Phase I are indicated on Exhibit B attached hereto. The units shall be bounded by the undecorated surface of the interior perimeter walls, floors and ceilings, exclusive of any common elements. All doors, door frames, windows, window frames, and nonloadbearing walls within a unit are part of the unit.

Section 5. Common Elements.

a. The general common elements shall consist of all portions of the property not part of a unit or a limited common element, including all the above—described land; all foundations, columns, girders, beams and supports; fireplace chimneys except for fireplace chimney flues; all stairs and corridors, except stairs within units having more than one story; all exterior walls of the buildings in which the units are situated and all walls and partitions separating units from corridors, other units or stairs, together with the dividing walls between adjoining outdoor covered decks; parking areas, driveways, walkways, landscaping, recreational and other facilities, and utilities and all the appurtenances thereto.

b. The limited common elements shall consist of exterior balconies, decks attached to individual units, including the railings thereof but not the dividing walls between adjoining decks, and fire lace chimney flues, all of which shall be appurtenant to the units which they serve.

Section 6. Percentage of Interest in Common Elements.

Each unit shall have an equal one-twelfth interest in the common elements. Interests is common elements are to be allocated to units on an equal basis. Such undivided interest in the common elements shall not be separated from the unit to which it appertains and shall be conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

The common elements shall remain undivided, and no unit owner may bring any action for partition or division of any part thereof while the property is subject to this Declaration. Any covenant to the contrary is void.

Section 7. Ownership to be Fee Simple.

Each individual unit, together with its undivided interest in the common elements, if any, shall be owned in fee simple by the unit owner and may be individually conveyed and encumbered and be the subject of ownership, possession, sale or other disposition as though it were solely and entirely independent of the other units, and the individual titles and interest shall be recordable. Each unit owner shall be entitled to the exclusive ownership, possession and enjoyment of his unit.

Section 8. Taxation of Units.

Each unit, with its allocation of undivided interest in the common elements shall be considered a parcel of real property subject to separate assessment and taxation by any taxing unit in like manner as other parcels of real property as required by ORS 94.285. The common elements shall not be considered a parcel for purposes of taxation.

Section 9. Voting Rights.

One vote shall be allocated to each unit.

Section 10. Maintenance, Improvement and Intended Use of Units.

Subject to ORS 92.265, a unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the property, reduce the value thereof or impair any easement or hereditament, unless the consent of the board of directors and the consent of all other unit owners affected is first obtained. The units are intended to be used as residential living quarters.

Section 11. Use and Maintenance of Common Elements.

Each unit owner may use the common elements in accordance with the purposes for which they are intended, but may not hinder or encroach upon the lawful rights of the other unit owners.

The necessary work to maintain, repair or replace the general common elements and additions or improvements to the general common elements shall be the responsibility of the board of directors and shall be carried out as provided in the Bylaws; provided, however, that it shall be the responsibility of each unit owner to maintain the inside of the chimney flue serving his unit and to keep the flue free of any unreasonable accumulation of soot, ash and other residue and, unless otherwise determined by the board of directors pursuant to Section 13 of the Bylaws, to maintain the exterior wood deck, excluding dividing walls between adjoining decks, appurtenant to each unit. If the mortgagee of any unit owner determines

that the board of directors is not providing an adequate maintenance, repair and replacement program for the project, such mortgagee, at its option, may deliver a written notice to the board of directors by delivering the same to the registered agent, required pursuant to ORS \$4.029(j), setting forth the particular defects which it believes exist in the maintenance, repair and replacement program. If the specified defects are not corrected within 90 days subsequent to the receipt of such notice, then, and in that event, the mortgagee upon written notice to the registered agent that he is exercising its proxy rights thereafter shall have the right to attend at succeeding annual or special meetings of the Association of Unit Owners and to cast a vote for each unit on which he holds a mortgage lien on all business coming before such meeting, which said proxy right shall continue until the defects listed on the aforementioned notice are corrected.

The Association of Unit Owners shall have the right, to be exercised by the board of directors, or the manager employed by the board of directors, to have access to each unit as may be necessary for the maintenance, repair or replacement of the common elements, to make emergency repairs therein necessary for the public safety, to prevent damage to the common elements or to another unit, or to abate any nuisance existing in any unit.

Section 12. Management of Affairs of Association of Unit Owners.

Subsequent to the turnover meeting to be held in accordance with the Bylaws, the affairs of the Association of Unit

Owners shall be managed by a board of directors and by officers consisting of a Chairman, a Secretary and a Treasurer. Prior to the turnover meeting, the affairs of the Association of Unit Owners shall be managed by Declarant as provided in Section 27. The board of directors shall adopt administrative rules and regulations governing the details of the operation, maintenance and use of the property and to prevent unreasonable interference with the use of the respective units and of the common elements by the several unit owners. The board of directors may retain an individual or firm to act as manager of the property.

Section 13. Adoption of Bylaws.

