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DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK

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**CONDOMINIUM DECLARATION
OF
MONTEREY MEWS CONDOMINIUMS**

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This Condominium Declaration ("Declaration") submits to the provisions, restrictions, and limitations of the Act (as defined below), the Real Property (as defined below), and all improvements now existing or to be constructed on the Real Property, to be known as Monterey Mews Condominiums.

RECITALS, INTENT, AND PURPOSE

Monterey Mews, LLC, an Oregon limited liability company ("Declarant"), is the fee simple owner of the Real Property, and desires to submit the Real Property to the condominium form of ownership, to be used, and owned in the manner provided by the Act.

DECLARATION

Declarant hereby declares on behalf of itself, its successors, grantees, and assigns, as well as to any and all persons having, acquiring, or seeking to have or acquire any interest of any nature whatsoever in and to any part of the Real Property, as follows:

1. Definitions. Except as otherwise provided or modified by this Section 1, the terms contained in this Declaration shall have the meaning ascribed to them in the Oregon Condominium Act, ORS 100.005 et seq. (the "Act"), and the Act and its definitions are incorporated herein by this reference. As used in this Declaration and in the Bylaws ("Bylaws") of Monterey Mews Condominium Association. (the "Association"), the following terms shall have the following meanings:

1.1 "Association" shall mean and refer to Monterey Mews Condominium Association, which shall be an Oregon nonprofit corporation.

1.2 "Condominium" means the Real Property, all buildings and structures constructed thereon, all improvements made thereto, and all easements, rights, and appurtenances belonging thereto, all of which are herewith submitted to the provisions of the Act.

1.3 "Mortgage" means a recorded first mortgage, first trust deed, or first contract of sale that creates a first lien against a Unit (as defined below), and "mortgagee" means the holder, beneficiary, or vendor of a Mortgage, trust deed, or contract of sale, but only when the holder,

beneficiary, or vendor of the Mortgage notifies the Association in writing of the existence of the Mortgage and gives the Association a current name and mailing address.

1.4 “Unit” means the airspace that encompasses an entire separate building, that is owned in fee simple and which is more specifically described in Section 6 of this Declaration.

2. Real Property Description. The real property submitted under this Declaration to the Act is located in the City of Bend, Deschutes County, Oregon, and is more particularly described on *Exhibit A* (the “Real Property”).

3. Ownership Interest. Each Unit owner shall hold fee simple title to his or her Unit, and have an equal undivided fractional interest in the Common Elements with the other Unit owners, when the Unit is conveyed to the owner by Declarant. Prior to any conveyance, Declarant shall hold fee simple title to all Units and the appertaining limited and general common elements.

4. Allocation of Fractional Interest in Common Elements. Each unit will have an equal undivided fractional interest in the Common Elements. *Exhibit B.* The fractional interest will be determined by dividing the Common Elements equally among the total number of units. At first, each Unit will have a 1/5th undivided fractional interest in the Common Elements based on the five Units initially created. The fractional interest in Common Elements will be reallocated based on the total number of Units if additional property is annexed (see Section 7). If additional property is annexed (see Section 7), the method used to establish the allocation of undivided interest in the general common elements, liability for general common expenses, the right to general common profits, and the allocation of voting rights for each Unit shall be as stated in this Declaration in accordance with ORS 100.105(1)(g),(i), and (j).

5. Condominium Development and Declarant’s Right to Annex Additional Property.

5.1 The Declarant reserves the right to file supplemental Declarations to annex additional property to this Condominium. The additional property to be annexed is limited to the remainder of Lot 13 College Park Phases 1 & 2, City of Bend, Deschutes County Oregon. The maximum number of Units is 32.

5.2 The right to annex additional property to this Condominium shall expire seven years after the date this Declaration is recorded, unless extended in accordance with ORS 100.105(3).

5.3 Any new Units annexed will be residential Units and shall be occupied and used as residential Units as permitted in the City of Bend, Oregon zoning code and for any other purposes permitted by the Bylaws. Any new general common elements shall be used for the furnishing of services and facilities to all Unit owners. Every Unit owner shall have an easement to enjoy and use the general common elements in the manner for which they were intended.

5.4 If additional Units are annexed, the general and limited common elements will include parking areas and sidewalks similar to the existing parking areas and sidewalks for this Condominium.

5.5 If new Units are annexed, the undivided fractional interest in the Common

Elements will be recalculated equally between all units as described in Section 4 of this Declaration. The method used to allocate interest and the method to determine liability for common expenses for each unit annexed will be the same as described in this Declaration.

5.6 The method used to allocate voting rights for each unit annexed will be as stated in this Declaration. Each Unit will receive one vote.

5.7 Reserving the right to annex additional property does not obligate the Declarant to annex any additional property.

6. Name, Boundaries of Units, and Description.

6.1 Name. The Real Property shall be known as Monterey Mews Condominiums.

6.2 Boundaries of Units. Each Unit consists of the shoebox, as described in subsection 6.3 below, that encompasses an entirely separate building. The boundaries of each Unit is three feet outside the perimeter of the foundation footprint of the building, downward eight feet below the finished floor elevation of the building, and upward fifteen feet above the top of the roof elevation. Roof overhangs, porches, wing walls, downspouts, and other appurtenances to the building are part of a Unit, except for those portions of the aforementioned improvements that extend beyond the Unit boundaries. Each Unit contains all portions of the building. No part of any Unit constitutes common elements. Provided, however, that no part of the Unit shall include the land.

In interpreting deeds, mortgages, deeds of trust, and other instruments, for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Unit or of a Unit reconstructed in substantial accordance with the original plans hereof shall be conclusively presumed to be the boundaries regardless of settling, rising, or lateral movement of the building and regardless of variances between boundaries as shown on the plat being recorded simultaneously with this Declaration (the "Plat") and those of the actual building or buildings.

6.3 Building Description and Unit Designation. Monterey Mews Condominiums is a shoebox style condominium meaning that each building is a separate Unit. All Units are two-story buildings made of wood frame construction on concrete stem wall foundations with cementitious fiberboard and/or LP exterior siding with a composite roof. The designation, area in square feet and fractional ownership interest are shown on **Exhibit B**.

Unit Numbers	Unit Size in square feet
1	1,354
2	1,330
3	1,353
4	1,208
5	1,361

NOTICE

THE SQUARE FOOTAGE AREAS STATED IN THIS DECLARATION AND THE PLAT ARE BASED ON THE DIMENSIONS OF THE UNITS AS DESCRIBED IN THIS DECLARATION AND MAY VARY FROM THE AREA OF UNITS CALCULATED FOR OTHER PURPOSES.

7. General and Limited Common Elements.

7.1 General Common Elements Defined. The Condominium's general common elements consist of all portions of the Condominium that are not part of a Unit or limited common element, including without limitation, the following: (a) the land; (b) the yards, sidewalks, and parking spaces not designated as a limited common element or appertaining to any Unit; (c) the building containing the garages (but not the actual garages), (d) installations of central services, such as power, light, gas, up to the exterior of any Unit(s); (e) City water meter and City sewer, and (f) utility rooms.

7.2 Maintenance, Repair, and Replacement of General Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the general common elements shall be a common expense and shall be the responsibility of and be performed by the Association, except that any damage caused by the negligence or intentional act of an owner or the owner's invitee, guest, tenant, or servant shall be repaired by the Association at such owner's sole cost and expense. The Association will be responsible for keeping the general common areas clean and free of debris, including, without limitation, standing water, snow and ice. The Association shall also maintain any landscaping installed by the Declarant or Association. General common expenses shall be assessed and apportioned equally among the owners based on the allocation of the undivided interest of the Common Elements as discussed in Section 3 and shown on *Exhibit B*. **The City of Bend only allowed one water meter. Therefore, water and sewer will be a common expense. Like expenses for general common elements the costs for water and sewer will be distributed equally among all unit owners.**

7.3 Maintenance Plan. The Association is responsible for following the maintenance requirements outlined in the maintenance plan and for the annual review of the maintenance plan.

7.4 Income from General Common Elements. All income derived from the Condominium's general common elements shall be the income of the Association. The Association's Board of Directors may, in its discretion, use such income to help meet the expense of maintaining the general common elements, or for such other purpose as may benefit the Association and the Unit owners in a substantially equal manner.

7.5 Limited Common Elements Defined. The limited common elements shall consist of those portions of porches, decks, and stairs that protrude beyond the Unit boundaries as shown on the plat as well as the five garages designated as G1 through G5 and the five storage

areas designated as S1 through S5 as shown on the plat and assigned to Units on *Exhibit C*. Use of the limited common elements shall be restricted to the Units to which they appertain. The location of each garage and storage area are indicated on the Plat.

7.6 Limited Common Element Assignment. Limited Common Elements that are attached to the Units are assigned to Unit to which they are attached. The assignment of other limited common elements is described in *Exhibit C* which is attached hereto and incorporated herein by this reference.

7.7 Maintenance, Repair, and Replacement of Limited Common Elements. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the limited common elements shall be a common expense, which shall be assessed and apportioned as discussed in Section 3 and shown on *Exhibit B*. The performance of such work shall be the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or the owner's invitee, guest, tenant, or servant shall be repaired by the Association at such owner's sole cost and expense.

8. Maintenance of Units

8.1 Maintenance of Units. Notwithstanding the fact that the roof and the exterior walls are part of the Unit, the Association, as a common expense, shall repair and replace all roofs, exterior siding, stairs, decks and porches, (including those portions of stairs, decks, and porches that constitute limited common elements) and shall be responsible for painting the exteriors of all Units and shall maintain all catch basins and gutters including those within the boundaries of the Unit. All other maintenance of and repairs to any Unit shall be made by the owner of the Unit, who shall keep the same in good order, condition, and repair and shall do all maintenance activities which at any time may be necessary to maintain the good appearance and condition of his or her Unit, subject to the provisions of the Bylaws.

9. Voting.

9.1 Voting. Each Unit holds one vote. "Majority" or "Majority of Unit owners" shall mean votes representing more than fifty percent (50%) of the voting rights allocated to the Units by this Declaration. The calling and conducting of meetings of the Association and the exercise of voting rights shall be controlled by Articles 2 and 3 of the Bylaws.

10. Use of Property.

10.1 General. Each Unit shall be primarily occupied and used for residential purposes by its owners, tenants, visitors, and guests and for no other purposes. The Bylaws may identify other permitted uses subject to compliance with local ordinances. The general common elements shall be used for the furnishing of services and facilities to Unit owners. Every Unit owner shall have an easement to enjoy and use the general common elements in the manner for which they were intended.

10.2 Rules Promulgated by the Association. The Board of Directors shall have the authority from time to time to promulgate such rules as the Board of Directors may deem to be in the best interest of the Association. No person shall use the common elements, the Units, or any

part thereof in any manner contrary to or inconsistent with such rules. Without limiting the generality of the foregoing, the Board of Directors shall have the right, but not the obligation, to promulgate rules 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 on, among other things, (a) the payment by the Unit 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 such common elements and the administration and operation of the Condominium property; and (b) the observance by the Unit owner and the owner's guests, invitees, and servants, of the provisions of this Declaration, the Bylaws, and the Association's Rules and Regulations. The Board of Directors shall have the authority to fine owners who are not in compliance with the Rules. The amount and the procedure to impose such fines shall be established by resolution of the Board of Directors. Any rules or amendments to rules promulgated by the Association must be provided to all Unit owners.

10.3 Right of Ingress and Egress. Each Unit owner shall have a perpetual right of ingress and egress to and from the owner's Unit. This right shall pass to all successors in interest to the Unit when the Unit is transferred voluntarily, involuntarily, or by operation of law. Any attempt to transfer voluntarily or involuntarily any common element ownership interest separately from the transfer of the Unit to which such interest pertains shall be void.

11. Contracts and Leases. If entered into prior to the turnover meeting of the condominium, no management agreement, service contract or employment contract that is directly made by or on behalf of the Association, the Board of Directors, or the Unit owners as a group shall be in excess of three years. Any contract or management agreement entered into may be terminated without penalty by the Association or the Board of Directors upon not less than 30 days' written notice to the other party given not later than 60 days after the turnover meeting.

12. Bylaws; Association; Management.

12.1 Adoption of Bylaws. On behalf of the Association, Declarant hereby adopts the Bylaws, attached hereto as *Exhibit D* and herein incorporated by this reference, to govern the administration of the Condominium and the Association. The Bylaws shall be effective on the execution and recording of the Bylaws and this Declaration.

12.2 Association; Membership. The Association shall be an Oregon nonprofit corporation. The Association shall operate under the name Monterey Mews Condominium Association, or a name as close to that name as is permitted by the Oregon Secretary of State. Each owner of a Unit in the Condominium shall be a member of the Association, and membership in the Association shall be limited to Unit owners. The Association, which shall be organized on the recording of this Declaration and the Bylaws, shall serve as a means through which the Unit owners may take action with regard to the administration, management, and operation of the Condominium.

