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Dennis Staines
P.O. Box 622
Sisters, OR 97759

98-17079

DECLARATION

FOR

517 - 1482

THE STAINES OFFICE CONDOMINIUMS

WHEREAS, the undersigned Declarant desires to submit the property described in this Declaration, together with all improvements now existing or hereafter to be constructed thereon, to the provisions, restrictions and limitations of the Oregon Condominium Act, ORS 100.005 through ORS 100.990.

NOW, THEREFORE, it is declared as follows:

SECTION 1. DEFINITIONS.

As used herein, the term

a. "Association of Unit Owners" means all the unit owners acting as a group through an unincorporated association in accordance with this Declaration and the By-laws of the Association of Unit Owners.

b. "Common Expenses" means expenses of administration, maintenance, repair or replacement of the common elements, including deposits in the working capital fund and reserve fund, together with such expenses agreed upon as common by the Association of Unit Owners in the manner provided in the By-laws.

c. "Manager" means the person or firm hired by the board of directors of the Association of Unit Owners to be in charge of the administration of and to manage the property.

d. "Plan of Development" means the plan pursuant to which this Condominium is proposed to be constructed and included in the Condominium.

e. "Property" means the land, all buildings, improvements and structures thereon and all easements, rights and appurtenances belonging thereto which are hereby submitted to the provisions of the Oregon Condominium Act.

f. "Eligible Mortgage Holder" means a holder of a first mortgage on a unit who has requested notice of certain matters from the Association of Unit Owners in accordance with Section 803.08M of the FNMA Conventional Home Mortgage Selling Contract Supplement.

SECTION 2. NAME OF THE PROPERTY.

The property subject to this Declaration shall be known by the name of The Staines Office Condominiums.

SECTION 3. DESCRIPTION OF THE PROPERTY.

This Declaration submits to the provisions, restrictions and limitations of the Oregon Condominium Act the land owned in fee simple and described on Exhibit "A", attached hereto, together with the units hereafter described and all other improvements now existing.

SECTION 4. GENERAL DESCRIPTION OF THE UNITS.

The Staines Office Condominium shall consist of three (3) office units. The units shall be situated in a single structure which shall be a one-story wood frame structure with no basement. Unit No. 1, the west unit located at 220 N. Pine Street, shall consist of approximately 1,488 square feet; Unit No. 2, the center unit located at 392 W. Main Street, shall consist of approximately 1,516 square feet; and Unit No. 3, the east unit located at 372 W. Main Street, shall consist of approximately 1,488 square feet. The units shall be bound by bare studs of the interior perimeter walls and the surface, floors and the interior perimeter between the ceiling and the roof rafters, exclusive of any common elements. All doors, door frames, windows, window frames, hot water heaters, furnaces and non-load bearing walls within a unit are part of the unit. In addition, each unit shall include the outlet of any utility service lines, including water, sewer, electricity, telephone, cable T.V., and heating, ventilating and air conditioning ducts, but shall not include any part of such water and sewer lines until such lines enter the units. The two common walls will be sheet rocked from the foundation to the roof.

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; all corridors; all exterior walls and roofs of the building in which the units are situated and all walls and partitions separating a unit from the other unit, walls and partitions between common areas; parking areas, driveways, walkways, landscaping, recreational and other facilities, and utilities and all the appurtenance thereto.

b. The limited common elements shall consist of exterior decks attached to individual units, including the railings thereof but excluding common elements, such as common walls, which shall be appurtenant to, and for the exclusive use of, the unit which they are designated to serve as shown on the plat.

SECTION 6. PERCENTAGE OF INTEREST IN COMMON ELEMENTS.

Each unit shall have an equal one-third interest in the common elements. Interests in 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 100.555. 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. ASSOCIATION OF UNIT OWNERS.

a. **Organization; Adoption of Bylaws.** Upon the execution and recording of this Declaration, the Association shall be organized to serve as a means through which the Unit Owners may take action with regard to the administration, management and operation of the condominiums. Declarant shall simultaneously adopt and record Bylaws for this Association.

b. **Membership; Board of Directors.** Each Unit Owner shall be a member of the Association, and membership therein shall be limited to the Unit Owners only. The affairs of the Association shall be governed by a Board of Directors as provided in the Bylaws.

c. Powers and Duties of the Association. The Association shall have such powers and duties as may be granted to it by the Oregon Condominium Act, together with such additional powers and duties contained in this Declaration and the Bylaws.

d. Declarant Control of the Association; Interim Board of Directors. The Declarants will constitute the initial Board of Directors for the Association. The Board of Directors shall govern the affairs of the Association until their successors are elected pursuant to the Bylaws.

e. Management Agreements, Contracts and Leases. The Board of Directors shall have the right to enter into management agreements, contracts, leases and other agreements on behalf of the Association with respect to management of the affairs of the Association and the maintenance and operation of the common elements.