The undersigned owner of the property, subject to this Declaration, has adopted, pursuant to the requirements of the Oregon Condominium Act, the Bylaws attached hereto, marked Exhibit C, to govern the administration of the property.

The Bylaws may be amended from time to time as provided therein.

Section 14. Compliance With Bylaws and Other Restrictions.

Each unit owner shall comply with the Bylaws and with the administrative rules and regulations adopted pursuant thereto and with the covenants, conditions and restrictions in this Declaration or in the deed to his unit. Failure to comply therewith shall be grounds for an action maintainable by the Association of Unit Owners or by an aggrieved unit owner, in addition to other sanctions which may be provided by the Bylaws or by the administrative rules and regulations.

Section 15. Person to Receive Service of Process in Certain Cases.

Service of process in any action relating to the common elements or to more than one unit in cases provided in subsection (1) of ORS 94.280 shall be made upon

William L. Smith
President
Brooks Resources Corporation
416 Northeast Greenwood
Bend, Oregon 97701

Section 16. Easements and Other Interests.

The Association of Unit Owners, pursuant to ORS 94.146(5), has the authority to execute, acknowledge, deliver and record on behalf of the unit owners, easements, rights-of-way, licenses and other similar interests affecting the general common elements. The granting of any interest pursuant to this Section 16 shall be first approved by at least 75 percent of the units owners. The instrument granting an interest pursuant to this Section 16 shall be executed and acknowledged by the Chairman and Secretary and shall state that such granting was approved by at least 75 percent of the unit owners.

Section 17. Apportionment of Receipts and Expenses.

The receipts of the property shall be distributed among and the common expenses shall be charged to the unit owners according to their respective interests in the common elements. Receipts by unit owners for rental of their unit shall not constitute common receipts. No unit owner may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit.

Section 18. Liability Upon Conveyance for Common Expenses.

In a voluntary conveyance of a unit the grantee shall be jointly and severally liable with the grantor for all unpaid charges against the grantor for his proportionate share of the common expenses up to the time of the conveyance without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Upon request of the prospective purchaser, the manager shall make and deliver a statement of the unpaid charges against the grantor, 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 charges against the grantor accruing prior to the date of the statement in excess of the amount therein set forth. Section 19. Lien of Association Against Unit.

Whenever the Association of Unit Owners levies any assessment for common expenses against a unit, the Association of Unit Owners, upon complying with this section, shall have a lien upon the individual unit and the undivided interest in the common elements appertaining to such unit for the reasonable value of such common expenses allocable to such unit and for any unpaid assessments and interest as provided in ORS 94.195(2)(b), and the lien shall be prior to all other liens or encumbrances upon the unit, except

- a. tax and assessment liens, and
- b. a first mortgage or trust deed of record.

Each assessment shall be a separate and personal debt and obligation of the unit owner against whom the same is

assessed at the time the assessment is made and shall be collectible as such. The board of directors shall cause to be filed a notice of lien claim pursuant to ORS 94.195 with respect to any assessment which has not been paid within 30 days from the mailing of the notice of assessment. The notice of lien claim shall be filed within 10 days following the expiration of such 30-day period. The Association shall be entitled to recover, in any suit to foreclose or action to recover a money judgment for unpaid common expenses, interest on the delinquent assessment at the rate of 10 percent per annum and costs, including reasonable attorneys' fees in such suit or action, or any appeal therefrom.

In case of foreclosure, the unit owner shall be required to pay a reasonable rental for the unit; and the plaintiff in the foreclosure suit shall be entitled to the appointment of a receiver to collect the rental, without regard to the value of the security. An action to recover a money judgment, together with reasonable attorneys' fees for unpaid common expenses, may be maintained without foreclosing or waiving the lien securing the claim for common proceeds.

Section 20. Power of Property Manager to Bid at Foreclosure Sale.

In any suit to foreclose a lien of the Association of Unit Owners against a unit, the board of directors or the manager, acting on behalf of the unit owners, shall have power to bid on the unit at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. The board of

directors or the manager, acting on behalf of the unit owners, is prohibited from bidding on or otherwise againing a unit in any other foreclosure suit.

Section 21. Insurance.

The board of directors shall obtain and keep in effect at all times insurance coverage as specified in the Bylaws.

The board of directors shall not be responsible for procuring fire and extended coverage insurance covering the furniture, fixtures, equipment or contents located in the individual units.

The insurance obtained by the board of directors as required by this section shall be a common expense.

Section 22. Damage or Destruction.

are damaged or destroyed, the board of directors shall immediately proceed to rebuild and restore the building or buildings so damaged or destroyed so that the same will be returned to substantially the same condition in which the building or buildings existed prior to such damage or destruction, with each unit and the general and limited common elements having substantially the same vertical and horizontal boundaries as before, unless 90 percent of all the unit owners agree that the property shall not be rebuilt and restored. If the property is to be rebuilt and restored and the insurance proceeds be insufficient to rebuild and restore, the unit owners shall be liable for assessment for any deficiency as a

common expense. If 90 percent of all the unit owners agree that the property shall not be rebuilt or restored, the property shall be considered removed from the provisions of the Oregon Condominium Act in accordance with ORS 94.306.