12.3 Management; Board of Directors. The affairs of the Association shall be governed by a Board of Directors as provided in the Bylaws. The Board of Directors shall elect officers consisting of a chairperson, secretary, and treasurer, and such other officers as the Board of Directors deems prudent or convenient. Pursuant to the provisions of the Bylaws and the Act,

the Board of Directors may adopt administrative rules and regulations governing details of the operation, maintenance, and use of the Condominium property. The Board of Directors may contract with a professional manager or management firm to manage some or all of the affairs of the Association.

12.4 Interim Board and Officers. Declarant has reserved control over the administration of the Association by reserving the right in the Bylaws to appoint an interim Board of Directors to manage the Condominium until the turnover meeting. The turnover meeting shall be held within ninety (90) days after the earlier of the following dates: (a) the date on which seven (7) years has elapsed since the date of the first conveyance of a Unit to a person other than Declarant; or (b) the date on which more than fifty percent (50%) of the total number of Units which Declarant has reserved the right to annex under ORS 100.125 have been conveyed to persons other than Declarant. The three (3) member(s) of the interim board shall also serve as the interim officers.

12.5 Powers and Duties of the Association. The Association and the Board of Directors shall have the powers and duties granted to them by this Declaration, the Articles of Incorporation for the Association, the Bylaws, ORS 100.405(4), and all other provisions of the Act.

12.6 Covenant to Pay Assessments; Liability for Common Expense. Each owner hereby covenants to pay to the Association annual assessments for common expenses as more fully provided in the Bylaws. No owner may avoid liability for assessments by abandonment of his or her Unit or nonuse of the common elements. Except as otherwise provided in this Declaration or the Bylaws, each Unit (and the owner thereof) shall be liable for the common expense and funding of the replacement reserves, both of which shall be apportioned among the Units based on the equal allocation of undivided fractional interest in the Common Elements. Certain services provided through the Association may be billed on a per-Unit basis rather than on the basis of fractional ownership. No offset against any assessment shall be permitted for any reason, including without limitation, any claim that the Association is not properly discharging its duties. Assessments shall be levied against all Units not later than the first day of the month following the month in which the first Unit is conveyed to a person other than Declarant.

12.7 Delegation. Nothing in this Declaration shall be construed to prohibit the Association or the Board of Directors from delegating to persons, firms, or corporations of its choice the performance of such duties as may be imposed upon the Association or the Board of Directors by this Declaration, the Articles of Incorporation, Bylaws, Association rules or regulations, or applicable law.

13. Service of Process. The designated agent to receive service of process in cases set forth in ORS 100.550(1) shall be named in the Condominium Information Report, which shall be filed with the Oregon Real Estate Agency in accordance with ORS 100.250(1).

14. Mortgagees.

In the event of a conflict between this Section 13 and other provisions of this Declaration, the provisions of this Section 13 shall prevail. The terms "Mortgage" and "mortgagee" are defined in Section 1 of this Declaration.

14.1 Notice of Action. On the written request of a Mortgage holder, insurer, or guarantor to the Association, identifying the name and address of such person and the number or address of the Unit on which a Mortgage has been placed, such mortgagee, insurer, or guarantor shall be entitled to timely notice of the following: (a) any condemnation loss or casualty loss that affects either a material portion of the Condominium or any Unit securing its Mortgage; (b) any 60-day delinquency in the payment of assessments or charges owed by an owner of any Unit on which it holds a Mortgage; (c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; (d) any proposed action that would require the consent of a specified percentage of eligible Mortgage holders.

14.2 Mortgagee Exempt from Certain Restrictions. Any mortgagee that comes into possession of the Unit pursuant to the remedies provided in the Mortgage, by foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal" or other restriction on the sale of the mortgaged Unit, including, but not limited to, restrictions on the age of Unit occupants and restrictions on the posting of signs pertaining to the sale of the Unit.

14.3 Subordination of Association Lien to Mortgage; Discharge of Lien upon Foreclosure. The lien of the Association shall be subordinate to any first Mortgage. Any first mortgagee that comes into possession of the Unit pursuant to the remedies provided in the Mortgage, by foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, and any purchaser at the foreclosure sale of a first Mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue before such mortgagee comes into possession of the Unit (except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the mortgaged Unit).

14.4 Professional Management. On the written request of holders of first Mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium, the Board of Directors shall employ a professional manager to manage the affairs of the Association. Without the prior written approval of the holders of first Mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium, the Association may not terminate professional management and assume self-management of the Condominium. Additionally, if professional management has previously been required by any Mortgage holder, any decision to establish self-management shall require prior consent of the owners of Units to which Seventy-Five percent (75%) of the votes in the Association are allocated. Any agreement for professional management shall provide that the management contract may be terminated for cause on thirty (30) days' written notice.

14.5 Consent of Mortgagees to Change Fractional Ownership in General or Limited Common Elements. The Unit owners may not reallocate the undivided interest in the general common elements attributable to any Unit without the prior written approval of holders of first Mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units with respect to which the undivided interest is proposed to be altered. Nothing in this Section shall be construed to give the owners, the Association, or the Board of Directors, any specific authority to alter such undivided fractional interest of ownership and, if any attempt is made to do so, full compliance shall be made with the Declaration, the Association's Articles of Incorporation, Bylaws, and the Act.

14.6 Consent of Mortgagees Required to Terminate Project. Except with respect to termination of the Condominium as a result of destruction, damage, or condemnation any termination of the Condominium shall require the written approval of holders of first Mortgages that represent at least seventy-five percent (75%) of the votes of mortgaged Units in the Condominium; provided, however, such consent shall be deemed given if a mortgagee does not object in writing within sixty (60) days after notice of the proposed termination. Additionally, any such terminations shall be carried out by the owners pursuant to provisions of the Declaration; the Association's Articles of Incorporation, the Bylaws, and the Act and shall be carried out only after vote of the owners, as provided in such provisions.

14.7 Limited Right of Amendment. Except on the written approval of holders of first Mortgages that represent at least fifty-one percent (51%) of the votes of Mortgaged Units in the Condominium, no amendment that adds to or amends any material provision of the Declaration or the Bylaws that establishes, provides for, governs, or regulates any of the following: (a) voting rights; (b) increases in assessments that raise the previously assessed amount by more than twenty-five (25%), assessment liens, or the priority of common elements; (c) reductions in reserves for maintenance, repair, and replacement of common elements; (d) responsibility for maintenance and repairs; (e) reallocation of interests in the general common elements, or rights to their use; (f) redefinition of any Unit boundaries; (g) convertibility of Units into common elements or vice versa; (h) expansion or contraction of the Condominium project, or the addition, annexation, or withdrawal of property to or from the Condominium project; (i) hazard or fidelity insurance requirements; (j) imposition of any restrictions on the leasing of Units; (k) imposition of any restrictions on a Unit owner's right to sell or transfer his or her Unit; (l) restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the documents; or (m) any provisions that expressly benefit Mortgage holders, insurers, or guarantors.

The provisions of this Section are intended to limit only the right of the Unit owners, the Board of Directors, and the Association to amend the Declaration and the Bylaws, and are not intended to give any such parties any specific rights to effect any amendments. Any amendments to the Declaration or the Bylaws shall be made only on full compliance with the provisions of the Declaration, the Bylaws, and the Act relating to the procedure and percentage of votes required for such amendment. An addition or amendment to the Declaration or the Bylaws shall not be considered to be material so as to require the consent or approval of mortgagees, if its purpose is to correct technical errors or to clarify unclear language.

14.8 Request for Approval of Mortgagees. Any mortgagee that receives a written request to approve additions or amendments to the Declaration or the Bylaws, or any other action to be taken by the Board of Directors, the Association or Unit owners shall be considered to have given such approval unless such mortgagee delivers or posts a negative response within sixty (60) days after receipt of such request.

14.9 Proxy Held by Mortgagee in Certain Cases. If a mortgagee reasonably believes that the Association has failed to maintain the common elements so as to prevent excessive wear and tear, such mortgagee may attend a meeting of the Association and may cast the vote of the Mortgagor of the Unit on which such mortgagee holds a Mortgage if the proposal under consideration concerns painting or otherwise maintaining the common elements, including imposing special assessments necessary to pay for such maintenance. Provided, however, such right shall arise only in the event the mortgagee reasonably believes the Association has failed to maintain the common elements in sufficient manner to prevent excessive wear and tear.

14.10 Right to Examine Documents. The Association shall make available to Unit owners, lenders, and mortgagees current copies of the Declaration, the Bylaws, the Articles of Incorporation, other rules concerning the Condominium, and the books, records, and financial statements of the Association. The Association shall have the right to impose a reasonable charge for any copies requested by owners, lenders, or mortgagees.

14.11 Right to Receive Annual Reports. The holder of any Mortgage on a Unit in the Condominium shall be entitled to have an audited financial statement prepared at their expense if such statement is not otherwise available. The Association and its officers, directors, and manager (if any) shall cooperate with such Mortgage holders and their auditors to facilitate the necessary auditing and review process. Such financial statement shall be furnished within a reasonable time following request.

14.12 Right to Receive Written Notice of Meetings. On a mortgagee's written request, the Association shall give all mortgagees written notice of all meetings of the Association, and such mortgagees shall be permitted to designate a representative to attend all such meetings.

14.13 List of Mortgagees. The Association shall maintain at all times a list of mortgagees who have given the Association notice on any matter described in Section 14 of this Declaration, which list shall include their names, addresses, the Units, and mortgagors affected, and the matters with respect to which such mortgagees have requested notice, provided that such information has been furnished to the Association by the owners or their mortgagees.

15. Amendments to Declaration.

15.1 To comply with federal or state law. The Declarant may amend the Declaration or Bylaws in order to comply with requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or

any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium. If the need to amend the Declaration or the Bylaws occurs after turnover to the Association, the amendment must be approved by the Association in accordance Subsection 15.2 below.

15.2 Vote Required. This Declaration may be amended from time to time by approval of Unit owners holding seventy-five (75%) or more of the voting rights as otherwise set forth in this Declaration; provided, however, that this Declaration shall not be amended to reduce or eliminate the rights of any mortgagee without all such mortgagees' prior written consent.

15.3 Declarant's Approval Required. Declarant's prior written consent shall be required for any amendment to this Declaration until at least 75% of Units have sold, provided, however, that even thereafter, no amendment may limit or reduce any of Declarant's special rights, whether reserved herein or otherwise provided by law. No amendment may change the size, location, undivided interest in the common elements, method of determining liability for common expenses, right to common profits, or voting power of any Unit(s) unless such amendment has been approved by the owners and the mortgagees of the affected Unit(s).

15.4 Recordation/County Assessor and Commissioner Approval Required. An amendment to this Declaration shall be effective on recordation in the Deed Records of Deschutes County, Oregon, certified to by the chairperson and secretary of the Association and approved by the County Assessor and the Real Estate Commissioner.

16. Subdivision. No Unit may be subdivided into divisions of any nature.

17. Relocation of Boundaries. No Unit may have its boundaries relocated.

18. Authority to Grant Easements, Rights-of-Way, Licenses, and Other Similar Interests/Encroachments.

18.1 General. The Association shall have the authority to execute, acknowledge, deliver, and record easements, rights-of-way, licenses, and other similar interests affecting the general common elements and to consent to vacation of roadways within or adjacent to the Condominium as provided by ORS 100.405(6). An instrument granting any such interest or vacating any such roadway shall be executed by the chairperson and secretary of the Association, shall be acknowledged in the manner provided for acknowledgment of such instruments by such officers, and shall state that such grant was approved by the minimum required vote of the owners or Board of Directors required by ORS 100.405(6).

18.2 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 Unit owners such documents as may be required to grant easements, rights-of-way, and licenses over the common elements for the installation, maintenance and repair of public and local utilities (including, but not limited to, irrigation lines) serving the Condominium or adjacent property. Declarant shall also have the right to execute, deliver and record on behalf of the Association and the Unit owners such deeds and other documents as may be required to convey, dedicate, or 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. To effect the intent of this Section each Unit 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 the owner's successors in interest, irrevocably appoints The Management Trust of Portland, Oregon, or the owner's 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. The Power of Attorney and the rights under this Section shall expire at such time as Declarant no longer owns a Unit or seven (7) years from the date this Declaration is recorded, whichever is earlier.

18.3 Encroachments. There shall be an easement for any encroachment of the common elements, or utilities servicing common elements (including, but not limited to, irrigation lines), on any Unit or an encroachment of any Unit on the common elements or another Unit arising from the original construction, reconstruction, authorized repair, shifting, settling, or other movement of any portion of the Condominium improvements. Such easements shall exist indefinitely and may be terminated only by the voluntary act of the party who benefits from the easement(s).

