percent (75%) of the Percentage Interest present (in person or by proxy) once a quorum has been obtained. Nothing contained in the preceding sentence, shall otherwise limit the authority of the Board to make any structural replacements or repairs as may be reasonably necessary to maintain the common areas and common elements in good condition and repair."

3. The following language shall be added to the Declaration, Paragraph 23. Reserves:

"The "AUO Reserve Amount" will be: (a) the recommended reserve amount in the most current reserve study (conducted based on the assumption that the residing project is completed) as set forth in Section V of the Agreement, plus (b) the amount that must be in the reserve account to pay for the anticipated needs to complete the Project based on the Cap, plus (c) any additional amount over the Cap needed to complete the Project as a result of any Change Order approved by the Board consistent with Section III, Paragraphs (E) through (G) of the Agreement. For the purposes of the Agreement, the term "70% Reserve Funding" describes that point in time that there is an amount within the AUO reserve account equal to seventy percent (70%) of the AUO Reserve Amount.

So long as the AUO reserves meet the 70% Reserve Funding described in Section VI, Paragraph A of the Agreement, any special assessment in excess of \$500,000 (adjusted annually by an inflationary rate which shall be the Consumer Price Index – U.S. City Average for all Items for All Urban Consumers (1982-84=100) ("CPI") published the preceding December, since 2009) shall require the affirmative vote of 75% of Percentage Interest present (in person or by proxy) for a vote on the issue (either at an owners' meeting or by written ballot) once a quorum for such vote has been obtained.

Following July 1, 2009, the 70% Reserve Funding shall be determined by annual reserve studies performed in compliance with the Oregon Condominium Act."

The Board of Directors of The Association of Unit Owners of the Inn of the Seventh Mountain hereby certifies that the foregoing Amendment was approved by at the required

percentage of voting rights in the Association.

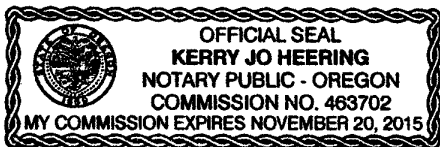
**THE ASSOCIATION OF UNIT OWNERS OF  
THE INN OF THE SEVENTH MOUNTAIN**

By: Rich Young  
Chairman

By: Katie Anderson  
Secretary

STATE OF OREGON            )  
  )ss.  
County of Deschutes        )

The foregoing was acknowledged before me this 1<sup>st</sup> day of June, 2012,  
by Rich Young, the Chairman of The Association of Unit Owners of the Inn of the  
Seventh Mountain, an Oregon nonprofit corporation on its behalf.



Kerry Jo Heering  
Notary Public for Oregon

STATE OF OREGON            )  
  )ss.  
County of Deschutes        )

The foregoing was acknowledged before me this 1<sup>st</sup> day of June, 2012,  
by Katie Anderson, the Secretary of The Association of Unit Owners of the Inn of  
the Seventh Mountain, an Oregon nonprofit corporation on its behalf.



Kerry Jo Heering  
Notary Public for Oregon

The foregoing Amendment to Declaration is hereby approved this 24 day of  
July, 2012.

ASSESSOR AND TAX COLLECTOR FOR  
DESCHUTES COUNTY

ASSESSOR: *Scot Huffman, by [Signature]*

By: \_\_\_\_\_

The foregoing Amendment to Declaration is approved this 16<sup>th</sup> day of July, 2012, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Amendment to Declaration is not recorded within one (1) year from this date.

OREGON REAL ESTATE COMMISSIONER

By: *[Signature]*  
Laurie Skillman