Section 23. Easements for Encreachment.

encroaches upon any unit or if any unit now or hereafter encroaches upon any other unit or upon any portion of the common elements, an easement for such encroachment and the maintenance thereof, as long as it continues, shall exist. In the event a unit or a building containing units shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements upon any unit, any unit upon any other unit, or upon any portion of the common elements due to the construction shall be permitted as set forth in ORS 94.250; and easements for such encroachments and the maintenance thereof shall exist.

Section 24. Mortgage Protection.

The liens created hereunder upon any unit shall be subject to and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage or deed of trust (meaning a mortgage with first priority over other mortgages) upon such interest made in good faith and for value, provided that after the foreclosure of any such mortgage there may be a lien created pursuant to Section 19 hereof on the interest of the purchaser at such foreclosure

sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as unit owner after the date of such foreclosure sale, which said lien, if any is claimed, shall have the same effect and be enforced in the same manner as provided herein.

No amendment to this section shall affect the rights of the holder of any such mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

Section 25. Limits on Use of Units and Common Elements.

Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance on the project without the prior written consent of the board of directors. No owner shall permit anything to be done or kept in his unit which will result in the cancellation of the insurance on any part of the project. The loard of directors shall have the power to adopt rules and regulations for use of the common elements and there shall be no violation of such rules.

Section 26. Plan of Development.

The Plan of Development for the property includes a maximum of 32 units to be developed in three phases. Each phase will include additional land. The right to annex additional property will expire on December 31, 1987.

The minimum allocation of undivided interests in the common elements to each unit in Phase I upon completion of development, if Declarant elects to proceed with all stages of

development, will be 1/32nd. The allocation of undivided interests in the common elements to each unit at each stage of development will be a fraction, the numerator of which shall be one and the denominator of which shall be the total number of units submitted to the Oregon Condominium Act.

Section 27. Administrative Control.

Until the date of conveyance to persons other than

Declarant of 75 percent of the units in the last phase which

Declarant may submit to the provisions of the Oregon

Condominium Act in accordance with the provisions thereof,

- a. Declarant may appoint and remove officers and members of the board of directors of the Association of Unit Owners;
- b. Declarant shall have three votes with respect to each unit owned by it, notwithstanding the provisions of Section 9;
- c. Declarant shall have the right to exercise all the powers of the board of directors under this Declaration and the Oregon Condominium Act;
- d. Declarant shall have the right to approve amendments to this Declaration and the Bylaws, and
- e. Declarant shall have the right to occupy the common elements in connection with its construction activities so long as such activities do not unreasonably interfere with use of the common elements by other unit owners.

Section 28. Amendment.

Except as otherwise provided in the Oregon Condominium Act, no amendment may change the allocation of undivided interest in the common elements, method of determining liability for common expenses, right to common profits or voting rights of any unit as expressed in this Declaration unless such amendment has been approved by the owners of the affected units, and such unit owners shall record an amendment to this Declaration setting forth the altered percentage of each unit owner having an interest and the amendment is approved by the Real Estate Commissioner pursuant to ORS 94.059.

This Declaration may not be amended to diminish any special declarant right without the prior written consent of Declarant.

Except as hereinabove provided, this Declaration may be amended consistent with the provisions of the Oregon Condominium Act by the affirmative vote of 75 percent of the voting rights at the annual meeting of the Association of Unit Owners, or at any special meeting called for such purpose, or by written proxy or written consent of 75 percent of the voting rights, such amendment to be effective upon the recordation of an instrument executed and acknowledged by the Chairman and Secretary of the Association of Unit Owners with the Deschutes County Recording Officer, setting forth such amendment in full

and the amendment is approved by the Real Estate Commissioner pursuant to ORS 94.059.

IN WITNESS WHEREOF the undersigned has executed this Declaration this 19th day of October , 1982.

THE SKI HOUSE III CONDOMINIUM SECTION MT. BACHELOR VILLAGE

By Brooks Resources Corporation

By William L. Smith, President

STATE OF OREGON

COUNTY OF DESCHUTES

October 19, 1982

Personally appeared the within-named William L. Smith, who being first duly sworn did say that he is the President of Brooks Resources Corporation, the corporation hereinbefore named that said instrument was executed in behalf of said the recurrent by authority of its loard of directors and the execution of said instrument was its voluntary act and deed.

Béfore me:

Notary Public for Oregon

My commission expires: 4/8/83

County Assessor

County Tix Collector

The foregoing Declaration is approved pursuant to ORS 94.036 this 12 day of November, 1982.

Real Estate Commissioner of Oregon

EXHIBIT A

Description of the declaration for the Ski House III Condominium Section Mount Bachelor Village.