19. Declarant's Special Rights. Declarant shall have the following special rights:

19.1 Sales Office and Model. Declarant shall have the right to maintain sales and/or rental offices and sales and/or rental models in one or more of the Units that Declarant owns. Seller, its agents, and prospective purchasers shall have the right to use and occupy the sales and/or rental office and models during reasonable hours any day of the week.

19.2 "For Sale" Signs. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Condominium property.

19.3 No Capital Assessments Without Consent. Neither the Association nor the Board of Directors shall make any assessments for new construction, acquisition, capital improvements, or otherwise without the prior written consent of Declarant, as long as Declarant owns the greater of two Units in the Condominium. Nothing contained in this Section shall be construed to limit Declarant's obligation to pay assessments for common expenses on Units owned by Declarant pursuant to requirements of the Act.

19.4 Common-Element Maintenance by the Association. The Association shall maintain all common elements in a clean and attractive condition. If the Association fails to do so, Declarant may perform such maintenance at the expense of the Association.

19.5 Declarant's Easements. Declarant and its agents and employees shall have an easement on and over the common elements for the completion of any portion of the Condominium, including the furnishing and decoration of any Unit, and the right to store materials on the common elements at reasonable places and for reasonable lengths of time.

19.6 Declarant's Other Special Rights. The rights reserved to Declarant in this Section shall in no way limit any other special rights that Declarant, as a Declarant, may have, whether pursuant to the Act or otherwise. On the expiration of any or all such special rights, Declarant shall have the same rights as any other owner in the Condominium with respect to such ownership.

19.7 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, or to share such rights with one or more other persons exclusively, simultaneously, or consecutively.

19.8 Expiration of Declarant's Special Rights. Unless otherwise provided, Declarant's special rights, as reserved in this Section, shall expire within ninety (90) days after the earlier of the following dates: (a) the date on which seven (7) years has elapsed since the date of the first conveyance of a Unit to a person other than Declarant; or (b) the sale of all of the Declarant units following expiration of the annexation period in Subsection 5.2.

20. Cross Easements.

The following cross easements are hereby declared between the Real Property and other real property which may be, but is not required to be, annexed to the Condominium:

20.1 Access. Declarant, for itself and its successors and assigns hereby reserves an easement over all walkways and driveways now existing or in the future constructed on the general common elements. Such easement shall be perpetual and shall run with the land.

20.2 Access Easement Unrestricted. The easements reserved in this Section may be used by Declarant, its successors and assigns as a means of ingress and egress to the benefited Real Property for any purposes, including without limitation, access for construction and service vehicles and access by residents, their invitees, residents of Lot 13 College Park Phases 1 & 2, and their invitees.

20.3 Utility Easements. Easements for utility services of all kinds now customarily available or which may become available in the future are reserved over all portions of the common elements. Installation of utility lines shall be done at the expense of the benefited owner and shall be installed, maintained, and repaired in a manner such as to interfere with the use of the Condominium by the owners of Units only as reasonably necessary under the existing circumstances.

20.4 Repair and Damaged Property. Notwithstanding any other expense apportionment set forth in this Section, any party damaging any utility installation or roadway/driveway improvement within an easement area shall be responsible for the cost to repair such damage.

20.5 Assignments. Declarant may assign in whole or in part the reserved easements described in this Section when Declarant transfers title to such real property or any part thereof.

20.6 Easement Run With the Land. All of the easements reserved in this Section shall run with the land and shall be perpetual.

20.7 No Amendment Without Declarant's Consent. As provided in Subsection 15.3, the easements reserved in this Section shall not be extinguished or restricted without the written consent of Declarant or its successors and assigns.

21. Dispute Resolution.

21.1 Required Procedure. Except as otherwise provided herein, to the fullest extent allowed by law, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of, or are related to the interpretation or breach of the Condominium Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, or the rules and regulations made or adopted by the Board of Directors (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified in this Section and for a period of ten (10) years after the turnover meeting described in the Bylaws these provisions may not be amended without the consent of Declarant. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to the Bylaws prior to summary abatement and removal of a structure or other condition that violates this Declaration, the Bylaws, or any rules and regulations; (iv) actions for the appointment of a receiver pursuant to the Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure or as hereafter amended (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation agreement or by the arbitration award.

21.2 Negotiated Resolution. The Parties shall seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and to seek to resolve such claims, but if this is not successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth below, as applicable.

21.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Subsection 21.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Subsection 21.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the Parties. All mediation shall be in accordance with the rules of procedure of any dispute resolution program available in Deschutes County, Oregon that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. Any Party that refuses mediation waives any right to collect attorney fees.

21.4 Small Claims. All Claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there and all Parties waive their right to a jury trial with respect to such claims.

21.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Subsections 21.2 to 21.3, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by and pursuant to the then effective arbitration rules of the Arbitration Services of Portland, or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

21.6 Confidentiality. The Parties shall keep all discussions of disputes, all settlements and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties unless compelled to do so by an order of a court of competent jurisdiction. The Parties agree in the event a Party breaches its confidentiality obligation that the other Party or Parties to the dispute shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance and each Party hereby waives any claim or defense that the other Party has an adequate remedy at law for any such breach and the Parties agree that the aggrieved Party shall not be required to post any bond or other security in connection with any such equitable relief.

21.7 No Attorneys' Fees. Except as specifically provided for in this Declaration or the Bylaws, no Party in the arbitration, mediation, or other proceeding shall be entitled to recover costs or attorneys' fees in connection therewith. Notwithstanding any other provision of this Declaration or the Bylaws, the Association shall not expend or commit to expend in excess of Twenty Thousand Dollars (\$20,000.00) for attorney fees and costs for any specific litigation, Claim, or enter into any contingent fee contract on any Claim in excess of One Hundred Thousand Dollars (\$100,000.00) unless first approved by at least eighty percent (80%) of the outstanding votes of the Unit owners. The foregoing limitation shall not apply to the following: (a) actions for delinquent assessments or other charges under the Declaration or these Bylaws; (b) actions initiated by the Association during Declarant's period of administrative control pursuant to this Declaration; (c) actions challenging ad valorem taxation or condemnation proceedings; (d) actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; (e) actions to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; (f) actions to appoint a receiver pursuant to this Declaration or the Bylaws; (g) actions to summarily abate and remove a structure or condition that violates this Declaration or the Bylaws; or (h) actions for the defense of the Association or Board of Directors of an action or proceeding brought against the Association or the Board of Directors (except for non-mandatory counterclaims).

21.8 Claims Procedure. An owner or the Association may not commence a Claim against Declarant or any contractor, subcontractor, or supplier for construction defects unless the owner or Association, as applicable, has given written notice of the claim and permitted them to view, inspect and respond to the claimed defect, as required by law. OREGON LAW

CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY COMMENCE ARBITRATION OR A COURT ACTION AGAINST THE DECLARANT OR ANY CONTRACTOR, SUBCONTRACTOR, OR SUPPLIER FOR CONSTRUCTION DEFECTS. BEFORE YOU COMMENCE ARBITRATION OR A COURT ACTION YOU MUST DELIVER A WRITTEN NOTICE OF ANY CONDITIONS YOU ALLEGE ARE DEFECTIVE TO THE DECLARANT, CONTRACTOR, SUBCONTRACTOR OR SUPPLIER YOU BELIEVE IS RESPONSIBLE FOR THE ALLEGED DEFECT AND PROVIDE THE DECLARANT, CONTRACTOR, SUBCONTRACTOR, OR SUPPLIER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE DECLARANT, CONTRACTOR, SUBCONTRACTOR, OR SUPPLIER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW. FAILURE TO MEET THOSE DEADLINES OR FOLLOW THOSE PROCEDURES WILL AFFECT YOUR ABILITY TO COMMENCE ARBITRATION OR A COURT ACTION.

21.9 Covenants Running with the Land. The provisions of this Section are intended to touch and concern the Condominium and shall be deemed covenants running with the land. Each and every term of this Section shall, to the fullest extent allowed by law, bind each owner, the Association, and each subsequent owner or transferee of a Unit.

22. Casualty.

22.1 Responsibility of Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction to the Condominium's general or limited common elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the other Units. Each owner shall be responsible for the repairing, reconstructing, or rebuilding of the owner's Unit to the extent not covered by the Association's insurance and to the extent of any deductible under the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the common elements to the extent of the Association's insurance coverage, of the other Units, so that the Condominium is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless owners of at least sixty percent (60%) of the Units and sixty percent (60%) of all first mortgagees of the Units agree that the Condominium 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 Condominium 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 Unit owners and first mortgagees agree that the Condominium shall not be rebuilt and restored, the Condominium shall be considered removed from the provisions of the Act in accordance with ORS 100.605 thereof, and any proceeds resulting from such removal shall be distributed in accordance with ORS 100.615.

22.2 Responsibility of Owner. If, due to the act or neglect of an owner, or a member of his or her family or of his guest, servant, invitee, employee, or other authorized occupant or visitor of such owner, damage shall be caused to the general common elements or to a Unit

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

23. Condemnation.

23.1 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 seventy-five percent (75%) 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 or her personal compensation for improvements made to the Unit or Units, cost of moving, and other similar items personal to each owner.

23.2 Partial Condemnation. In the event of a partial condemnation of the Condominium which includes some Units and/or common elements, each owner whose Unit or Units or associated common elements are condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such Unit or Units 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 thirty (30) days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

24. Warranties, Releases and Waivers of Claims.

24.1 Warranty. The Declarant expressly warrants against defects in plumbing, electrical, mechanical, structural, and all other components of an individual Unit and limited common elements associated with that Unit for one year from the date of delivery of possession of the Unit to someone other than the Declarant or Successor Declarant. The Declarant expressly warrants against defects in plumbing, electrical, mechanical, structural, and all other components of the common elements for one year from the date Declarant conveys title to Units representing at least sixty percent (60%) of the votes of the Association to a Unit owner other than the Declarant or Successor Declarant. Declarant has named the Association as the express beneficiary of the Warranty with respect to the common elements. Declarant shall assign its rights under any and all consumer warranties given by any suppliers or manufacturers to the purchaser of a Unit. Where a warranty to any appliances, equipment, or other consumer products as defined by the Magnusson-Moss Warranty Act or the Uniform Commercial Code has expired

or otherwise does not exist at the time title to an individual Unit is initially conveyed to someone other than Declarant or Successor Declarant, Declarant warrants against defects with respect to such consumer products for one year from the date of delivery of possession of the Unit.

24.2 Personal Property. Except as provided for in Subsection 24.1, Declarant makes no other warranties for personal property installed or included in the Unit, if any. With respect to any such personal property, each owner has expressly assumed the risk, as opposed to Declarant, that such products may be defective. Each owner has warranted that owner had adequate opportunity to investigate the condition of the personal property installed or included in his or her Unit, and owner has relied solely on this independent investigation in purchasing the Unit. Any warranties to personal property, if any, are those of the manufacturer or supplier only, that Declarant has not warranted such items, except those provided for in Subsection 24.1, and that, to the extent assignable, these manufacturers' or suppliers' warranties and any rights or claims against the manufacturer or supplier relating to any insufficiency in such products have been assigned to owner, effective on the closing date of such owner's purchase of the Unit from Declarant or to the Association, at or prior to the Turnover Meeting. Declarant shall reasonably cooperate with any such claims owners or the Association may elect to pursue against the manufacturers or suppliers, provided there is no cost or liability to Declarant. Declarant has not represented or guaranteed the existence or validity of any manufacturer or supplier warranties or the performance by any manufacturer or supplier of its warranty obligations. Declarant has not represented or guaranteed the existence or validity of any manufacturer or supplier warranties or the performance by any manufacturer or supplier of its warranty obligations.

24.3 No Other Warranties. EXCEPT FOR THE REQUIRED ONE YEAR STATUTORY WARRANTY AND THE ADDITIONAL WARRANTIES OUTLINED IN SUBSECTION 24.1, TO THE FULLEST EXTENT ALLOWED BY LAW, DECLARANT HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTIES REGARDING CONSUMER PRODUCTS AS DEFINED IN THE MAGNUSSON-MOSS WARRANTY ACT OR THE UNIFORM COMMERCIAL CODE, WITH RESPECT TO THE CONDOMINIUM, THE UNITS, COMMON ELEMENTS, OR ANY OTHER PART OF THE CONDOMINIUM (THE "PROPERTY"). WITHOUT LIMITATION TO THE FOREGOING, DECLARANT HAS MADE NO REPRESENTATION OR WARRANTY REGARDING (a) COMPLIANCE WITH APPLICABLE BUILDING CODES, (b) ACOUSTICS, CONSISTENCY OF FLOOR SLOPE, OR SOUND TRANSFERENCE WITHIN THE CONDOMINIUM, (c) LIGHT, AIR OR VIEW, OR (d) THE ABILITY OF THE CONDOMINIUM ENVELOPE OR ANY COMPONENTS OF THE CONDOMINIUM TO WITHSTAND WATER INTRUSION.