SECTION 11. MAINTENANCE, IMPROVEMENT AND INTENDED USE OF UNITS.

Subject to ORS 100.535, 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 not intended to be used as residential living quarters.

SECTION 12. 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. Each unit owner shall be responsible for the acts of their employees and invitees using the common areas.

The necessary work to maintain, repair or replace the common elements and additions or improvements to the common elements shall be the responsibility of the Association of Unit Owners and shall be carried out as provided in the By-laws.

SECTION 13. MANAGEMENT OF AFFAIRS OF ASSOCIATION OF UNITS OWNERS.

Subsequent to the turnover meeting to be held in accordance with the By-laws, 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. 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. Any such agreement shall provide for a term of three years and may be terminated, with or without cause, upon 90 days' notice to all parties affected.

SECTION 14. ADOPTION OF BY-LAWS.

The undersigned owner of the Property, subject to this Declaration, has adopted, pursuant to the requirements of the Oregon Condominium Act, the By-laws attached hereto, marked Exhibit "B", to govern the administration of the Property.

The By-laws may be amended from time to time as provided therein.

SECTION 15. COMPLIANCE WITH BY-LAWS AND OTHER RESTRICTIONS.

Each unit owner shall comply with the By-laws 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 By-laws or by the administrative rules and regulations. Unit Owners shall have similar rights of action against the Association of Unit Owners.

SECTION 16. 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 100.550 shall be made upon: DENNIS R. STAINES, or the designated agent named in the Condominium Information Report which will be filed with the Real Estate Agency in accordance with ORS 100.250(1).

SECTION 17. EASEMENTS AND OTHER INTERESTS.

The Association of Unit Owners, pursuant to ORS 100.405(5), has the authority to execute, acknowledge, deliver and record on behalf of the Unit Owners, permits, easements, rights-of-way, licenses and other similar interests affecting the general common elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the property. The granting of any interest pursuant to this Section 16 shall be first approved by at least 75 percent of the Unit 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 18. 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, including the Declarant, according to their respective interests in the common elements. Assessments shall first commence upon the conveyance of the first unit. Unsold units which are unoccupied may, for a period no longer than 60 days after conveyance of the first unit in the stage in which the unsold unit is included, be accorded a reasonably reduced assessment. 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 19. LIEN OF ASSOCIATION AGAINST UNIT.

The board of directors shall have the authority and the duty to levy and enforce the collection of general and special assessments for Common Expenses. 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 100.450, plus costs and reasonable attorneys' fees, and the lien shall be prior to all other liens or encumbrances upon the unit, except:

- a. Tax and public improvement 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 fell due and shall be collectable as such. Such personal obligation shall not pass to successors in title unless assumed by them or required by law. The board of directors shall cause to be filed a notice of lien claim pursuant to ORS 100.450 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 of Unit Owners 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 ten percent per annum and costs, including reasonable attorneys' fees in such suit or action, or any appeal therefrom.

A lien for common expense assessments shall not be affected by any sale or transfer of a unit, except that a sale or transfer pursuant to a foreclosure of a first mortgage or trust deed shall extinguish a subordinate lien for assessments which become payable prior to such sale or transfer. Any such delinquent assessments which were extinguished pursuant to the foregoing provision may

be reallocated and assessed to all units as a common expense. Any such sale or transfer pursuant to a foreclosure shall not relieve the purchaser or transferee of a unit from liability for, nor the unit from the lien of, an assessment made thereafter.

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 acquiring a unit in any other foreclosure suit.

SECTION 21. INSURANCE.

The Association of Unit Owners, by and through the board of directors, shall obtain and keep in effect at all times insurance coverage as specified in the By-laws.