Lot 1 of Ski House III subdivision, Mount Bachelor Village, city of Bend, Deschutes County, Oregon, as filed in Volume 19, Page 87 of Plats.

II CONDOMINIUM SECTION BACHELOR VILLAGE . ∀ ¥ HOUSE いてこ

LOCATED IN: NW 1/4 OF SECTION 7, T. 18 S., R. 12 E., W.M., CITY OF BEND, DESCHUTES COUNTY, OREGON

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DECLARATIOM:

APPROVALS:

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ASSESSOR'S CERTIFICATE:



CORPORATE ACKNOWLEDGEMENT:

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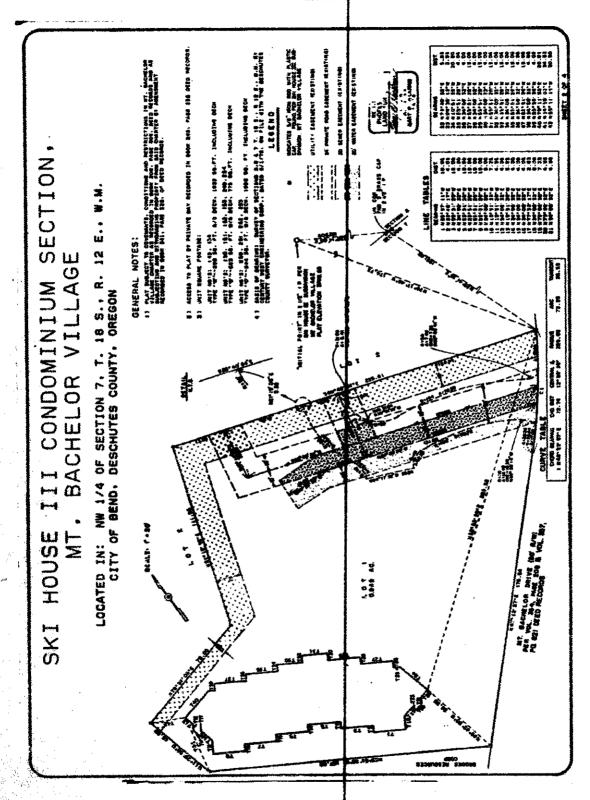


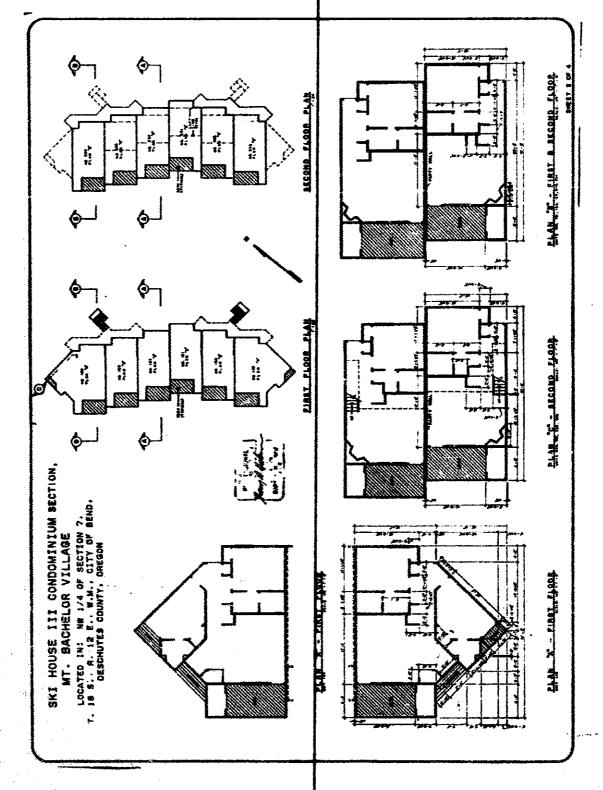












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BYLANS

OF

THE SKI HOUSE III CONDOMINIUM ASSOCIATION

whereas brooks resources corporation (hereinafter referred to as "Declarant"), is the owner of certain real property in Deschutes County, Oregon, upon which it intends to develop a condominium project known as The Ski House III Condominium Section, Mt. Bachelo: Village, and

whereas Declarant has executed a Declaration submitting such real property, together with all improvements constructed thereon (hereinafter referred to as the "property"), to the provisions, restrictions and limitations of the Oregon Condominium Act, ORS 94.004 through ORS 94.480 and 94.991,

NOW, THEREFORE, Declarant approves and adopts these
Bylaws and annexes the same to the Declaration, which Bylaws
and Declaration shall govern the operation of the property.
These Bylaws shall run with the land and shall be binding on
and for the benefit of Declarant, acting as the present
Association of Unit Owners, and its successors and assigns, and
on all subsequent unit owners, and their mortgagees, tenants,
occupants, employees and others who may use the property.

