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**DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
CULLY GROVE CONDOMINIUM**

**Declarant: Cully Grove LLC, an Oregon limited liability company**

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Exhibits to Declaration

Exhibit A	-	Property Description
Exhibit B	-	Unit Areas and Assignment of LCE Storage Lockers
Exhibit C	-	Allocation of Interest in Common Elements and Common Expenses and Common Profits
Exhibit D	-	Bylaws of Cully Grove Condominium Owners' Association

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
CULLY GROVE CONDOMINIUM  
MADE PURSUANT TO THE OREGON CONDOMINIUM ACT**

This Declaration, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed by Cully Grove LLC, an Oregon limited liability company ("Declarant").

The Condominium consists of 16 Living Units, 20 Parking Units and two Craft Space Units. The Condominium includes eight residential buildings, one Common House (defined below), two craft space buildings, two storage buildings, one covered trash/recycling enclosure, and outdoor areas as more specifically described in Section 4 below. The purpose of this Declaration is to submit Cully Grove Condominium to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation.

1.1 Definitions. As used in this Declaration, the Articles of Incorporation of Cully Grove Condominium Owners' Association, its Bylaws, its Rules and Regulations, and any exhibits thereto, unless the context shall otherwise require, the following definitions shall be applied:

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

1.1.2 Association shall mean the nonprofit corporate entity responsible for the administration, management and operation of the Condominium.

1.1.3 Association Property shall mean any real property or interest in real property acquired, held, or possessed by the Association pursuant to ORS 100.405.

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

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

1.1.6 Common Elements shall mean all those portions of the Condominium exclusive of the Units.

1.1.7 Common House shall mean the house with common kitchen, living room and guest rooms, designated as a General Common Element in Section 5.

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

1.1.9 Craft Space Units shall mean those Units designated as such in Section 4 and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4.3.3 of this Declaration.

1.1.10 Declaration shall mean this Declaration of Condominium Ownership for Cully Grove Condominium and any amendments thereto.

1.1.11 General Common Elements shall mean those Common Elements designated in Section 5.

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

1.1.13 Limited Common Elements shall mean those Common Elements designated in Section 6.

1.1.14 Living Units shall mean those Units designated as such in Section 4 and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4.3.1 of this Declaration.

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

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

1.1.17 Owner shall mean the owner or owners of a Unit, but shall not include a Mortgagee unless in possession of a Unit. A person or entity who does not own a Unit shall not be an Owner.

1.1.18 Parking Units shall mean those Units designated as such in Section 4 and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4.3.2 of this Declaration.

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

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

1.1.21 Rules and Regulations shall mean those rules and regulations governing the use and enjoyment of the Condominium, as adopted by the Board or the Association pursuant to the Bylaws.

1.1.22 Solar Equipment shall mean the solar panels, tanks, pumps, motors, fans, compressors, ducts, wires, and all apparatus and installations existing for the purpose of harnessing and transferring solar energy for use by the Units.

1.1.23 Termination Date shall mean the date described in Section 11.1.

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

1.1.25 Units shall mean all Living Units, Parking Units, and Craft Space Units of the Condominium designated in Section 4 and comprised of the spaces enclosed by each of their respective boundaries described in Section 4; Unit shall mean any one of the Units.

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

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

1.4 No Fiduciary Standard. In no event shall Declarant be deemed to be a fiduciary of the Owners or be held to a fiduciary standard with respect to activities hereunder. The foregoing language does not apply to fiduciary responsibilities officers or directors of the Association appointed may otherwise have.

1.5 Original Owner of Units. Declarant is the original Owner of all Units and will continue to be deemed the Owner of each Unit until conveyances or other documents changing the ownership of specifically described Units are filed of record.