24.4 Damage. Declarant shall not be responsible for damage to any Unit, common elements, or the Condominium (i) caused by normal wear and tear; (ii) caused by owner, the Association or other parties, whether by misuse, abuse, failure to maintain the Unit and/or common elements or otherwise; (iii) for damage exacerbated by any Unit owner, the Association, or other parties, or allowed by any owner or the Association to be exacerbated, including, without limitation, damages exacerbated by any owner or the Association, as applicable, failing to allow Declarant access to any Unit or the Condominium, as applicable, to perform work; (iv) related to work performed in or on the Unit, common elements, or the

Condominium by or on behalf of the owner, Association, or parties other than Declarant; or (v) any other items covered by a manufacturer's warranty. Without otherwise limiting the generality of the foregoing, Declarant has made no warranty regarding the soundproofing of Units and/or transmission of sounds between Units and other areas of the Condominium.

24.5 Defects. As used in this Section "defect(s)" or "defective" means a flaw in the materials or workmanship used in constructing the Unit or common elements that: (i) materially affects the structural integrity of the Unit or common elements; (ii) has an obvious and material negative impact on the appearance of the Unit or common elements; or (iii) jeopardizes the life or safety of the occupants of the Unit. So long as the Unit was completed substantially in accordance with Declarant's plans and specifications, minor deviations and variations therefrom such as, without limitation, paint color, window and floor coverings, countertops and cabinets, appliances, plumbing and electrical fixtures, hardware and other decorations, and other finish work shall not be considered "defects." Deficiencies or imperfections inherent in the quality of a particular component, element, paint, or finish of any Unit or common elements shall not be considered defects due to workmanship or materials. Wood grains, veining or other patterns inherent in natural materials such as wood or stone may vary and such variances shall not be considered a "defect." Transmission of sounds between Units and other areas of the Condominium shall not be considered a construction defect. Conditions caused by or resulting from the failure of owner or the Association to perform normal and routine maintenance of the Unit and common elements, as applicable, shall not be considered "defects."

24.6 Release and Waiver of all Other Past, Present, and Future Claims Regarding Condition of Property. WITH THE EXCEPTION OF THE 1 YEAR WARRANTY REQUIRED UNDER THE STATUTE AND THE ADDITIONAL WARRANTIES EXPLAINED AND IDENTIFIED IN SUBSECTION 24.1, TO THE FULLEST EXTENT ALLOWED BY LAW, EACH PURCHASER OF A UNIT, THE ASSOCIATION, AND ALL SUCCESSOR OWNERS AND OCCUPANTS, RELEASE AND WAIVE ANY CLAIM WHENEVER ARISING AGAINST DECLARANT AND/OR ITS MEMBERS, MANAGERS, AGENTS, BROKERS, SUCCESSORS, EMPLOYEES, AFFILIATES, CONTRACTORS, REPRESENTATIVES, OFFICERS, DIRECTORS, OR AGAINST THE ASSOCIATION OR ANY BOARD MEMBER THEREOF (COLLECTIVELY, THE "DECLARANT'S PARTIES"), RELATING TO OR ARISING FROM THE CONDITION OF THE CONDOMINIUM PROPERTY AT ANY TIME. THE WAIVER IS ABSOLUTE AND UNCONDITIONAL, AND THIS RELEASE AND WAIVER APPLIES WHETHER OR NOT THE PURCHASER HAD KNOWLEDGE OF ANY POTENTIAL CAUSE OF ACTION FOR SUCH CLAIMS. THE WAIVER APPLIES TO CLAIMS UNDER ANY LEGAL THEORY OTHER THAN THE BREACH OF THE EXPRESS WARRANTY GIVEN BY SELLER/DECLARANT IN A UNIT SALES AGREEMENT. WAIVED CLAIMS INCLUDE, WITHOUT LIMITATION, CLAIMS RELATING TO OR ARISING IN OR FROM ANY OF THE FOLLOWING: (a) DEFECTS, REPAIRS, REPLACEMENTS, OR MODIFICATIONS TO THE UNIT OR COMMON ELEMENTS EXCEPT AS SPECIFICALLY COVERED BY THE ONE-YEAR WARRANTY; (b) FAILURE TO COMPLY WITH CODE, NONCOMPLIANCE WITH PLANS AND SPECIFICATIONS, DEFECTIVE CONSTRUCTION, NEGLIGENT CONSTRUCTION AND/OR NON-WORKMANLIKE CONSTRUCTION; (c) TORT AND/OR UNLAWFUL TRADE PRACTICES VIOLATIONS, EMOTIONAL DISTRESS, FRAUDULENT, INTENTIONAL, NEGLIGENT, OR INNOCENT MISREPRESENTATION, NEGLIGENCE

OR GROSS NEGLIGENCE, STRICT LIABILITY, NUISANCE, AND/OR TRESPASS; (d) BREACH OF CONTRACT, BREACH OF EXPRESS WARRANTY, AND/OR BREACH OF IMPLIED WARRANTIES, INCLUDING THE WARRANTIES OF PROFESSIONAL CONSTRUCTION AND REASONABLE WORKMANLIKE CONSTRUCTION; (e) BREACH OF FIDUCIARY DUTY BY DECLARANT OR ITS AFFILIATES PRIOR TO OR AFTER THE DATE CONTROL OF THE ASSOCIATION IS TURNED OVER TO THE UNIT OWNERS; (f) WATER INTRUSION, WATER INFILTRATION, OR WATER PENETRATION; (g) PRODUCTS OR SUBSTANCES FOUND IN OR USED IN ANY UNIT OR COMMON ELEMENTS, INCLUDING, FOR EXAMPLE PURPOSES ONLY, RADON; (h) THE CONDITION OF THE UNIT AND/OR COMMON ELEMENTS; (i) NOISE OR SOUND TRANSMISSION, MOLD, MILDEW, FUNGUS AND/OR ODORS IN ANY UNIT OR COMMON ELEMENTS; (j) LOSS OF USE OF ANY UNIT AND/OR COMMON ELEMENTS AND/OR THE LOSS OF VALUE THEREOF; AND (k) CONSEQUENTIAL DAMAGES OR EXPENSES FOR ATTORNEY FEES AND/OR RESULTING FROM THE RELOCATION OF OWNER, IF ANY, SUCH AS LODGING, COMMISSIONS, INTEREST RATE FLUCTUATIONS, STORAGE, MOVING, MEALS OR TRAVEL EXPENSE. **IT IS ACKNOWLEDGED THAT DECLARANT WOULD HAVE REQUIRED A SIGNIFICANTLY HIGHER PURCHASE PRICE FOR THE UNITS IF THE PURCHASERS REFUSED TO PROVIDE THIS RELEASE AND WAIVER.** THIS SECTION SERVES AS NOTICE OF RECORD THAT THE RELEASE AND WAIVER SHALL BE BINDING UPON SUCH PURCHASERS, ALL SUCCESSOR OWNERS OR OCCUPANTS OF ANY UNIT, THE ASSOCIATION, AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, PROPERTY MANAGERS, BROKERS, HEIRS, SUCCESSORS, ASSIGNS, GUESTS AND INVITEES. CLAIMS OF THE ASSOCIATION ARE DERIVATIVE OF CLAIMS OF UNIT OWNERS AND THE ASSOCIATION SHALL BE BOUND BY THE WAIVER. THE WAIVER ACTS AS A COMPLETE BAR AND DEFENSE AGAINST ANY RELEASED OR WAIVED CLAIM.

24.7 Time Limitation on Other Claims. IT IS THE INTENTION OF THE WAIVER IN THIS SECTION TO BE FULL AND FINAL. TO THE EXTENT ANY COURT OR ARBITRATOR OF COMPETENT JURISDICTION DETERMINES ANY CLAIM TO SURVIVE THIS SECTION FOR ANY REASON, THEN TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, ANY SUCH CLAIMS MUST BE BROUGHT ON OR BEFORE THE EARLIER OF (A) EXPIRATION OF THE APPLICABLE STATUTE OF LIMITATIONS, OR (B) WITHIN ONE (1) YEAR FROM THE DATE OF THE TURNOVER MEETING AS DESCRIBED IN THE BYLAWS, WHETHER SUCH CLAIMS ARISE FROM STATUTE, CONTRACT, TORT OR OTHERWISE WHETHER FOR DAMAGES OR PERSONAL INJURY NOW EXISTING OR ARISING AFTER THE DATE OF THIS DECLARATION ANY SUCH CLAIMS NOT BROUGHT WITHIN THIS TIME PERIOD WILL BE DEEMED FULLY WAIVED BY OWNER, REGARDLESS OF WHEN OWNER ACTUALLY DISCOVERED THE ALLEGED BASIS FOR THE CLAIM. FOR PURPOSES OF THIS SECTION, A CLAIM IS "BROUGHT" WHEN (A) FOR MATTERS WITHIN THE SMALL CLAIMS COURT JURISDICTION, A COMPLAINT WAS FILED IN THE APPROPRIATE SMALL CLAIMS COURT AND SERVED PROMPTLY ON SELLER OR (B) FOR MATTERS NOT WITHIN THE SMALL CLAIMS COURT JURISDICTION, THE SELLER HAS ACTUAL RECEIPT OF A FILED COMPLAINT OR REQUEST FOR ARBITRATION BY OWNER. THIS SECTION SHALL NOT BE DEEMED TO EXPAND

AN OWNER'S RIGHT TO ASSERT ANY CLAIMS.

24.8 Binding Effect. TO THE FULLEST EXTENT ALLOWED BY LAW, THE LIMITATIONS OF THIS SECTION SHALL BE BINDING UPON EACH OWNER, BUYERS FROM EACH OWNER AND ALL SUCCESSOR BUYERS, THE ASSOCIATION AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, PROPERTY MANAGERS, BROKERS, HEIRS, SUCCESSORS, ASSIGNS, GUESTS AND INVITEES AND SHALL APPLY TO POTENTIAL CLAIMS BROUGHT DIRECTLY BY OWNER, BY OWNER THROUGH THE ASSOCIATION OR BY THE ASSOCIATION.

25. General Provisions.

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

25.2 Severability. Each provision of the Declaration, the Articles of Incorporation, and the Bylaws shall be independent and severable. The invalidity or partial invalidity of any provision thereof shall not affect any of the remaining portions of that or any other provision of this Declaration or the Bylaws.

25.3 Waiver of Rights. The failure of the Association, the Board of Directors, an officer, or a Unit owner to enforce any right, provision, covenant, or condition provided in the Declaration, Articles of Incorporation, or the Bylaws shall not constitute a waiver of the right of any such party to enforce such right, provision, covenant, or condition in the future.

25.4 Legal Proceedings. Failure to comply with any of the terms of the Declaration, Articles of Incorporation, the Bylaws, and any rules or regulations adopted thereunder shall be grounds for relief, which may include, without limitation, fining the noncomplying owner, bringing an action to recover money due, damages or a suit for injunctive relief, or an action to foreclose a lien, or any combination thereof. Relief may be sought by the Association, Board of Directors, an officer, a professional manager, or a management firm, or, if appropriate, by an aggrieved Unit owner.

25.5 Costs and Attorney Fees. Except as provided in Subsections 21.3 and 21.7, in any proceeding arising because of an alleged failure of a Unit owner to comply with the terms and provisions of this Declaration (as amended or supplemented), the Bylaws (as amended), Articles of Incorporation, rules and regulations adopted under the Bylaws, or the Oregon Condominium 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 attorney fees incurred by it to collect delinquent assessments or fines, or to enforce the terms of the Declaration, Bylaws, or any rules or regulations promulgated thereunder whether or not any action or suit is filed.

25.6 Compliance. Each Unit owner shall comply with the provisions of the Declaration, Articles of Incorporation, and the Bylaws, and with the administrative rules and regulations adopted thereunder, 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 Unit owner in addition to other sanctions that may be provided by the Bylaws or by any existing administrative rules and regulations.

25.7 Conflicting Provisions. In the event of a conflict between or among the provisions of the Declaration, the Articles of Incorporation of the Association, the Bylaws, and any administrative rules and regulations, the provisions of the Declaration shall be paramount to those of the Articles, Bylaws, and the rules and regulations, and the Articles shall be paramount to the Bylaws and the rules and regulations and those of the Bylaws shall be paramount to the rules and regulations. For purposes of this Section, the term Declaration shall include all amendments to this Declaration, and the term Bylaws shall include all amendments to the Bylaws.