1. DEFINITIONS.

As used in these Bylaws, the term

A. "Association" means The Ski House III Condominium

- more than 50 percent of the voting rights as provided in the Declaration. Whenever a percentage of the unit owners is specified, percentage means a percentage of voting rights.
- 2. ORGANIZATION OF ASSOCIATION. The Association shall be organized as an unincorporated association. The initial meeting of the Association shall be held within 30 days following the recording of these Bylaws. Declarant shall give at least 7 but not more than 50 days' written notice of the initial meeting to all persons who are unit owners on the date of mailing of the notice.
- 3. TRANSITIONAL COMMITTEE. Within 60 days after the conveyance to persons other than Declarant of a total of 50 percent of the total number of units which Declarant may submit under the Declaration, Declarant shall call a meeting of unit owners to select a transitional committee. Declarant shall give notice in accordance with these Bylaws to each unit owner at least 7 but not more than 50 days prior to the meeting. The notice shall state the purpose of the meeting and the time and place at which the meeting is to be held. At such meeting, the unit owners in attendance, other than Declarant, by vote of a majority of those present, shall select a transitional committee composed of three members. The members of the transitional committee shall serve until the turnover meeting to be held pursuant to subsection 4A. The function of the transitional committee

shall be that of enabling ease of transition from control of he administration of the Association by Declarant to control by the unit owners. The transitional committee shall have access to all information, documents and records which Declarant must turn over to the unit owners pursuant to the Oregon Condominium Act. If the meeting required pursuant to this Section 3 is not called by Declarant, within the time specified, the meeting may be called and notice given by any unit owner within the time specified.

4. UNIT OWNERS' MEETINGS.

- A. Turnover Meeting. Within 90 days after the expiration of the period of Declarant's control of the Association reserved in Section 27 of the Declaration, Declarant shall call a turnover meeting. Declarant shall give notice to each unit owner at least 7 but not more than 50 days prior to the meeting. The notice shall state the purpose of the meeting and the time and place at which the meeting is to be held. At the turnover meeting:
 - (i) Declarant shall relinquish control of the administration of the Association and the unit owners shall assume the control.
 - (ii) The unit owners shall elect a board of directors in accordance with these Bylaws, and
 - (iii) Declarant shall deliver to the
 Association all items required to be delivered
 at the turnover meeting pursuant to the Oregon
 Condominium Act.

If Declarant fails to call the turnover meeting within the time specified above, the meeting may be called and notice given by any unit owner or any first mortgagee of a unit.

- meeting, the annual meetings of the Association shall be held on the first Monday in October of each year. At such meetings, the Association shall, by ballot, elect directors and transact such other business as may come before the meeting. If the election of directors shall not be held on the date designated herein for any annual meeting of the unit owners or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the Association as soon thereafter as conveniently may be, not more than 60 days after said time, by proper notice designating the meeting as the annual meeting.
 - C. Special Meetings. special meetings of the Association for any purpose or purposes may be called by the Chairman or by a majority of the board of directors and shall be called by the Chairman at the request of not less than 20 percent of the unit owners entitled to vote at the meeting.
 - D. <u>Place of Meeting</u>. Such place as the board of directors may designate shall be the place of meeting for all annual and special meetings of the unit owners.
 - stating the place, date and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the

meeting is called, shall be delivered not less than 7 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the discretion of the Chairman, the Secretary, or the officer or persons calling the meeting, to each unit owner entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the unit owner at his last known address on the records of the Association, with postage thereon prepaid.

F. Quorum and Voting of Unit Owners. At any meeting of the Association, unit owners dwning more than 50 percent of the voting rights, present in person or by proxy, shall constitute a quorum; and the concurring vote of a majority of such unit owners present and constituting a quorum shall be valid and binding upon the Association except as otherwise provided by law, these Bylaws, or the Declaration. If less than 50 percent of the voting rights are represented at a meeting, a majority of the unit owners represented may adjourn a meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noted. The unit owners present at a duly organized meeting may continue to transact business until adjournment, notwithstanding withdrawals of enough unit owners to leave less than a quorum. Declarant shall be the voting owner with respect to any unit dwned by the Declarant.

unit, he shall have votes corresponding with each unit which he owns or represents. In the event the owner or owners have pledged their votes regarding special matters to a mortgagee under a duly recorded mortgage and notice thereof has been given to the Secretary or Manager of the Association, only the vote of the mortgagee will be recognized in regard to the special matters upon which the votes are so pledged.

An administrator, executor, guardian, or trustee may wote in person or by proxy at any meeting of the Association with respect to any unit owned or held by him in such capacity, whether or not same shall have been transferred to his name; provided that he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, a vote thereof may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of protest by a co-owner, the vote shall be divided by the number of co-owners, and each co-owner shall cast an equal fractional vote.

unit owner may vote by proxy executed in writing by the unit owner or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting.