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

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

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

3. Name. The name by which the Property is to be identified is the “Cully Grove Condominium.”

4. Units.

4.1 General Description of Condominium. The Condominium consists of eight residential buildings containing a total of 16 Living Units (the “Residence Buildings”), a Common House, two craft space buildings (each with six covered Parking Units, one Craft Space Unit, a bike storage room, and tool storage room), two storage buildings (one with bike storage and one with storage lockers), and one covered trash/recycling enclosure. The buildings are constructed utilizing poured in place concrete foundations with wood framed walls and floors above. Residence Buildings include a mix of crawl spaces and full basements; all other buildings have slab-on-grade foundations. The Residence Buildings, Common House and craft space buildings are two stories above grade. The storage buildings and trash/recycling enclosure are one story. The Residence Buildings and the Common House have cement board siding over rain screen over plywood and composition roofs of asphaltic composition shingles. All buildings were constructed in 2011-12. Residence Buildings are shown on the Plans as containing Living Units 1 through 16.

4.2 General Description, Location, and Designation of Units. The Condominium consists of 16 Living Units, 20 Parking Units and two Craft Space Units. Living Units 1 through 13 are configured as side-by-side townhomes in duplex and triplex buildings. Living Units 14 through 16 are in three separate buildings. All Living Units have two stories above grade and Living Units 1 through 8 and 14 through 16 have basements. Of the 20 Parking Units, Parking Units P1 through P6 and P11 through P16 are partially enclosed within carport structures and Parking Units P7 through P10 and P17 through P20 are uncovered surface spaces. The Parking Units are designated as Parking Unit P1 through P20. Each of the Craft Space Units has a ground floor entrance and is located primarily within the second story of a craft space building. The Craft Space Units are designed numerically as Craft Space Unit 1 and Craft Space Unit 2. The platted square footage of the Units is set forth on the attached Exhibit B and as shown on the Plans.

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#### NOTICE

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

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4.3 Boundaries of Units.

4.3.1 Living Units. Each Living Unit shall be bounded by vertical planes located at the outermost exterior wall of the Residence Building in which it is located, a horizontal plane located at the highest point of the roof, a vertical plane located at the centerline of the demising wall between adjoining Living Units, and a horizontal plane located as follows. With respect to those Living Units with a basement, the lower horizontal unit boundary is located one foot below the finished floor elevation of the basement level. With respect to those

Living Units with a crawl space, the lower horizontal boundary is located 3.98 feet below the first floor finished elevation. No part of the Living Unit shall include the land, even if located within the boundaries of the Living Unit. Each Living Unit shall include the foundation, beams, columns, supports, framing, siding and exterior trim, roofs and roofing, gutters, windows and window frames, exterior doors and frames, porches, porch stairs, porch roofs, attics, mechanical systems, electrical systems, plumbing systems, fire sprinkler systems, trellises attached to the building, perimeter and bearing walls, floors, ceilings, interior doors and frames, interior trim, wallboard, plasterboard, paint, finished flooring and any other materials constituting any part of the structure and shell of the building and its interior and exterior finished surfaces located within the Unit boundaries. However, certain porches, porch stairs and porch roofs are located within the Limited Common Element yard area reserved for the adjoining Unit and are part of the Limited Common Element, as set forth in Section 6.1 below. In addition, each Living Unit shall include all portions of all utility service lines, including water, sewer, gas, electricity, or cable television, portions of Solar Equipment and ventilating or air conditioning ducts, that are located within the volume of the Living Unit, as defined by its exterior boundaries.

Living Units 1 through 8 and 14 through 16 have basements and Living Units 9 through 13 have crawlspaces only. The unit area in square feet of each Living Unit is listed on Exhibit B and shown on the Plans. The physical boundaries of the Living Unit or of a Living Unit reconstructed in substantial compliance with the original Plans shall be conclusively presumed to be the boundaries of such Living Unit regardless of settling, rising or lateral movement of the Residence Building in which it is located and regardless of variances between boundaries as shown on the Plans and those of the actual Residence Building.