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 Association of Unit Owners, by and through the board of directors, as required by this section shall be a common expense.

SECTION 22. DAMAGE OR DESTRUCTION.

If one or more of the buildings within the property are damaged, destroyed or partially condemned, the board of directors shall immediately proceed to rebuild and restore the building or buildings so damaged, destroyed or partially condemned so that the same will be returned to substantially the same condition in which the building or buildings existed prior to such damage, destruction or partial condemnation. Each unit and the general and limited common elements shall have substantially the same vertical and horizontal boundaries as before, unless at least 90 percent of all the Unit Owners, plus Eligible Mortgage Holders holding mortgages on at least 51 percent of the units which are subject to Eligible Mortgage Holder mortgages, 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 100.605. Any election to terminate the legal status of the Property after substantial destruction or a substantial taking in condemnation of the Property shall require the approval of Eligible Mortgage Holders holding mortgages on at least 51 percent of units subject to Eligible Mortgage Holder mortgages.

The Association of Unit Owners, through a trustee appointed for such purpose, shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas or part thereof. In the event of a taking or acquisition of part or all of the common areas by a condemning authority, the award or proceeds of settlement shall be payable to the Association of Unit Owners, or any trustee, for the use and benefit of the Unit Owners and their mortgagees as their interests may appear.

Upon written request to the Association of Unit Owners, identifying the name and address of the holder, insurer or guarantor and the unit number or address, any such Eligible Mortgage Holder or eligible insurer or guarantor shall be entitled to timely written notice of:

a. Any condemnation loss or any casualty loss which affects a material portion of the Property or any unit on which there is a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or eligible insurer or guarantor, as applicable;

b. Any delinquency in the payment of assessments or charges owed by an owner of a unit subject to a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or eligible insurer or guarantor, which remains uncured for a period of 60 days;

c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association of Unit Owners; or

d. Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified herein.

SECTION 23. EASEMENTS FOR ENCROACHMENT.

If any part of the common elements now or hereafter 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 100.605; 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.

Upon written request to the Association of Unit Owners, identifying the name and address of the Eligible Mortgage Holder, insurer or guarantor and the unit number or address, any such Eligible Mortgage Holder or eligible insurer or guarantor shall be entitled to timely written notice of:

- a. Any condemnation loss or any casualty loss which affects a material portion of the Property or any unit on which there is a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or eligible insurer or guarantor, as applicable;
- b. Any delinquency in the payment of assessments or changes owed by an owner of a unit subject to a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;
- c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association of Unit Owners; or
- d. Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified 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 board 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. 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, if required by law.

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 shall 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, if required by law.

In addition to the above requirements and except for amendments to this Declaration or the By-laws or termination of the Property made as a result of destruction, damage or condemnation pursuant to Section 22 herein, the approval of Eligible Mortgage Holders holding mortgages on at least 67 percent of units subject to Eligible Mortgage Holder mortgages shall be required to terminate the legal status of the Property as a condominium or to add or amend any material provisions of the Declaration or By-laws which establish, provide for, govern or regulate any of the following: voting; assessments, assessment liens or subordination of such liens; reserves for maintenance, repair and replacement of the common areas (or units if applicable); insurance or fidelity bonds; rights to use of the common areas; responsibility for maintenance and repair of the several portions of the Property; expansion or contraction of the Property or the addition, annexation or withdrawal of real or personal property to or from the Property; boundaries of any unit; the interests in the general or limited common areas; convertibility of units into common areas or of common areas into units; leasing of units; imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer or otherwise convey his or her unit; and any provisions which are for the express benefit of mortgage holders, Eligible Mortgage Holders or eligible insurers or guarantors of first mortgages on units.

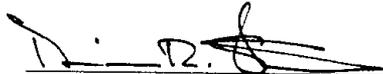
For purposes of the foregoing paragraph, an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification

only. An Eligible Mortgage Holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have approved such request.

SECTION 27. RESTRICTIONS.

Certain uses or activities shall not be allowed as provided in the Bylaws.

IN WITNESS WHEREOF the undersigned has executed this Declaration this 24th day of September, 1998.