5. BOARD OF DIRECTORS.

- meeting, the business and affairs of the Association shall be managed by its board of directors, who shall be unit owners. The number of directors of the Association shall be five. Each director shall hold office for a term of three years expiring on the date of the third annual meeting of unit owners following his election and upon the election and qualification of his successor; provided, however, that one member of the initial board of directors shall be elected for a term of one year, and two members of the initial board of directors shall be elected for a term of two years.
- B. Regular Meetings. A regular meeting of the board of directors shall be held without notice other than this Bylaw immediately after and at the same place as the annual meeting of unit owners. The board of directors may provide by resolution the time and place for the holding of additional regular meetings without notice other than such resolution. The initial organization meeting shall be held immediately following the turnover meeting of the Association. Until the initial meeting of the board, its rights, duties and functions shall be exercised by Declarant.
- c. Special Meetings. Special meetings of the board of directors may be called by or at the request of the Chairman of the board of directors or any four directors. The person or persons authorized to call special meetings of the board of

directors may fix the place for holding any special meeting called by them.

D. Notice of Special Meetings. Notice of any special meeting shall be given at least 72 hours previous thereto by written notice delivered personally or mailed to each director at his residence or business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. In the event that a majority of units in the project are the principal residences of the occupants, for other than emergency meetings, notice of the board of directors' meetings shall be posted in a place or places within the project at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform unit owners of such meetings. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because a meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

- E. Quorum of Directors

 A majority of the directors

 shall constitute a quorum for the transaction of business at

 any meeting of the board of directors; but if less than such

 majority is present at a meeting, a majority of the directors

 present may adjourn the meeting from time to time without

 further notice. Each director shall have one vote.
- of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.
- occurring on the board of directors may be filled by the affirmative vote of a majority of the remaining directors even if there exists less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors or by reason of the removal of one or more directors shall be filled by election at an annual meeting or at a special meeting of the unit owners called for that purpose.
- H. Presumption of Assent. A director who is present at a meeting of the board of directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such

dissent by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

- I. Removal of Directors. All or any number of directors may be removed with or without cause at a meeting expressly called for that purpose by a vote of a majority of the unit owners then entitled to vote at an election of directors. Any director who ceases to be a unit owner shall cease to be a director.
- J. Reimbursement of Directors. The directors shall be reimbursed for their reasonable expenses related to attendance at meetings of the directors.
- tors may retain the services of an individual or firm to act as Manager or Managing Agent and may employ, or instruct such Manager or Managing Agent to employ, such other persons as may be necessary from time to time for the maintenance, upkeep and repair of the common elements.
- Regulations. The administrative rules and regulations shall be adopted by Declarant and shall be binding as though they are a part hereof.

The board of directors shall have the power to amend such administrative rules and regulations as may be necessary or desirable to govern the details of the operation and use of the units and common elements, including such rules as are

desirable to prevent unreasonable interference with the use of their respective units and of the common elements by the several unit owners.

M. Attendance by Unit Owners. All meetings of the board of directors of the Association shall be open to unit owners.

6. OFFICERS.

- A. <u>Number</u>. The officers of the Association shall be a Chairman, a Secretary and a Treasurer, each of whom shall be elected by the board of directors. No two offices may be held by the same person.
- B. Election and Term of Office. The officers shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the unit owners. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner herein provided.
- c. Removal. Any office: elected or agent designated by the board of directors may be removed by the board of directors whenever, in its judgment, the best interests of the Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the persons so removed.

- D. <u>Vacancies</u>. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be filled by the board of directors for the unexpired portion of a term.
- E. Chairman. The Chairman shall, when present, preside at all meetings of the unit owners and the board of directors and shall perform all duties incident to such office and such other duties as may be prescribed by the board of directors from time to time. He shall be the principal executive officer of the Association and subject to the control of the board of directors. He shall, in general, supervise and control all the business and affairs of the Association and sign with the Secretary, or any other proper officer of the Association authorized by the board of directors, any deeds, mortgages, bonds, contracts or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.
- F. Secretary. The Secretary shall (i) keep the minutes of the meetings of unit owners and the board of directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; (iii) be custodian of the Association records; and (iv) in general,

perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Chairman or the board of directors.

and custody of and be responsible for all funds of the Association; (ii) receive and give receipts for moneys due and payable to the Association from any source whatsoever; (iii) deposit all moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected by the board of directors; and (iv) in general, perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Chairman or by the board of directors.

7. FIDELITY BONDS.

The board of directors shall require that all officers, employees and agents of the Association handling or responsible for its funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be common expenses.

8. RECORDS AND AUDIT.

The Association shall keep financial records sufficient for proper recording purposes. The board of directors may appoint a certified public accountant or certified public accounting firm as auditor, who shall not be an officer of the Association or own any interest in any unit, to audit the books and financial records of the Association. Within 90 days after the end of each fiscal year, the board of directors shall

distribute to each unit owner a dopy of the annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year.

9. CONTRACTS.

The board of directors may authorize any officer or director, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association; and such authority may be general or confined to specific instances. The board shall have the right to make additions, alterations, or improvements to the common elements and to pay for the same out of the reserve fund established by the board, or to specifically assess the several units therefor as a common expense.