4.3.2 Parking Units. Each Parking Unit shall be bounded by the concrete or asphalt of the parking surface, by the vertical plane extending along the boundaries, as shown on the Plans, and by a horizontal plane 10 feet above the concrete or asphalt surface, except for those portions of walls, posts, or roofs that contribute to the structural and shear capacity or water barrier effectiveness of carport structures.

4.3.3 Craft Space Units. Each Craft Space Unit shall be bounded by the interior surfaces of their perimeter and bearing walls, floors, ceilings, windows and window frames, exterior doors and door frames, and trim. Each Craft Space Unit shall include all wallboard, plasterboard, paint, finished flooring, electrical systems, and any other materials constituting any part of its finished surfaces, except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. In addition, each Craft Space Unit shall include the outlet of any utility service lines, including water, sewer, electricity, gas, or cable television, and of ventilating or air conditioning ducts, but shall not include any part of such lines or ducts themselves. The area in square feet of each Craft Space Unit is listed on Exhibit B and shown on the Plans.

5. General Common Elements. The general location of the Common Elements is shown on the Plans. The General Common Elements shall consist of all parts of the Condominium other than the Units and the Limited Common Elements and include, without limitation, the following:

5.1 The Common House.

- 5.2 Those portions of the craft space buildings not designated as Parking Units or Craft Space Units, including, without limitation, those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the craft space buildings.
- 5.3 The trash/recycling enclosure and bike storage structure.
- 5.4 Landscaping, bike parking, two guest parking spaces, pathways, sidewalks, grounds, driveways, guest and disabled parking spaces, fences (except those built by an Owner ), irrigation systems, common gardens and outdoor play areas that are not designated as Parking Units or Limited Common Elements, as shown on the Plans.
- 5.5 Pipes, ducts, conduits, wires, fire sprinkler systems, and other utility installations to the extent they are located outside the boundaries of the Living Units.
- 5.6 Pipes, ducts, conduits, wires, and other utility installations, in each case to their respective outlets within the Craft Space Units.
- 5.7 The land included in the Property, together with any rights or appurtenances related thereto, except those portions that are designated in Section 6.1 as Limited Common Element yard and patio areas.
- 5.8 All other elements of the Condominium necessary or convenient to its existence, maintenance, or safety, or normally in common use, except as may be expressly designated herein as a part of a Unit or a Limited Common Element.

6. Limited Common Elements. The Limited Common Elements are those Common Elements designated for the exclusive use of a certain Living Units, as described below. The dimensions, designation, and location of the Limited Common Elements are shown on the Plans. The right to use a Limited Common Element extends to the Owner's agents, tenants, family members, invitees and licensees. The following shall constitute Limited Common Elements:

6.1 Yards. Yard and patio areas contiguous to each Living Unit, together with roofs attached to the adjoining Living Unit that extend over the yard and patio, are reserved for the exclusive use of the adjoining Living Unit, as more specifically shown on the Plans. The LCE yard and patio areas are designated on the Plans as Y1 through Y16, with each Limited Common Element yard and patio area sharing the same number as the Living Unit for which it is reserved (e.g., LCE Y1 is reserved for Living Unit 1). The porches, porch stairs and porch roofs of some Living Units are located within and shall be considered a part of the Limited Common Element yard and patio area reserved for the affected Units.

6.2 Storage Lockers. Storage lockers S1 through S5 are each Limited Common Elements bounded by a vertical plane between adjoining lockers, as more specifically shown on the Plans. Each Limited Common Element storage locker is assigned to one Living Unit, as described in Exhibit B.

6.3 Solar Equipment. Those portions of Solar Equipment located on the roofs of the Living Units are each Limited Common Elements, as specifically shown on the Plans. The

Limited Common Element Solar Equipment is designated on the Plans as SE1 through SE16, with each Limited Common Element Solar Equipment item sharing the same number as the Living Unit for which it is reserved (e.g., LCE SE1 is reserved for Living Unit 1).