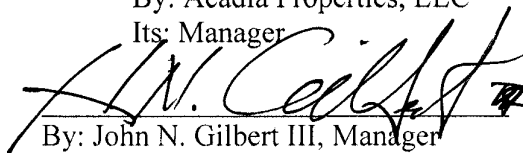
25.8 Section and Paragraph Captions. Section and paragraph captions shall not be deemed to be part of this Declaration unless the context otherwise requires. In construing this Declaration, if the context so requires, the singular shall be taken to mean and to include the plural, the masculine shall be taken to mean and to include the feminine and the neuter, and, generally, all grammatical changes shall be made, assumed, and implied to make the provisions hereof apply equally to individuals, trusts, estates, personal representative, trustees, and corporations.

The undersigned Declarant of the subject property has caused this Declaration to be executed this 21st day of MARCH, 2014.

Monterey Mews, LLC, an Oregon limited liability company

By: Acadia Properties, LLC

Its: Manager

A handwritten signature in black ink, appearing to read "J.N. Gilbert III", is written over a horizontal line. The signature is stylized and includes a small mark at the end.

By: John N. Gilbert III, Manager

STATE OF OREGON)
) ss. March 21, 2014
County of Deschutes)

Personally appeared before me the above-named John N. Gilbert III who, being duly sworn, did say that he is a manager of Acadia Properties, LLC who is the manager of Monterey Mews, LLC, an Oregon limited liability company, and that he is authorized to execute said instrument on behalf of the company.



Kristie L. Hornbeck
Notary Public for Oregon
My Commission Expires: JUNE 15, 2014

The foregoing Declaration is approved pursuant to ORS 100.110 this 9th day of April, 2014 and, in accordance with ORS 100.110(8), this approval shall automatically expire if this Declaration is not recorded within one year from this date.

Michael Hanifin
Real Estate Commissioner

By: MICHAEL HANIFIN

The foregoing Declaration is approved pursuant to ORS 100.110 this 25 day of April, 2014

COUNTY ASSESSOR

By: Scott Longton
By Scott Longton

The foregoing Declaration is approved pursuant to ORS 100.110 this 25th day of April, 2014.

TAX COLLECTOR

By: Wayne Jones
Wayne Jones

Exhibit A

Parcel 1 of Partition Plat No. 2014-3, recorded as
Document No. 2014-03551 in the official records
of Deschutes County, Oregon.

Exhibit B
UNDIVIDED FRACTIONAL
INTEREST IN COMMON ELEMENTS

Unit Number	Square Feet	Fractional Ownership
1	1,354	1/5
2	1,330	1/5
3	1,353	1/5
4	1,208	1/5
5	1,361	1/5
Total –		1/5x5=1

Exhibit C
LIMITED COMMON ELEMENT ASSIGNMENTS

Unit Number	Limited Common Element
1	G 1, S 1
2	G 2, S 2
3	G 3, S 3
4	G 4, S 4
5	G 5, S 5

Exhibit D
to Condominium Declaration of Monterey Mews Condominiums

BYLAWS
OF
MONTEREY MEWS CONDOMINIUMS

ARTICLE 1
PLAN OF UNIT OWNERSHIP

1.1 Unit Ownership. This residential condominium, located in the City of Bend, County of Deschutes, State of Oregon, together with the real property thereunder, known as Monterey Mews Condominiums (the "Condominium"), is submitted to the provisions of ORS 100.005 et seq., the Oregon Condominium Act (the "Act"), by the Condominium Declaration of Monterey Mews Condominiums (the "Declaration"), and these Bylaws of Monterey Mews Condominiums (the "Bylaws").

1.2 Bylaws Applicability. The provisions of these Bylaws are applicable to Monterey Mews Condominium Association (the "Association") and the entire management structure thereof. The Association shall be incorporated as an Oregon non-profit corporation by its filing of Articles of Incorporation (the "Articles") with the Oregon Secretary of State.

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

1.4 Definitions. All terms contained in these Bylaws and not otherwise defined herein shall have the meanings ascribed to them in the Act (as may be supplemented by the Declaration) and the Declaration, and said statute and definitions are incorporated herein by this reference.

1.5 Administrative Control. Notwithstanding anything contained in these Bylaws to the contrary, until the turnover meeting (as described in Subsection 3.3 of these Bylaws), Declarant shall have the powers and authorities reserved to Declarant in Section 19 of the Declaration and in these Bylaws.

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

2.1 Membership in the Association. Membership in the Association shall be limited to Unit owners. On recordation of a conveyance or contract to convey a Unit, the grantee or purchaser named in the conveyance or contract shall automatically be a member of the Association and shall remain a member of the Association until the person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Condominium, Unit ownership shall be determined on the basis of the records maintained by the Association. The record shall be established by the Unit owner filing with the Association a copy of the deed to or land sale contract for his Unit, to which shall be affixed the certificate of the recording officer of the County of Deschutes, Oregon, showing the date and place of recording of the deed or contract. No person shall be recognized as a Unit owner unless a copy of the deed or contract showing him to be the current owner or contract purchaser of a Unit has been filed with the Association as provided in this Subsection 2.1. Notwithstanding anything contained in these Bylaws to the contrary, Declarant shall be the owner of all unsold Units although no deed or land sale contract, with respect to the unsold Units, has been filed with the Association.

2.2 Voting. The owner(s) of each Unit shall be collectively entitled to one vote per Unit. The calling and conducting of meetings of the Association and the exercise of voting rights shall be controlled by Articles 2 and 3 of these Bylaws.

2.3 Majority of Owners. As used in these Bylaws, the term "majority of owners" shall mean those owners holding more than fifty percent (50%) of the voting rights allocated to the Unit owners in accordance with the Declaration and Subsection 2.2. "Majority of owners present" shall mean owners holding more than fifty percent (50%) of the votes present at any legal meeting as defined in Subsection 2.8.

2.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person, by proxy, or by ballot of owners holding at least sixty percent (60%) or more of the outstanding votes in the Condominium, as defined in Subsection 2.2, shall constitute a quorum; provided, however, that the quorum at any adjourned meeting, as described in Subsection 3.8, shall be reduced to at least thirty percent (30%) of the outstanding votes in the Condominium.

2.5 Proxies; Ballots. Votes may be cast in person, by proxy, by written or absentee ballot.

(a) Proxies must be filed with the secretary of the Association (the "Secretary") before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Subsection 3.8. In the sole discretion of the Association's Board of Directors (referred to in these Bylaws as the "Board" or "Board of Directors"), a meeting of the Association may be held by ballot rather than at a formal gathering. Meetings held by ballot must be properly executed and returned in sufficient quantity to constitute a quorum and/or to

pass the proposal(s) specifically propounded on the ballot. Procedures for meetings by ballot shall comply with the Act and Subsection 3.9 of these Bylaws. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote. A proxy: (a) must be dated and signed by the unit owner; (b) is not valid if it is undated or purports to be revocable without notice; and, (c) terminates one year after its date, unless the proxy specifies a shorter term. The Board of Directors may not require that a proxy be on a form prescribed by the Board. A copy of a proxy in compliance with paragraph (a) above provided to the Association by facsimile, electronic mail or other means of electronic communication utilized by the Board of Directors is valid.

(b) An absentee ballot shall set forth the proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by absentee ballot shall include: (a) Instructions for delivery of the completed absentee ballot, including the delivery location; and (b) Instructions about whether the ballot may be canceled if the ballot has been delivered according to the instructions. An absentee ballot shall be counted as a unit owner present for the purpose of establishing a quorum. Even if an absentee ballot has been delivered to a unit owner, the unit owner may vote in person at a meeting if the unit owner has: (a) returned the absentee ballot; and, (b) canceled the absentee ballot, if cancellation is permitted in the instructions given under paragraph (b) of this subsection.

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

2.7 Fiduciaries and Joint Owners. An executor, administrator, guardian, or trustee may vote, in person, by proxy, or by ballot, at any meeting of the Association with respect to any Unit owned or held by him in the capacity of executor, administrator, guardian, or trustee, whether or not the Unit has been transferred to his name; provided, however, that he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding the Unit in the capacity of executor, administrator, guardian, or trustee. Whenever any Unit is owned by two (2) or more persons jointly according to the records of the Association, the vote of the jointly held Unit may be exercised by any one of the owners then present in the absence of protest by a the co-owner. In the event of a co-owner protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of co-owner disagreement and protest, the vote of the jointly held Unit shall be disregarded completely in determining the proportion of votes given with respect to the applicable matter.

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

ARTICLE 3 ADMINISTRATION

3.1 Association Responsibilities. The Association, through the Board of Directors, shall have the responsibility of administering the Condominium, approving the annual budget, establishing and collecting assessments, and arranging for the operation, management, and maintenance of the Condominium, including negotiating and contracting with and supervising any person(s) or business entity with respect to such matters.

3.2 Place of Meetings. Formal meetings of the Association shall be held at the offices of The Management Trust, 19800 Village Office Ct., Bend, OR 97701, or any other place designated by the Board of Directors (provided any meeting place designated by the Board is convenient to the owners). The outcome of a ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for the return of ballots, or in the event the ballot return date is postponed, within forty-eight (48) hours of the postponed date. Each Unit owner shall be notified within ten (10) days after the ballots have been counted, by mail or other delivery of written notice, of the results of the ballot meeting or that a quorum of ballots were not returned.

3.3 Turnover Meeting. Declarant shall call and hold a turnover meeting (which shall constitute the initial organizational meeting) within ninety (90) days of the earlier of the following: (i) the date on which more than fifty percent (50%) of the Units that Declarant has reserved the right to annex have been conveyed to persons other than Declarant; or (ii) the date on which three (3) years have elapsed since the first conveyance of a Unit to someone other than Declarant. Declarant shall provide written notice of the turnover meeting to each Unit owner at least ten (10) but not more than fifty (50) days before the turnover meeting. The notice of the turnover meeting shall state the purpose of the meeting and the time and place where the turnover meeting is to be held. If Declarant fails to call the turnover meeting within the time specified in this Subsection 3.3, the turnover meeting may be called and notice given by any Unit owner. At the turnover meeting, Declarant shall relinquish control of the administration of the Association and the Unit owners shall assume such control and shall elect the Board of Directors in accordance with the provisions of Article 4 of these Bylaws. **If a quorum of unit owners is present, the unit owners shall elect not fewer than the number of directors sufficient to constitute a quorum of the Board of Directors, in accordance with these Bylaws.** Additionally, Declarant shall deliver to the Association those items specified in the Act to be turned over by Declarant at the turnover meeting. To facilitate an orderly transition, during the three-month period following the turnover meeting, Declarant (or an informed representative) shall be available to meet with the Board of Directors on at least three (3) mutually acceptable dates to review the documents delivered to the Association as required by the Act and this Subsection 3.3. The turnover meeting may not be conducted by written ballot. If Declarant has complied with ORS 100.210 and this Subsection 3.3, unless Declarant otherwise has sufficient voting rights as a Unit owner to control the Association, Declarant shall not be responsible for the failure of the Unit owners to comply with ORS 100.210(4) and Declarant shall be relieved of any further responsibility for the administration of the Association except as a Unit owner of any unsold Unit.

If the unit owners present do not constitute a quorum or the unit owners fail to elect the number of directors sufficient to constitute a quorum of the Board of Directors at the turnover meeting held in accordance the above paragraph: (a) a unit owner or first mortgagee of a unit may call a special meeting for the purpose of election of directors and shall give notice of the meeting in accordance with the notice requirements in the Bylaws for special meetings. The unit owners and first mortgagees present at the special meeting shall select a person to preside over the meeting; (b) A unit owner or first mortgagee of a unit may request a court to appoint a receiver as provided in Section 19 of the 2007 Act.

3.4 Transitional Committee. Unless the turnover meeting described in Subsection 3.3 has been held, Declarant shall call a meeting of the Unit owners for the purpose of forming a transitional committee in accordance with the Act and these Bylaws within sixty (60) days of the date on which more than fifty percent (50%) of the Units that Declarant has reserved the right to create have been conveyed to persons other than Declarant. Declarant shall give notice of the transitional committee meeting to each Unit owner at least three (3) but not more than fifty (50) days before the transitional committee meeting. Declarant's notice shall state the purpose of the meeting and the time and place where the transitional committee meeting is to be held. If Declarant shall fail to call the transitional committee meeting within the time specified in this Subsection 3.4, the transitional committee meeting may be called and notice given by any Unit owner. The transitional committee shall be advisory only and shall consist of two (2) or more members selected by the Unit owners (other than Declarant) and may include not more than one representative of Declarant. Transitional committee members shall serve until the turnover meeting described in Subsection 3.3. The function of the transitional committee shall be that of enabling ease of transition from control of the administration of the Association by Declarant to control by the Unit owners. The transitional committee shall have access to the information, documents, and records which Declarant must turn over to the Unit owners under the Act and Subsection 3.3 of these Bylaws. If the Unit owners, other than Declarant, shall fail to select members for the transitional committee in accordance with ORS 100.205(2) and this Subsection 3.4, Declarant shall have no further responsibility to form the transitional committee.