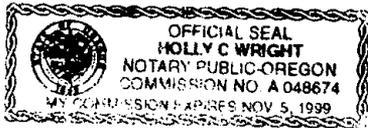


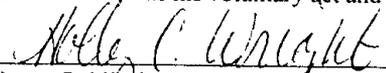
DENNIS R. STAINES
Virginia L. Staines

VIRGINIA L. STAINES

STATE OF OREGON, County of Deschutes, ss:

Personally appeared the within-named DENNIS R. STAINES, who being first duly sworn, did say that he is one of the Declarants of The Staines Office Condominiums, the association hereinabove named, that said instrument was executed in behalf of said association by authority of its board of directors, and the execution of said instrument was his voluntary act and deed.

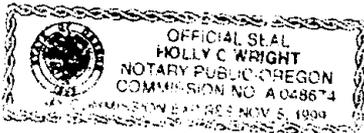




Notary Public for Oregon
My Commission Expires: 11/5/99

STATE OF OREGON, County of Deschutes, ss:

Personally appeared the within-named VIRGINIA L. STAINES, who being first duly sworn, did say that she is one of the declarants of The Staines Office Condominiums, the association hereinabove named, that said instrument was executed in behalf of said association by authority of its board of directors, and the execution of said instrument was her voluntary act and deed.

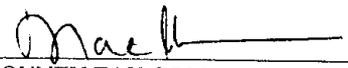




Notary Public for Oregon
My Commission Expires: 11/5/99



COUNTY ASSESSOR



COUNTY TAX COLLECTOR

The foregoing Declaration is approved pursuant to ORS 100-110 this 19th day of October, 1998 and in accordance with ORS 100-100(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

SCOTT W. TAYLOR
Real Estate Commissioner

By: Marge Robinson
Marge Robinson

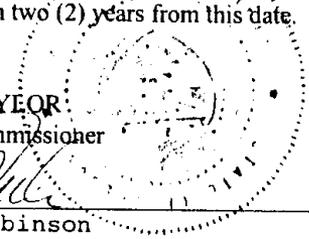


EXHIBIT "A"

DESCRIPTION SHEET

Lots One (1), Two (2), Three (3) and Four (4), Block Five (5), MCCAFFERY'S FIRST ADDITION TO SISTERS, a subdivision of record situated in the Southwest Quarter (SW1/4) of Section Four (4), Township Fifteen (15) South, Range Ten (10), East of the Willamette Meridian, City of Sisters, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a 5/8" iron rod at the Southwest corner of said Lot 1, which bears North 00°06'34" East, 351.07 feet and South 89°52'10" East, 30.00 feet from the Southwest corner of said Section 4; thence North 00°06'34" East, on the West line of said Lot 1, 113.93 feet to a 5/8" iron rod; thence South 89°52'10" East, on the North line of said Lots 1, 2, 3 and 4, 119.98 feet to a 5/8" iron rod at the Northeast corner of said Lot 4; thence South 00°07'04" West, 113.93 feet to a 5/8" iron rod at the Southeast corner said Lot 4; thence North 89°52'10" West, 119.96 feet to the Point of Beginning.

END

EXHIBIT "B"**BY-LAWS
OF****THE STAINES OFFICE CONDOMINIUMS**

WHEREAS, DENNIS R. STAINES and VIRGINIA L. STAINES , (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 STAINES OFFICE CONDOMINIUMS, 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 100.005 through 100.990.

NOW, THEREFORE, Declarant approves and adopts these By-laws and annexes the same to the Declaration, which By-laws and Declaration shall govern the operation of the Property. These By-laws 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 By-laws, the term:

A. "Association" means all the unit owners acting as a group through an unincorporated association in accordance with these Bylaws.

B. "Majority of the Unit Owners" means the owners of 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.

C. "Eligible Mortgage Holder" means a holder of a first mortgage on a unit who has requested notice of certain matters from the Association in accordance with Section 803.08M of the FNMA Conventional Home Mortgage Selling Contract Supplement, or the applicable provisions of any successor publication.

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 By-laws. Declarant shall give at least seven 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. UNIT OWNERS' MEETINGS:

A. Turnover Meeting. Within three (3) years from the date of the first conveyance, Declarant shall call a turnover meeting. Declarant shall give notice to each unit owner at least seven 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 By-laws; 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. In order to facilitate an orderly transition during the three-month period following the turnover meeting, Declarant or an informed representative of Declarant shall be available to meet with the Board of Directors on at least three mutually acceptable dates to review the documents delivered under paragraph (iii) of this subsection 3A.