7. Owner's Interest in Common Elements; Allocation of Common Profits and Expenses; Enforcement of Assessments.

7.1 Owner's Interest in Common Elements. Each Living Unit, Parking Unit and Craft Space Unit Owner shall be entitled to an undivided fractional ownership interest in the Common Elements, as described in this Section and on the attached Exhibit C. Each Owner of a covered Parking Unit, including Parking Units 1 through 6 and 11 through 16, shall be entitled to an undivided 0.094 percentage ownership interest in the Common Elements of the Condominium, as set forth on Exhibit C. Each Owner of an uncovered Parking Unit, including Parking Units 7 through 10 and 17 through 20, shall be entitled to an undivided 0.047 percent percentage ownership interest in the Common Elements of the Condominium, as set forth on Exhibit C. Each owner of a Craft Space Unit shall be entitled to an undivided 0.748 percent percentage ownership interest in the common elements of the Condominium, as set forth on Exhibit C. The remaining 97 percent interest in the Common Elements shall be allocated among the Living Units as follows: each Living Unit Owner shall be entitled to an undivided percentage ownership interest in the Common Elements of the Condominium determined by the ratio of the living area square footage of the first and second floors above grade for each Living Unit to the total living area square footage of all Living Units combined (exclusive of any unfinished basements, attics or crawl spaces). The living area square footage of each Living Unit was determined by the architects for the Condominium and equals the combined floor area of the 1st and 2nd floors of each Living Unit as measured from the outer surface of exterior wall framing and the middle of party walls between adjoining units. The living area square footage for each Living Unit is set forth on the attached Exhibit C.

7.2 Method of Allocation. The common profits and common expenses of the Property shall be allocated to each Unit according to the percentage of undivided interest in the Common Elements, as shown on the attached Exhibit C. As used in this Declaration, "common profits" means profits arising from the General Common Elements. Except upon termination of the Condominium or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any common profits shall be used solely for the purpose of maintaining, repairing and replacing the Common Elements or for other expenses or reserves of the Association. Water and sewer expenses for the Condominium shall be paid by the Association. However, notwithstanding the general allocation of common expenses set forth above, each Unit shall have a submeter for measuring water and sewer usage and the Association shall bill each Unit Owner for such costs based on such submetered usage. Additionally, in the event an Owner of a Unit uses an unreasonably disproportionate amount of another service included in the common expenses, as determined by the Board in its sole discretion, such Owner will be required to bear the expense of such service individually (as, for example, by separate metering of utilities) and the common expenses incurred by the other Owners will be adjusted by the Board accordingly. Certain other services provided through the Association, such as basic cable television service, may also be billed on a per-Unit basis rather than on the basis of Unit area, as determined by the Board in its reasonable discretion.

7.3 Commencement of Assessments. Assessments of common expenses shall commence upon closing of the first sale of a Unit, provided that Declarant may elect to defer the commencement of assessment of common expenses (other than assessments for reserves pursuant to Section 6.2 of the Bylaws) for a period of 60 days following such initial closing. Assessments for reserves pursuant to Section 13 of this Declaration and Section 6.2 of the Bylaws shall commence upon closing of the first sale of a Unit, subject to the right of Declarant to defer the payment of assessments for reserves pursuant to Section 13. Declarant shall give not less than 10 days' written notice to all Owners of the commencement of assessments of all common expenses. Until the commencement of assessments for all common expenses, Declarant shall be responsible for payment of all common expenses of the Association (other than assessment for reserves pursuant to Section 6.2 of the Bylaws). Except to the extent provided in the Bylaws, the common expenses of the Property shall be assessed on a monthly basis.

7.4 No Exception. No Owner may claim exemption from liability for contribution toward the common expenses by waiver by the Owner of the use or enjoyment of any of the Common Elements or by abandonment by the Owner of the Owner's Unit. No Owner may claim an offset against an assessment for common expenses for failure of the Board of Directors or Association to perform its obligations.