3.5 Annual Meetings. The first annual meeting of the Association shall be held during the calendar year following the calendar year during which the turnover meeting is held and its date shall be set by action of the Board of Directors. The Association's annual meeting, the date of which may be changed from time to time at the discretion of the Board of Directors, must be held annually under the rules and regulations as set forth in these Bylaws. At the annual meetings, new members of the Board of Directors shall be elected by the Unit owners in accordance with the requirements of Subsection 4.12 of these Bylaws to replace those directors whose terms have expired. The Unit owners may also transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

3.6 Special Meetings. Special meetings of the Association may be called by the chairperson of the Association ("Chairperson"), a majority of the Board of Directors, or on the presentation to the Secretary of a petition signed by at least forty percent (40%) of the Unit owners. All special meetings called because of a petition of the Unit owners shall be held at a formal gathering and not by ballot and shall be held within sixty (60) days after receipt of the

petition. The notice of any special meeting shall state the time and place of the special meeting and the purpose thereof. No business, except as stated in the notice therefore, shall be transacted at a special meeting unless by consent of all the Unit owners or as otherwise set forth in these Bylaws. **If notice of the meeting is not given within 30 days after the date of the written request by the owners to the secretary or president, then an owner who signed the request may set the time and place of the meeting and give the required notice. Mortgagees can designate a representative to attend a special meeting.**

3.7 Notice of Meetings. The Secretary shall mail by first-class or certified mail, shall hand-deliver, or shall e-mail a notice of each annual or special meeting stating the purpose thereof, and the time and place where it is to be held, to each Unit owner of record at least ten (10) but not more than fifty (50) days before such meeting or the date when ballots for a ballot meeting are required to be returned. The Secretary shall hand-deliver, mail by first-class or certified mail, or e-mail written or electronic ballots for ballot meetings to each owner of record not less than twenty (20) days before the date on which such ballots must be received by the Association in order to be counted. The mailing shall be to the Unit owner's address or e-mail address last given to the Secretary in writing by the Unit owner or his vendee. If Unit ownership is split or the Unit has been sold on a contract, notice shall be sent to a single address of which the Secretary has been notified in writing by such parties. If no address has been given to the Secretary in writing, then mailing to the Unit shall be sufficient for purposes of this Subsection 3.7. The mailing of a notice in the manner provided in this Subsection 3.7 shall be considered notice served. An owner may decline to receive notice by e-mail but must inform the Secretary that the owner or director only will receive notice by mail.

3.8 Adjourned Meetings. If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to from time to time for periods of not less than forty-eight (48) hours nor more than twenty (20) days from the time the original meeting was called until a quorum is present as established in Subsection 2.4. In order to invoke the reduced quorum requirement in Subsection 2.4, the meeting notice must specify that the quorum requirement will be reduced if the meeting cannot be organized because of a lack of a quorum and include the reduced quorum requirement. The Board of Directors may postpone the date for counting the ballots of a ballot meeting, in one or more postponements, for up to ninety (90) days after the originally scheduled ballot return date if a quorum of ballots has not been returned and/or for matters on which a certain percentage approval is required and that vote has not been received nor has sufficient votes in opposition been received to negate such approval; provided, however, if a secret ballot is required, secrecy envelopes may not be examined prior to counting the vote.

3.9 Ballot Meetings. Unless prohibited or limited by the Articles of Incorporation of the Association, any action that may be taken at any annual or special meeting of the Unit owners may be taken without a meeting if the Association delivers a written ballot (a ballot by e-mail, fax, posting on an Association website with notice to all owners of the posting and how to access the posting) to every Unit owner entitled to vote on the matter. Action by written ballot may not substitute for: (1) the turnover meeting; (2) the annual meeting of the Association if more than a majority of the units are principal residences of the occupants; (3) a meeting of the Association that has on its agenda a proposal to remove a director from the Board of Directors;

or (4) a special meeting of the Association pursuant to ORS 100.407(12). Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide owners with at least ten (10) days' notice as required by ORS 100.425(2)(b) before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for making and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. An electronic ballot is effective when it is electronically transmitted to an address, location or system designated by the board of directors for that purpose. A vote by electronic ballot cannot be revoked.

3.10 Order of Business. The order of business at all meetings of the Unit owners shall be as follows unless the Board of Directors sets a different agenda: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of the preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspectors of election; (g) election of directors; (h) unfinished business; (i) new business; and (j) adjournment.

3.11 Conduct of Meetings. A director present at a meeting of the board of directors at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest. All votes of abstentions must be recorded in the minutes. Directors cannot vote by proxy or secret ballot at a meeting of the Board of Directors (except that Officers may be elected by secret ballot).

ARTICLE 4 BOARD OF DIRECTORS

4.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors, which shall be composed of three (3) persons prior to the turnover meeting and three (3) to five (5) persons after the turnover meeting. Each member of the Board of Directors must be an owner or a co-owner of a Unit; provided, however, that if a Unit is owned by more than one owner, only one owner of that Unit may serve on the Board of Directors at any one time. An officer or employee of a corporation, a trustee of a trust, a personal representative of an estate, or an employee of a trust or estate may serve on the Board of Directors if such corporation, trust, or estate owns a Unit.

4.2 Failure to Establish a Board of Directors. If the Association fails to fill vacancies on the Board of Directors sufficient to constitute a quorum in accordance with these bylaws, an owner or a first mortgagee may request the circuit court of the county in which the

Condominium is located to appoint a receiver under ORCP 80 to manage the affairs of the Association pursuant to ORS 100.418.

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

4.4 Adoption of Budget. At least sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement of the common elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be common expenses pursuant to the Act, the Condominium instruments, or a resolution of the Association, and that shall be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the Condominium and the rendering to the Unit owners of all related services. The budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital and such general operating reserve accounts, contingency, and other reserve accounts as the Board shall determine. The amount designated for replacement reserves shall be adjusted annually to reflect current replacement cost and remaining useful life. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary of the budget to all owners. The budget shall constitute the basis for determining each Unit owner's assessment for the common expenses of the Condominium.

(a) Notwithstanding Subsection 4.4, when determining the budget, the Board shall maintain two (2) months of working capital.

4.5 Failure to Prepare Budget. The failure of the Board of Directors to prepare and/or to present, in a timely manner, a budget to the Unit owners shall not be cause for any owner to fail or refuse to pay assessments. Assessments shall continue, based 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.

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

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

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

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

(a) Caring for, maintaining, and supervising the management of the Condominium, Association property, if any, the general common elements for which the Association has maintenance responsibilities, assigning and supervising assignments, or approving any assignment of the use of any common element, as may be required by the Declaration.

(b) Establishing and maintaining replacement reserve accounts and other reserves, as required by the Act or these Bylaws, and such other reserve accounts as are permitted by these Bylaws.

(c) Conducting yearly review and update of the maintenance plan.

(d) Ensuring Association compliance with the maintenance plan.

(e) Designating and collecting regular and special assessments from the owners, in accordance with these Bylaws, the Declaration, and the Act.

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

(g) Obtaining and maintaining insurance policies and paying premiums therefore out of the common expense funds with respect to both the common elements and individual Units as more specifically provided in Article 14 of these Bylaws.

(h) Designating and dismissing the personnel necessary for the maintenance and operation of the Condominium, and the general common elements.

(i) Causing the preparation and distribution of annual financial statements of the Condominium to each of the Unit owners as more specifically provided in Article 4 of these Bylaws.

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

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

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

(m) Causing the Association to file the necessary tax returns of the Association.

(n) Establishing and maintaining a current mailing address for the Association.

4.10 Management Agent. The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Subsection 4.9. Any management contract must be cancelable without penalty upon ninety (90) days' prior written notice. Any management contract entered into by Declarant before the turnover meeting may be canceled by the Board of Directors elected at the turnover meeting upon thirty (30) days' written notice given not later than sixty (60) days after the turnover meeting.

4.11 Interim Directors. On the filing of the Declaration submitting the Condominium to the Act, Declarant shall appoint an interim Board of three (3) directors (who need not be owners of Units), who shall serve until replaced by Declarant or their successors have been elected by the Unit owners at the turnover meeting as provided in these Bylaws. The interim Board shall work closely with the transitional committee, once appointed, to acquaint the members of the transitional committee with the procedures and operations of the Condominium.

4.12 Election and Term of Office. At the turnover meeting, on agreement by vote of the owners, the Board of Directors may be elected by a single ballot, with each owner permitted to vote for three (3) nominees. In such event, the two (2) nominees receiving the highest number of votes shall be directors serving a two-year term and the nominee receiving the next highest number of votes shall serve a one-year term. At the expiration of the initial term of office of each respective director, a successor shall be elected to serve a term of two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting. The Association may increase or decrease the number of directors and length of terms for which each is elected by amendment of this Section. If additional directors are elected, the same sequential election terms shall apply as nearly as is practicable.

4.13 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled for the balance of the term of

each directorship by vote of a majority of the remaining directors, even though they may constitute less than a quorum; each person so elected shall be a director until the person's successor is elected on expiration of the term for which such person was elected by the other directors to serve.

4.14 Removal and Resignation of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the directors may be removed with or without cause, by a majority vote of owners and a successor may be then and there elected to fill the vacancy thus created. Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Any director or directors who fail(s) to attend three (3) successive meetings of the Board of Directors, which have been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve-month period, which have been properly called, may be removed by a majority of the remaining directors. Any director may resign at any time by sending a written notice of resignation to the office of the Association, addressed to the Secretary. Unless otherwise specified in the notice of resignation, the resignation shall be effective as of the Secretary's receipt of the resignation.

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

4.16 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but shall be held no less often than quarterly. Notice of regular meetings of the Board of Directors may be called by the Chairperson on three (3) days' notice to each director, given personally or by mail, telephone, facsimile, telegraph, or other similarly reliable method, which notice shall state the time, place, and purpose of the meeting.

4.17 Special Meetings. Special meetings of the Board of Directors may be called by the Chairperson, Secretary, or on the written request of at least three (3) directors. Special meetings of the Board of Directors may be called on three (3) days' prior notice to each director, given personally or by mail, telephone, facsimile, or telegraph, which notice shall state the time, place, and purpose of the meeting.

4.18 Waiver of Notice to Directors. Before, at, or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by the director of the time and place thereof. If all directors are present at any meeting of the Board, no notice to directors shall be required and any business may be transacted at such meeting.

4.19 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the existing directors shall constitute a quorum for the transaction of business, and the acts of a majority of the directors shall be the acts of the Board of Directors. A majority of

those present may adjourn a meeting of the Board of Directors at which less than a quorum is present. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.20 Board of Directors' Meetings Open to All Association Members. Except as provided in Subsection 4.21, all meetings of the Board of Directors shall be open to all members of the Association. No Association member shall have a right to participate in the Board of Directors' meetings unless such member is also a member of the Board of Directors. The Chairperson shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

4.21 Executive Session. At the discretion of the Board, the following matters may be considered in executive sessions: (a) consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters; (b) personnel matters, including salary negotiations and employee discipline; (c) negotiations of contracts with third-parties; (d) collection of assessments; and (e) any other matters for which the Act permits. Except in the case of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered, as precisely as possible, and when and under what circumstances the deliberations can be disclosed to owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board of Directors, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

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

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

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

4.25 Director Insurance. The Board of Directors shall comply with the insurance requirements contained in Article 10 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.

4.26 Special Committees. The Board of Directors by resolution may designate one or more special committees, each committee to consist of three (3) or more owners that, to the extent provided in the resolution, shall have and may exercise the power set forth in the Board of Directors resolution. Special committees shall have the name or names as may be determined from time to time by the Board of Directors. The special committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of the special committees designated shall be appointed by the Board of Directors. The directors may appoint any Unit owner to fill vacancies on any special committee occasioned by death, resignation, removal, or inability to act for an extended period of time.

ARTICLE 5 OFFICERS

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

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

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

5.4 Chairperson. The Chairperson shall be the chief executive officer of the Association. The Chairperson shall preside at all meetings of the Association and of the Board of Directors. The Chairperson shall have all of the general powers and duties that are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

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

5.6 Treasurer. The Treasurer of the Association shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies

and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

5.7 Directors as Officers. Any director may be an officer of the Association.

5.8 Directors' Voting. A director of an association of unit owners who is present at a meeting of the Board of Directors at which action is taken on any association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting in the action because the director claims a conflict of interest. When action is taken on any matter at a meeting of the Board of Directors, the vote or abstention of each director present must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings of the Board of Directors. Notwithstanding the foregoing, officers may be elected by secret ballot.