10. LOANS.

No loan shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors and approved by the affirmative vote of the owners of 75 percent of the voting rights. Such authority may be general or confined to specific instances.

11. CHECKS, DRAFTS AND VOUCHERS.

All checks, drafts, vouchers or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by the resolution of the board of directors.

12. DEPOSITS.

All funds of the Association not otherwise employed

shall be deposited from time to time to the credit of the Association in such banks, savings and loan associations or other depositories as the board of directors may select. All reserves to cover the cost of capital expenditures shall be kept in a separate bank account and shall not be commingled with the general operating funds of the Association.

The owner of each unit shall be liable for and pay a

13. COMMON EXPENSES.

billed by the provider of the utility services directly to the individual owners, assessments, insurance, including fire and other casualty and liability insurance, cost of repair, reinstatement, rebuilding, or replacement of the premises, including the dividing walls between adjoining outdoor decks, yard, janitorial, and other similar services, wages, accounting and legal fees, management fees, and other necessary expenses of upkeep, maintenance, management, and operation actually incurred on or for the general common elements. Common expenses shall also include such amounts as the board of directors may deem proper to make up any deficit in the common expenses of any prior year. Declarant shall establish a reserve account for replacement of certain common elements

pursuant to the Oregon Condominium Act. Following the second year after the turnover meeting referred to in subsection 4A, future assessments for the reserve account may be reduced, eliminated or increased by an affirmative vote or not less than 75 percent of all voting rights.

The owner of each unit shall be liable for and pay a share of the cost of maintenance of the limited common elements in proportion to his interest in the limited common elements appurtenant to his unit if the board of directors so determines and directs.

14. APPORTIONING COMMON EXPENSES FOR ADDITIONAL PHASES.

the Plan of Development as set forth in the Declaration of Unit Ownership and included within the provisions thereof, the common expenses for such additional phase or phases as defined in Section 13 hereof shall be added to the common expenses then existing for unit owners of the project. The owners of each unit, including those units contained in the additional phase or phases, shall be liable for and pay a share of the total common expenses in proportion to their interest in the common elements, including the common elements added by the additional phase or phases. In the event that a phase or phases are submitted to the provisions hereof during the Association's fiscal year, the common expenses shall be adjusted on the basis of the period of time that the owners of units in such additional phase or phases or phases shall be members of the Association.

- 15. COLLECTION UNIT OWNERS' SHARES OF COMMON EXPENSES.
- A. Monthly Statements. Unit owners' shares of common expenses shall be collected monthly, in advance, by the Treasurer of the Association. Each unit owner shall be entitled to receive from the Treasurer at the time of payment of common expenses an itemized statement of common expenses. Such itemized statement shall be prepared in such manner as the board of directors shall determine.
- B. Late Charges. The board of directors may impose a late charge not to exceed 5 percent of the amount of any statement which is not paid within 15 days after it is rendered. The imposition of a late charge shall be without prejudice to any other remedy available to the Association.
- C. <u>Liens</u>. The Association shall have a lien as provided in Section 19 of the Declaration. If the Association records a lien notice, the unit owner shall be liable for the cost of preparation and recording of the notice.

16. INSURANCE.

The board of directors shall obtain and maintain at all times and shall pay for out of common expense funds the following insurance covering both the common elements and individual units:

(i) Property insurance including, but not limited to, fire, extended coverage, vandalism and malicious mischief, and

Insurance covering the legal liability of the Association, the unit owners individually and the manager, including but not limited to, the board of directors, the public and the unit owners and their invitees or tenants, iscident to ownership, supervision, control or use of the property. There may be excluded from the policy required under this subsection, coverage of a unit owner, other than coverage as a member of the Association or board of directors, for liability arising out of acts or omissions of that unit owner and liability incident to the ownership or use of the part of the property as to which that unit owner has the exclusive use or occupancy. Liability insurance required under this subsection shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement providing that the rights of a named insured under the policy shall not prejudice any action against another named insured.

17. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Each director and officer of the Association now or hereafter in office, and his heirs, executors and administrators, shall be indemnified by the Association against all costs, expenses, amounts or liability therefor, including counsel fees, which are reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding

or claim to which he may be made a party, or in which he may be or become involved by reason of his acts or alleged acts of omission or commission as such director or officer, or subject to the provisions hereof, or any settlement thereof, whether or not he continues to be such director or officer at the time of incurring such costs, expenses or amounts. Such indemnification shall not apply, however, with respect to any matter as to which such director or officer shall be finally adjudged in such action, suit or proceeding to have been individually guilty of willful misfeasance or malfeasande in the performance of his duties as such director or officer. Further, the indemnification herein provided shall, with respect to any settlement of any such suit, action, proceeding or claim, include reimbursement or any amounts paid and expenses reasonably incurred in settling any such suit, action, proceeding or claim when, in the judgment of the board of directors, a settlement or reimbursement appears to be to the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights as to which any such director or officer may be entitled under any agreement, vote of unit owners or otherwise

18. REPAIR AND MAINTENANCE OF UNITS.

Every unit owner shall at all times keep his unit and limited common elements appurtenant thereto in good order and repair and shall promptly perform all such work within his unit, and limited common elements appurtenant thereto, the omission of

which would affect any common elements or other units, and shall be responsible for all loss and damage caused by his failure to do so.

and partitions and the innerdecorated or finished surfaces of the perimeter walls, floors and ceilings of such unit, and the interior surfaces of any limited common element appurtenant to such unit, excluding the dividing walls between adjoining outdoor decks, shall be at the unit owner's expense.