7.5 Default in Payment. In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments) or any other amounts owing to the Association, such Owner shall be obligated to pay interest on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. No interest or late charges will be assessed on common expenses paid within 30 days after the due date therefore. Delinquent payments of common expense assessments shall bear interest from the date thereof at a rate equal to 18 percent, but in no event higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments, if the charge imposed is based upon a resolution adopted by the Board of Directors that is delivered to each Living Unit, mailed to the mailing address of each Living Unit, or mailed to the mailing addresses designated by the Owners in writing. If the assessment is not paid within 30 days of its due date, the Board of Directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable and may terminate the right to receive utility services paid for out of assessments or the right of access to and use of recreational and service facilities of the Condominium until assessments have been brought current. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Board of Directors shall have upon such Owner's Units with respect to all such obligations.

7.6 Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Association to foreclose a lien on a Unit or Units because of unpaid assessments or charges, the Owner shall be required to pay a reasonable rental for the use of the Unit or Units during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the

Association, shall have the power to purchase such Unit or Units at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit or Units. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same.

#### 7.7 Delinquent Assessment Deposit.

7.7.1 An Owner may be required by the Board, from time to time, to make and maintain a deposit of not less than one month's nor in excess of three months' estimated monthly assessments and charges, which may be collected in the same manner as other assessments and charges. Such deposit shall be held in a separate fund, be credited to the Unit owned by such Owner, and be for the purpose of establishing a reserve for delinquent assessments.

7.7.2 Resort may be had thereto at any time when such owner is 10 days or more delinquent in paying his monthly or other assessments and charges. Such deposits shall not be considered as advance payments of regular assessments. In the event the Board should draw upon such deposit as a result of an Owner's delinquency in payment of any assessments, such Owner shall continue to be responsible for the immediate and full payment of such delinquent assessment (and all penalties and costs related thereto) and thus the full restoration of such deposit, and the Board shall continue to have all of the rights and remedies for enforcing such assessment payment and deposit restoration as provided by this Declaration and by law.

7.7.3 Upon the sale of a Unit, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Unit pursuant to this or any other Section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, the Unit purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the purchaser appropriate compensation therefore.

7.8 First Mortgages; Liability of Subsequent Purchaser. Any lien of the Association against a Unit or Units for assessments or charges shall be subordinate to tax and assessment liens and any first Mortgage of record, unless there has been compliance with all requirements of Section 100.450(7) of the Act. Where the purchaser or Mortgagee of a Unit or Units obtains title to the Unit or Units as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee, his successors and assigns shall not be liable for any of the common expenses chargeable to such Unit or Units which became due prior to the acquisition of title to such Unit or Units by such purchaser or Mortgagee except to the extent provided in Section 100.475(2) of the Act; provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of Section 100.465(1) of the Act; and provided further, that any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit or Units from the lien of, any common expenses thereafter becoming due. In a voluntary conveyance of a Unit or Units (subject to the restrictions of this Declaration), the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit or Units to the time of grant of conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. However, upon request of a prospective purchaser, the Board of Directors shall make and deliver a statement of the unpaid assessments against the

prospective grantor of the Unit or Units, and the grantee in such case shall not be liable for, nor shall the Unit or Units when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts therein set forth.

8. Voting Rights. As set forth in Section 2.1 of the Bylaws, consensus is the primary method of decision-making at all levels of Association governance, except where otherwise required by the Declaration, these Bylaws, or the Act. Subject to the provisions of Section 20 of the Declaration and Section 3.8 of the Bylaws, one vote shall be allocated to each Living Unit. Parking Units and Craft Space Units shall have no voting rights.

9. Use. Each Unit is to be used for the purpose set forth below. Additional limitations on use are contained in Article 8 of the Bylaws and the rules and regulations adopted pursuant to the Bylaws.

9.1 Living Units. Living Units are intended for use as residences only, as more fully described in Section 8.2 of the Bylaws.