ARTICLE 6 ASSESSMENTS

6.1 Assessments. All owners shall be obligated to pay assessments imposed by the Association to meet all the Condominium's common expenses, which shall include premiums for insurance required or permitted under Article 10 of these Bylaws. In the discretion of the Board of Directors, the assessments may be made payable semiannually, quarterly, or monthly. An annual assessment shall be charged beginning when Declarant first conveys a Unit to a Unit owner. Prior to such time, Declarant shall pay all operating expenses of the Condominium. All of the reserve accounts (discussed below) set-up pursuant to these Bylaws shall be funded by allocation and payment from the assessment of Unit owners. The assessment of all Unit owners who may be benefited by expenditure of reserve funds may be increased as necessary so the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established. Each Unit shall be liable for the common expense in the same percentage as the percentage of undivided interest in the common elements allocated to such Unit.

6.2 Special Assessments. The Board of Directors shall have the power to levy special assessments against an owner or all owners for the following purposes and in the following manner: (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 Association's rules and regulations, by vote of a majority of the Board of Directors; (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 of Directors; (d) to make capital acquisitions, additions, or improvements costing less than Twenty Five Thousand Dollars (\$25,000.00); or (e) to make capital acquisitions, additions, or improvements costing Twenty Five Thousand Dollars (\$25,000.00) or more by vote of at least seventy-five percent (75%) of all votes allocated to Units in the Condominium.

6.3 Expense Items. The assessment of Units shall include the following items, which shall be common expenses: (a) expenses of administration; (b) expenses of maintenance, repair,

or replacement of the common elements and Association property, if any; (c) expenses of maintenance, repair or replacement of the roofs, (d) expenses of exterior painting of Units, (e) any deficit in common expenses for any prior period; (f) the costs of utilities for the common elements and other utilities that have a common meter or that are commonly billed, such as water and sewer (The amount due for water and sewer each month will be set each year when the budget is revised based on the water and sewer rates for the City of Bend. The initial budget shows that water and sewer fees are anticipated to be \$50.00 per month per Unit); (g) the cost of insurance or bonds obtained in accordance with these Bylaws; (h) the cost of any professional management if required by mortgagees or desired by the Board of Directors; (i) legal, accounting, and other professional fees; (j) any other items that are properly chargeable as an expense of the Association; (k) a general operating reserve, sufficient to pay the amount of the deductible on any insurance policy held by the Association; (l) the costs of the preparation of the annual reserve study or the renewal and update of such study; (m) the costs of establishing, updating and implementing the maintenance plan; (n) 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 non-adverse to each other; (o) the discharge of any mechanic's lien or other encumbrances levied against the entire Condominium or against the Common Elements or Association Property, rather than merely against the interests therein of particular owners; and (p) inspection, maintenance and repair of any Unit or Common Element if the Board of Directors determines that such inspection, maintenance or repair is necessary to protect the Common Elements, Association Property or any other portion of the Property, and the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board of Directors to such Owner.

6.4 Reserve Account.

(a) Pursuant to provisions of the Act, Declarant has established a reserve account for replacement the Condominium's common elements. A reserve account shall be established in the name of the association for the purpose of effecting replacements of mechanical equipment, exterior painting of limited common elements, and other items which will normally require major maintenance, repair, or replacement in more than one (1) year and less than thirty (30) years. In addition, notwithstanding the fact that the exterior walls and roofs are the property of the unit owners, the Association is responsible for painting, roof replacement and gutter repair pursuant to Section 8 of the Declaration. Therefore, these items must be included in the reserve account. The association is responsible for administering and making periodic payments into the account. Payment into this reserve account shall be deemed a contribution to capital improvement as and when made. The reserve account for replacement shall be funded by assessments against the same Units that are assessed for the maintenance of the items for which the reserve account is established. Accordingly, the reserve account for major maintenance, repair or replacement of those general common elements shall be created by assessment against all owners.

(b) Pursuant to provisions of the Act, Declarant has conducted an initial reserve study for the Condominium's common elements and those portions of the Units that the Association is responsible for maintaining or replacing pursuant to Section 8 of the Declaration. The Board of

Directors shall annually conduct a reserve study, or review and update an existing study, of the common elements to determine the reserve account requirements. A reserve account shall be established for those items of the common elements all or part of which will normally require replacement in more than one (1) and less than thirty (30) years, for exterior painting of units, porches and limited common elements, the replacement of unit roofs and gutters, and for the maintenance, repair, or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include the following: (a) identification of all items for which reserves are to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) an estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and (d) a 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule. The annual reserve study shall be used to determine the amount of assessments to meet the reserve account requirements.

(c) Pursuant to provisions of the Act, Declarant has established an initial maintenance plan for the Condominium's common elements. **The annual reserve study assumes that the Board conducts normal, routine maintenance as outlined in the maintenance plan. If the Board fails to perform or have performed the required maintenance, the reserve funds may be inadequate.**

(d) The Board of Directors is authorized to approve or deny payment vouchers made to the Reserve Account for the expense of maintaining, repair and replacement of common elements and association property and other expenses of the association property. Except as otherwise provided in the Act, the reserve account shall be used only for maintenance, repair, and replacement of items for which reserves have been established and shall be kept separate from other accounts.

6.5 General Operating Account. The Board of Directors shall create and maintain a general operating account by allocation and payment thereto monthly of an amount determined by the Board of Directors. All general and special assessments shall be deposited into this account. The general operating account shall be used to pay expenses which exceed budgeted amounts. The initial working capital required by Section 6.8(a) shall be deposited into such operating reserve account. In addition, the Board of Directors shall establish such other special reserve accounts as may be set-up by the directors by special assessments of the Unit owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate.

6.6 Accounting. Both the reserve account and the general operating account shall be kept in an F.D.I.C. insured account with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into any accounts are the property of the Association and are not refundable to sellers of Units; provided, however, that **nothing** contained in these Bylaws shall prevent sellers of Units from treating their outstanding allocable share of accounts as a separate or reimbursable item in any sales agreement. No Unit

owner shall have any individual rights in any Association accounts, although it is understood that the value of their respective Units may increase in proportion to each Unit's right to receive repair, maintenance, and replacement therefrom.

6.7 Apportioning Common Expenses. Upon the recording of a supplemental plat and declaration annexing additional property, the common expenses shall be reapportioned equally among all units. The common expenses shall be prorated based upon the fiscal year of the association so that newly annexed units are only charged expenses accrued after the recording of the plat.

6.8 Initial Assessment. The amount of the initial assessment due from Unit owners other than Declarant shall be determined by Declarant. The amount of the annual assessment thereafter shall be subject to review and modification by the Board of Directors.

(a) **Contribution to Working Capital.** At closing, each purchaser shall contribute to the Association a sum equal to one-sixth (1/6) of the annual assessments with respect to the Unit being purchased, as a one-time contribution to the working capital of the Association. Within sixty (60) days after the first conveyance by Declarant of the first Unit in the Condominium, Declarant shall make such contribution with respect to all Units in that stage of the Condominium that have not yet been conveyed to a purchaser. If Declarant has made such contribution, no further contribution shall be required to the Association, but each purchaser shall reimburse Declarant at closing for the amount of the contribution made by Declarant with respect to the Unit conveyed to the purchaser. If the amount of assessments is reduced pursuant to the authority granted to Declarant herein, the initial deposit to the Association budget, equal to one-sixth (1/6) of the annual assessments, shall be based on the projected amount of such annual assessments after substantial or full occupancy of the Units rather than on the reduced amount. The working capital contribution shall be allocated to the general operating account provided in Section 6.5 of these Bylaws. The working capital contribution is in addition to regular assessments and shall not be used as a prepayment of assessments by any Owner. Declarant may not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while Declarant is in control of the Association. All working capital contributions shall be disbursed to the Association at or prior to the turnover meeting and shall be credited to the general operating account.

(b) **Procedures.** If Declarant, or any other person, pays all of the operating expenses of the Condominium or subsidizes such expenses, the assessment shall be reduced by such amount, but shall not be reduced to a sum less than the total amount of the reserve items. With respect to Units not yet conveyed by Declarant, Declarant may accrue the reserve items. At the time of conveyance of the Unit for which the reserve has been accrued, the accrued reserves must be paid to the Association. Declarant, or such other person paying all operating expenses or subsidizing such expenses, shall give ten (10) days' written notice to individual Unit owners before their obligation to pay the full assessment begins. Thereafter, each owner, including Declarant or such other person, shall pay the assessments to the Association. If Declarant has collected initial assessments from Unit purchasers at closing and thereafter elects to pay or subsidize the operating expenses, thereby causing the amount of the assessment to be reduced, the one-time initial contribution collected from Unit purchasers shall be held by Declarant in a

separate Association account. On the date on which Unit owners are required to pay full assessments, the aggregate sums held in such separate account shall be deposited to the Association's general account to be used as working capital.

6.9 Temporary Reduction of Assessment Amount. If the Association expenses are temporarily less than projected by Declarant because some or most of the Units are not yet sold or occupied, Declarant shall have the authority to reduce (temporarily) the amount of the assessment to reflect the lower expenses of the Condominium.

6.10 Payment of Assessments. Subject to the provisions of Subsections 6.8 and 6.9, from the date on which the Declaration is recorded, Declarant shall pay assessments due for operating expenses on all unsold Units and pay assessments due for reserves on all unsold Units, or at Declarant's option, pay or require the Unit owner to pay all accrued reserve assessments against the Unit at the time of the initial sale to the Unit owner; provided, however, such reserve accrual shall not extend beyond the date of the turnover meeting.

6.11 Statement of Assessments.

(a) Each month, ten days prior to the due date of the assessments and within 10 business days of receipt of a written request from an owner, the Association shall provide owners with a written statement that provides:

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

- (i) Regular and special assessments;
- (ii) Fines and other charges;
- (iii) Accrued interest;
- (iv) Late payment charges;
- (v) The percentage rate at which interest accrues on assessments that are not paid when due and
- (vi) The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

(b) The Association is not required to comply with this Section if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due.

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

Board of Directors shall give thirty (30) days' written notice to all owners. In addition, the Board, at its option, may impose a late charge penalty on any assessment that is delinquent for ten (10) or more days. The late charge penalty shall not exceed the sum of twenty-five percent (25%) of the delinquent assessment and shall be imposed only once on each regular or special assessment or installment of such assessments.

The Association shall be entitled to a lien that may be enforced on compliance with the provisions of ORS 100.450. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting owner for the use of his Unit or shall be entitled to the appointment of a receiver pursuant to ORS 100.460. Liability for all assessments, fines, charges, interest, fees (including attorney fees, whether or not a suit or an action is commenced), and other sums owing by the Unit owner pursuant to the Declaration, these Bylaws, the Act, and rules and regulations of the Association shall be the personal obligation of the Unit owner and may be enforced by suit for a money judgment, in addition to all other remedies of the Association. Any default by the owner in any provisions of these Bylaws or of the Act shall be deemed to be a default by the owner of any mortgage to which the owner is a party or to which the Unit is subject.

6.13 Voluntary Conveyance. In a voluntary conveyance of a Unit the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. However, upon request of a prospective purchaser, the Board of Directors of the Association shall make and deliver a statement of the unpaid Assessments against the prospective grantor or the Unit, and the grantee in that case shall not be liable for, nor shall the Unit when conveyed be subject to, a lien filed thereafter for any unpaid Assessments against the grantor in excess of the amount set forth in the statement.

6.14 Receiver. From the time of commencement of an action by the Association to foreclose a lien for non-payment of delinquent assessments regarding Unit that is not occupied by the owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the Lessee of the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent for the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys fees thereof, and then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of delinquent assessments. A receiver may take possession and collects rents under this Section and the receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association and the rights contained in this Section shall not affect the priority of previous existing liens on the Unit.

ARTICLE 7 OBLIGATION OF THE OWNERS

7.1 Owner's Duty to Maintain and Repair. Every owner shall perform promptly all maintenance and repair work that is needed within the owner's Unit to prevent any negative effect on the common elements of the Condominium (or a part thereof belonging to other owners), and every owner shall be responsible for the damages and liabilities that the owner's failure to maintain and repair may cause, including, but not limited to, damage caused by plugged toilets and bath drains, overloaded electrical outlets, and clothes washer and dishwasher overflow. All repairs of internal installations of each Unit, such as water, lights, gas, power, sewage, telephones, air conditioners, heaters, and sanitary installations, doors, windows, lamps, and all other accessories and appliances belonging to the Unit area, shall be at the sole expense of the owner of such Unit. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common elements and/or facility that was damaged through such owner's fault and that is not otherwise covered by insurance policies carried by the owner or the Association for the owner's and the Association's benefit. In such circumstances, the insurance obtained by the owner shall be deemed to be the primary coverage.