B. Annual Meetings. Subsequent to the turnover meeting, the annual meetings of the Association shall be held on the first in 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. Place of Meeting. 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.

E. Notice of Meeting. Written or printed notice 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 seven 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 owning 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 By-laws, 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 owned by the Declarant.

If a voting owner owns or represents more than one unit, he shall have a vote 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 vote 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.

G. Proxies. At all meetings of the unit owners, a 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.

4. BOARD OF DIRECTORS.

A. General Powers. Subsequent to the turnover 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 three (3). 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 By-law 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 the 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 two 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.

F. Manner of Directors Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

G. Vacancies on Board of Directors. Any vacancy 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.

K. Directors May Engage Manager. The Board of Directors 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. All such agreements shall provide for a term of three years and may be terminated, with or without cause, upon 90 days' notice to all parties affected. When professional management has been previously required by any Eligible Mortgage Holder or eligible insurer or guarantor, whether such entity becomes an Eligible Mortgage Holder or eligible insurer or guarantor at that time or after, any decision to establish self-management by the Association shall require the prior consent of owners of at least 67 percent of the units and the approval of Eligible Mortgage Holders holding mortgages on at least 51 percent of the units subject to Eligible Mortgage Holder mortgages.

L. Directors to Adopt Administrative Rules and 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.

5. OFFICERS

A. Number. 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 officer 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. Vacancies. 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 By-laws 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 units 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 By-laws, or as required by law;

(iii) Be custodial 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.

G. Treasurer. The Treasurer shall:

(i) Have charge and custody of and be responsible for all funds of the Association;

(ii) Receive and give receipts for monies due and payable to the Association from any source whatsoever;

(iii) Deposit all monies 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.

6. FIDELITY BONDS. The Association, through the Board of Directors, shall require that all officers, Directors, employees and agent of the Association handling or responsible for its funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be common expenses.

7. 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 copy of the annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year. The Association shall make available to the unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, for their inspection, upon request, during normal business hours or under other reasonable circumstances, current copies of the Declaration, By-laws, and other rules concerning the Property and the books, records and financial statements of the Association. The Association shall file an annual report and any amendment required by ORS 100.250 with the Real Estate Agency.

8. 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 funds established by the Board, or to specifically assess the several units therefor as a common expense.

9. 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.

10. CHECKS, DRAFTS AND VOUCHERS. All checks, drafts, vouchers and 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.

11. 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.

12. COMMON EXPENSES.

A. Each Owner's Share. The owner of each unit shall be liable for and pay a share of the common expenses in proportion to his interest in the common elements. Common expenses shall include the cost of all utilities, except for the cost of utilities which are 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 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.

B. Reserve Account. The Association shall establish a reserve account for the periodic maintenance, repair, and replacement of certain common elements pursuant to the Oregon Condominium Act. Such reserve account shall be maintained out of regular assessments for common expenses. Following the turnover meeting referred to in subsection 3A, future assessments for the reserve account may be reduced, eliminated or increased by an affirmative vote of not less than 75 percent of all voting rights.

C. Mortgagee's Rights. If the mortgagee of any unit owner determines that the Association of Unit Owners 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 Association of Unit Owners by delivering the same to the registered agent, required pursuant to ORS 100.105(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 succeeding annual or special meetings of the Association of Unit Owners. At such meetings it shall have the right to cast a vote, for each unit on which it 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.

A working capital fund shall be established for the initial months of the Property operation equal to at least a two months' estimated common area charge for each unit. Each unit's share of the working capital fund shall be collected and transferred to the Association of Unit Owners at the time of closing of the sale of each unit and maintained in a segregated account for the use and benefit of the Association of Unit Owners. The contribution to the working capital fund for each unsold unit shall be paid to the Association of Unit Owners by Declarant within 60 days after the date of the conveyance of the first unit in each stage. The purpose of the fund is to ensure that the Association of Unit Owners will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the board of directors. Amounts paid into the working capital fund shall not be considered as advance payments of regular assessments.

13. COLLECTION OF 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 five 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. Liens. The Association shall have a lien as provided in Section 18 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.

14. RESTRICTIONS. The following uses or activities shall not be allowed in any unit:

- A. No wood burning stove, fireplace or furnace.