Every unit owner shall reimburse the Association for any expenditure incurred in repairing or replacing any common element or furniture, furnishings, and equipment thereof damaged or lost through the fault of such unit owner or any person using the project under him and shall give prompt notice to the managing agent of any such damage, loss or other defect when discovered.

19. COLLECTION FROM TENANTS.

If the unit owner shall at any time rent or lease his unit and shall default for a period of 30 days or more in the payment of the unit owner's proportionate share of common expenses and of taxes and assessments, or any installment thereof, the board may, at its option, so long as such default continues, demand and receive from any tenant of the unit owner

occupying the unit the rent due or becoming due from such tenant to the unit owner, up to an amount sufficient to pay all sums due from the unit owner, including interest, if any, and any such payment as such rent to the board by the tenant shall be sufficient discharge of such tenant as between such tenant and the unit owner to the extent of the amount so paid. But any such demand or acceptance of went from any tenant shall not be deemed to be a consent to or approval of any lease by the unit owner or a release or dischafge of any of the obligations of the unit owner hereunder. In the event the board makes demand upon the tenant as aforesaid, the tenant shall not have the right to question the right of the board to make such demand, but shall be obligated to make said payments to the board, as demanded by the board, with the effect as aforesaid; provided, however, the board may not exercise this right if a receiver has been appointed to take charge of the premises pending a mortgage foreclosure of if a mortgagee is in possession pending a mortgage foreclosure.

20. COMPLIANCE.

A. <u>Subordination</u>. These Bylaws are subordinate and subject to the provisions of the Declaration and all amendments thereto and the Oregon Condominium Act; and in case of any conflict the latter shall control. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or the Oregon Condominium Act.

B. Interpretation. In case any provision of these
Bylaws shall be held invalid, such invalidity shall not render
invalid any other provision hereof which can be given effect.
Nothing in these Bylaws shall be deemed or construed to
authorize the Association or board of directors to conductor
engage in any act or business for profit on behalf of any of or
all the unit owners.

21. AMENDMENTS.

Amendments to these Bylaws may be proposed by resolution of the board of directors or by a unit owner. Any proposed amendment shall be delivered in writing, either personally or by mail, to each unit owner entitled to vote not less than 10 nor more than 50 days before the date of the meeting at which the proposed amendment will be voted upon or attached to any request for amendment. If mailed, such notice or request shall be deemed to be delivered when deposited in the United States mail addressed to the unit owner at his last known address on the records of the Association, with postage thereon prepaid. No amendment of the Bylaws proposed in either of such ways shall be effective unless approved by a majority of the unit owners, either in writing or at a duly constituted meeting, and until a copy of the Bylaws, as amended, or the amendment thereto, has been certified by the Chairman and Secretary of the Association of Unit Owners, approved by the Real Estate Commissioner and recorded with the recording officer of Deschutes County, Oregon.

These Bylaws may not be amended to limit or diminish any special declarant right of Declarant without the consent of Declarant.

22. USE RESTRICTIONS.

The units and the common elements are subject to certain use restrictions specified in the Amended Mt. Bachelor Village Charter, dated May 22, 1981, and recorded May 27, 1981, in Volume 341, page 529, Records of Deeds of Deschutes County, Oregon.

ADOPTION OF BYLAWS

The undersigned hereby adopts the foregoing on behalf of the Association as the Bylaws of the Association of Unit Owners of The Ski House III Condominium Section, Mt. Bachelor Village, this 19 day of October , 1982.

THE SKI FOUSE III CONDOMINIUM SECTION MT. BACHELOR VILLAGE

By Brooks Resources Corporation

By William L. Smith, President

STATE OF OREGON) SS

Personally appeared the within-named William L. Smith, who being first duly sworn, did say that he is the President of Brooks Resources Corporation, the corporation hereinabove named, that said instrument was executed in behalf of said corporation by authority of its board of directors, and the execution of said instrument was his voluntary act and deed.

A ABECOTE ME:

Notary Public for Oregon
My commission expires: 4/8/83

10036

STATE OF OREGON
County of Deschutes
I hearby certify that the within instrument of writing was received for Record the 14 day of 10 AD, 18 8 at 14 Ye colook M. and recorded in Book 36.5 cm Page Records of ROSEMARY PATTERSON
County Clerk