ARTICLE 8 ASSOCIATION RIGHTS

8.1 Association Right of Entry. If an emergency originates in or threatens a Unit, the owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether the owner is present at the time or not.

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

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

8.4 No Waiver. The failure of the Association or of an owner to enforce any right, provision, covenant, or condition which may be granted by any other provisions of the Declaration, these Bylaws, any rules or regulations, shall not constitute a waiver of the right of the Association or an owner to enforce such right, provision, covenant, or condition in the future.

ARTICLE 9
USE AND OCCUPANCY RESTRICTIONS;
RULES OF CONDUCT

9.1 Home Based Businesses. Units may be used as home based businesses as permitted under local ordinances and any other restrictions provided no signage is displayed and such use does not unreasonably interfere with the use and enjoyment of other units as a dwelling. A unit owner(s) may use his unit as a home office provided that clients, customers, vendors, and employees do not regularly visit the home office.

9.2 Rentals. Units may be rented for periods of not less than thirty (30) days and no more than forty percent (40%) of Units may be rented out at any given time.

9.3 Additional Rules Promulgated by the Association. The Board has the authority through Subsection 9.2 of the Declaration to adopt additional rules.

9.4 Compliance. Each owner shall comply and shall require all residents, servants, invitees, and visitors to his Unit to comply with the Act, the Declaration, these Bylaws, and any rules or regulations adopted by the Board of Directors. The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and rules and regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Unit or mailed to the mailing address designated in writing by the owner(s). The failure of an owner (or the owner's family, or invitees) to comply with the rules of conduct and restrictions set forth in these Bylaws, the Declaration, or any other rules or regulations promulgated by the Board of Directors, shall be cause for which the Board of Directors may deny or restrict such owner's right to use any common element facility with respect to which such owner otherwise had a right of use.

ARTICLE 10
INSURANCE

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

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

(a) A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the full insurable replacement value, if available, of all Units and common elements, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the owners

and their mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each Unit. For the purposes of any policy or policies of fire insurance, the term "building" shall include fixtures (including, but not limited to, cabinets, built-in appliances, electrical and plumbing fixtures), installations, or additions comprising common area, in accordance with the original Condominium plans and specifications, or installed by or at the expense of any Unit owner or owners.

(b) A policy or policies insuring the Association, its Board of Directors, the Unit owners individually, and the management agent against any liability to the public or the owners of Units and their invitees, incident to the ownership, supervision, control, or use of the project. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injuries and property damage. The limits of liability insurance and coverage shall be reviewed at least annually by the Board of Directors, which, in its discretion, may increase either. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsements wherein the rights of a named insured under the policy or policies shall not be prejudiced with respect to his action against another named insured.

(c) Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) Directors and Officers Liability Insurance naming such persons as may be designated by the Board of Directors as principals and the Association. The premiums on such insurance shall be paid by the Association.

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

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

10.3 Authority to Adjust Losses. All losses under policies hereafter in force regarding the Condominium shall be settled exclusively with the Board of Directors or its authorized representative; provided, however, that when a first mortgagee has been designated as a loss payee by a Unit owner and such first mortgagee has requested the opportunity to exercise the rights provided by this Article 10, such mortgagee shall be entitled to settle losses as to the mortgaged Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two (2) directors.

10.4 Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that provide for the following: (a) a waiver of subrogation by the insurer as to any claims against the Board of Directors, the management agent, the Unit

owners, and their respective servants, agents, and guests; (b) a provision that the master policy on the Condominium cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual owners; (c) a provision that the master policy on the Condominium cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors or the management agent without prior demand in writing that the Board of Directors or management agent cure the defect; (d) 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.

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

10.6 Insurance Deductible. The Board of Directors shall determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this Article. However, such deductibles shall not exceed the maximum deductible acceptable to the Federal National Mortgage Association. In determining the deductible under the policies, the Board shall take into consideration, among other factors, the availability, cost, and loss experience of the Association. In this regard, as in other Board responsibilities, the Board members shall exercise their reasonable business judgment. The responsibility for payment of the amount of the deductible may be prescribed by resolution adopted by the Board of Directors.

10.7 Owner Insurance. The Association shall have no responsibility to procure or assist in procuring insurance for any owners' personal property. Owners shall purchase contents and liability insurance for their Unit(s) and provide proof of such insurance coverage to the Association's Management Agent. Such contents and liability policy shall provide coverage for, without limitation, the negligent acts of the owner(s) and their guests or other occupants of the Unit(s) for damage to the Units and general common elements with a limit of not less than Five Hundred Thousand Dollars (\$500,000.00) for each occurrence.

10.8 Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy. The Board of Directors shall notify all owners of the amount of the deductible under the Association policies annually upon the renewal of the insurance policy. To the extent reasonably practicable, the Board of Directors shall give at least thirty (30) days' prior notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies.

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

ARTICLE 11 DAMAGE AND DESTRUCTION

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

11.2 Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to, or destruction of, such buildings shall be promptly repaired and restored by the management agent or the Board of Directors, using the proceeds of insurance, if any, on such buildings for that purpose and all the Unit owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by such owner; provided, however, that if three-fourths (3/4) or more in value of all the buildings is destroyed or substantially damaged, and if the owners of at least sixty percent (60%) of the Units so vote, and on written approval of holders of first mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium, the management agent or Board of Directors shall record with the Deschutes County Recorder a notice setting forth such facts, and upon the recording of such notice: (a) the Condominium property shall be deemed to be owned in common by the owners; (b) the respective interest of each Unit owner in the property shall be determined by the provisions of ORS 100.610 that are in effect on the date the Declaration is recorded; (c) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the owners in the project; and (d) the Condominium shall be subject to an action for partition at the suit of any owner. If a decree of partition orders the sale of the Condominium property, the net proceeds of sale, together with the net proceeds of the policies of insurance on the Condominium, if any, shall be considered as one fund and shall be divided among all of the owners in proportion to their respective undivided interests, after first paying, out of the respective shares of the owners, to the extent such share is sufficient for the purpose, all liens on the undivided interest in the project owned by each owner.

11.3 Architectural Changes After Damage or Destruction. Reconstruction of the damaged or destroyed building as used in this Article means restoring the buildings to substantially the same condition in which they existed prior to the fire, casualty, or disaster and shall be performed substantially in accordance with the Declaration and the original plans and specifications unless other action is approved in writing by holders of first mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium. Reconstruction shall be accomplished under the direction of the management agent or the Board of Directors. Notwithstanding any other provision contained in these Bylaws to the contrary, the owners may, by an affirmative vote of sufficient owners, amend these Bylaws, cause an amendment to be made to the Condominium documents so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the Condominium, or any buildings thereof, by fire, casualty, or any other

disaster is so great as to require the substantial reconstruction of the whole of the Condominium, or said buildings, and on written approval by holders of first mortgages that represent at least fifty-one percent (51%) of the votes of mortgaged Units in the Condominium; provided, however, that any amendment of the Condominium documents shall be valid only upon the following: (a) compliance with all applicable provisions of the Act; (b) approval by the Oregon Real Estate Commissioner; (c) recording thereof with the recording officer of Deschutes County; and (d) recording with that recording officer of the approval thereof of each mortgagee and each other lienholder of record having a lien against any part of the project, or building, affected by the amendment.

11.4 Reallocation of Percentage Interest. In the event of a partial destruction of the Condominium buildings or Units therein, the Unit owners may not reallocate percentages of interest in the common elements without the prior approval of the Mortgagees of all the remaining Units, whether existing in whole or in part. Any reallocation made under this Subsection 11.4 shall comply with the Act and other provisions of the Declaration and these Bylaws.

ARTICLE 12 CONDEMNATION

In the event of condemnation of the condominium, the procedures and policies set forth in Section 23 of the Declaration shall be followed.

ARTICLE 13 AMENDMENTS TO BYLAWS

These Bylaws may be amended by the owners holding a majority of the total voting rights allocated to the Units (not a majority of owners present or participating) in a duly constituted meeting of the Association or ballot meeting called for such purpose, and no amendment shall take effect unless approved by owners holding a majority of the voting rights as otherwise set forth in the Declaration. Any amendments adopted pursuant to this Article shall be reduced to writing and certified by the Chairperson and Secretary of the Association to be the amendment so adopted by the Association. Certified amendments shall be recorded in the Deed Records of Deschutes County, Oregon; provided, however, that no amendment of these Bylaws reducing or eliminating the right of any first mortgagee shall be made without the prior written consent of the first mortgagees; provided, further, that no amendment of these Bylaws may be made without the consent of Declarant so long as Declarant owns any Unit in the Condominium, but no such consent shall be required after conveyance to owners other than Declarant of fifty percent (50%) of the Units or seven (7) years after the first conveyance of a Unit in the Condominium, whichever is earlier; provided, however, that even thereafter, no amendment may limit Declarant's special rights, whether reserved in the Declaration, these Bylaws, or as otherwise provided by law. **ANY AMENDMENTS TO THESE BYLAWS MADE WITHIN FIVE (5) YEARS OF THE RECORDING DATE HEREOF MUST BE APPROVED BY THE OREGON REAL ESTATE COMMISSIONER PRIOR TO RECORDING. If the amended bylaws approved by the commissioner are not recorded within two years from the date of**

the approval by the commissioner, the approval automatically expires and the amended bylaws must be resubmitted for approval.

The Declarant may amend the Bylaws in order to comply with requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium. If the need to amend the Bylaws occurs after turnover to the association, the amendment must be approved by the association in the manner described above.

ARTICLE 14 RECORDS AND AUDITS

14.1 General Records. The Board of Directors and the managing agent, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent minutes of the meetings of the Board of Directors, and minutes of the meetings of the Association as required by ORS 100.480. The Board of Directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of Units insofar as those names have been provided to the Board by the owner or mortgagee. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

14.2 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. Records and vouchers authorizing the payments shall be available for examination by the Unit owners and mortgagees during convenient weekday hours.

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

14.4 Payment of Common Expenses. The Board of Directors shall authorize the Treasurer, the management agent, or another specified party to pay all legitimate expenses of the Association. Payments shall be made based on the submission of receipts or invoices received by the Association.

14.5 Reports and Audits. The Board of Directors shall prepare, or cause to be prepared, an annual report of the receipts and expenditures of the Association and a balance sheet and income and expense statement setting forth the financial condition of the Association as of

the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Unit owners within ninety (90) days after the end of each fiscal year. At any time and at his own expense, any owner or mortgagee may cause an audit or inspection to be made of the books and records of the Association.

14.6 Notice of Sale, Mortgage, Rental, or Lease. Immediately on the sale, mortgage, rental, or lease of any Unit, the Unit owner shall promptly inform the Secretary or management agent of the name and address of such purchaser, vendee, mortgagee, or lessee.

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

ARTICLE 15 COMPLIANCE

These Bylaws are intended to comply with the provisions of the Act, which are incorporated herein, and to supplement the provisions of the Declaration. If any of the provisions provided by these Bylaws are prohibited by the Act, the Act shall apply. If any of the provisions herein conflict with the provisions of the Declaration, the provisions of the Declaration shall apply.

ARTICLE 16 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

The Association shall indemnify any director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the act that the person is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by that person in connection with such suit, action, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not per se create a presumption that a person did not act in good faith and in a manner which the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful. Payment under this Article 14 may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to be reimbursed, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a director, officer, employee, or agent

shall have a right of contribution over and against all other directors, officers, employees, or agents and members of the Association who participated with or benefited from the acts which created said liability.

ARTICLE 17

ASSESSMENT AND FINE COLLECTION COSTS; ENFORCEMENT SUITS AND ACTIONS

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

17.2 Enforcement Suits and Actions. If suit or action is commenced by the directors for the collection of any amounts due pursuant to these Bylaws, or for the enforcement of any provisions of the Bylaws or of the Act, the owner or owners, jointly and severally, shall, in addition to all other obligations, pay the costs of that suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

ARTICLE 18

DISPUTE RESOLUTION

18.1 Dispute Resolution. All dispute resolution must follow the requirements and procedures set forth in Section 23 of the Declaration.

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

ARTICLE 19

MISCELLANEOUS

19.1 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. All notices to any Unit owner shall be sent to such address as may have been designated by him from time to time in writing to the Board of Directors, or if no address has been designated, then to the owner's Unit.

19.2 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.

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

19.4 Time. In the event the date for performance of an obligation or delivery of any notice hereunder falls on a day other than a business day, the date for such performance or delivery of such notice shall be postponed until the next ensuing business day. For purposes of these Bylaws, “business day” shall mean a normal working day (i.e., Monday through Friday of each calendar week, exclusive of federal and state holidays and the days following Thanksgiving, Christmas, and New Years).