B. No unit owner, tenant or other person using any unit shall be allowed to keep a pet in any unit at anytime, including but not limited to common household pets, such as dogs, cats, birds and reptiles.

C. Activities that create and unreasonably disrupt other owners or lessees including, but not limited to, excessive noise, pet stores, veterinary clinics, or a day care center.

D. Activities that detract from the professional nature of the Staines Office Condominiums. Examples of such businesses would include, but not limited to, an adult bookstore, an adult video store, a tattoo parlor, a video arcade, a poster store or "headshop," a record store, or a secondhand or thrift store.

15. INSURANCE. The Association, through the Board of Directors, shall obtain and maintain at all times and shall pay for out of common expenses funds the following insurance covering both the common elements and individual units, including fixtures, equipment, and other property which would ordinarily be required to be covered by a holder of a first mortgage:

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

(ii) 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, incident 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.

The Association must, with regard to such insurance, observe the requirements appearing in Section 803.07P of the FNMA Home Mortgage Servicing Contract Supplement or the applicable provisions of any successor publication.

Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom such Association may enter into any insurance trust agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance.

Each unit owner appoints any Insurance Trustee or substitute Insurance Trustee designated by the Association, as an attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association or any insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear.

16. 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 malfeasance 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, including 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.

17. REPAIR AND MAINTENANCE OF UNITS. Every unit owner shall at all times keep his unit in good order and repair and shall promptly perform all such work within his unit, 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.

All repairs of internal installations within each unit, such as water, light, gas, power, sewers, telephones, sanitation, doors, windows, lamps and all other fixtures and accessories belonging to such unit, including interior walls and partitions and the inner decorated 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.

18. COLLECTION FROM TENANTS. All leases or rental agreements for units shall be in writing and specifically subject to the requirements of the Declaration and By-laws. 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 amount due the Association from the unit owner, including interest, if any. Any such demand or payment 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 discharge 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 or if a mortgagee is in possession pending a mortgage foreclosure.

19. COMPLIANCE.

A. Subordination. These By-laws 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 By-laws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these By-laws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any act or business for profit on behalf of any of or all the unit owners.

20. AMENDMENTS. Amendments to these By-laws 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 ten 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 By-laws 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 By-laws, as amended, or the amendment thereto, has been certified by the Chairman and Secretary of the Association, approved by the Real Estate Commissioner, if required by law, and recorded with the recording officer of Deschutes County, Oregon.

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

ADOPTION OF BY-LAWS

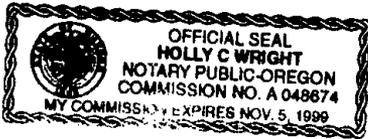
The undersigned hereby adopts the foregoing on behalf of the Association as the By-laws of the Association of Unit Owners of The Staines Office Condominiums, this 27th day of August, 1998.

[Signature]
DENNIS R. STAINES

Virginia L. Staines
VIRGINIA L. STAINES

STATE OF OREGON, County of Deschutes, ss:

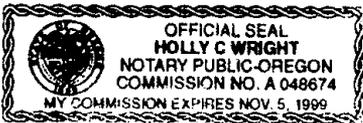
Personally appeared the within-named DENNIS R. STAINES, who being first duly sworn, did say that he is one of the declarants of The Staines Office Condominiums, the association hereinabove named, that said instrument was executed in behalf of said corporation by authority of its Board of Directors, and the execution of said instrument was his voluntary act and deed.



Holly C. Wright
Notary Public for Oregon
My Commission Expires: 11/5/99

STATE OF OREGON, County of Deschutes, ss:

Personally appeared the within-named VIRGINIA L. STAINES, who being first duly sworn, did say that she is one of the declarants of The Staines Office Condominiums, the association 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 her voluntary act and deed.



Holly C. Wright
Notary Public for Oregon
My Commission Expires: 11/5/99

13 - CONDOMINIUM BYLAWS

STATE OF OREGON)
COUNTY OF DESCHUTES) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

98 OCT 21 PM 1:39

MARY SUE PENHOLLOW
COUNTY CLERK

[Signature]
BY: _____ DEPUTY

NO. 98-47079 FEE 135-

DESCHUTES COUNTY OFFICIAL RECORDS