9.2 Parking Units. The use of the Parking Units shall be limited to the parking of operative vehicles owned or operated by the Owner of a Living Unit or the Owner's tenants, residents, guests, employees or invitees, and limited storage as described in Section 8.14 of the Bylaws.

9.3 Craft Space Units. Craft Space Units may be used only as a craft space or "home office," subject to the requirements of the City of Portland Zoning Code governing "accessory home occupations," as more fully described in Section 8.3 of the Bylaws.

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

11. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) and (6) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 11 shall first be approved by Owners holding at least 75 percent of the voting power of the Association, unless otherwise allowed to be approved by the Board under ORS 100.405(6)(a)(B). Owner approvals for purposes of this Section 11 may be solicited by any means the Board determines is reasonable and need not be at a meeting of the Association.

12. Restrictions on Alienation; Limit on Number of Living Units Owned. Except for Declarant, no person or entity may own or shall be entitled to acquire a Parking Unit or Craft Space Unit unless such person or entity owns or shall simultaneously acquire a Living Unit. No more than 10 percent of Living Units may be owned by one Owner, except by the Declarant during the initial sale period, or such larger percentage of Living Units as may be allowed by the Federal National Mortgage Association ("FannieMae") guidelines.

13. Reserve Fund. Declarant shall conduct a reserve study as required by the Act and shall establish in the name of the Association a reserve fund for replacement of Common Elements and other property for which the Association is responsible, which will normally require major repair, maintenance or replacement in more than one and fewer than 30 years, and for the painting of exterior painted surfaces of Common Elements, if any, as provided in Section 6.2 of the Bylaws. The reserve study shall not include the Limited Common Element Solar Equipment or Limited Common Element yards, patios and roofs over such Limited Common Element areas, which shall be maintained by the Owner of the Unit for whom such LCE Solar Equipment item is reserved. **The reserve study assumes that the Association conducts normal, routine maintenance for the elements reserved for and that the Association is required to perform pursuant to this Declaration, the Bylaws and the Act. If the Association fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** The reserve fund shall also be governed by Section 6.2 of the Bylaws. Declarant may elect to defer payment of assessments for the reserve fund with respect to a Unit until the time of conveyance of the Unit; provided, however, that Declarant may not defer payment of accrued assessments for the reserve fund beyond the date of the Turnover Meeting, or if the Turnover Meeting is not held, the date the Owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owed by Declarant for all reserve fund assessments.

14. Rights of Access and Use.

14.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each other Unit and the Common Elements for ingress to and egress and from such Owner's Unit or Units, including access for each Owner's tenants and invitees; for the support of such Owner's Unit or Units; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Units, including, but not limited to, water, natural gas, air conditioning, cable television, electrical

power and wiring, light, Solar Equipment, or plumbing serving a Unit. The Owner shall use the foregoing rights only as necessary and shall exercise all due care in the exercise of such right and shall be responsible for and indemnify, defend and hold harmless the other Owners from any harm or damage resulting from the exercise of the Owner's rights under this Section 14.1. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

14.2 Water Intrusion and Mold Inspection. The Board, acting on behalf of the Association, may authorize entry into any Owner's Unit or Units to conduct a periodic inspection of the Owner's Unit and associated Limited Common Elements for water intrusion and/or the appearance of mold or mildew within such Unit or associated Limited Common Element. Such inspection shall be made by an agent of the Association appointed by the Board of Directors and shall occur at such time as is reasonably convenient to the Owner (or Owner's tenant) and the inspector. Nothing contained within this Section 14.2 is intended to modify the maintenance and repair obligations of any party as provided in the Bylaws and this Declaration.

14.3 Additional Rights Created by Association. The Association, upon prior approval of Owners holding at least 75 percent of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the General Common Elements. No such right may be granted with respect to a Limited Common Element unless the Owners and Mortgagees of the Units having the right to use such Limited Common Elements consent to the creation of such a right. Nothing in this Section 14.3 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

14.4 Right of Entry. In addition to the rights granted to the Association elsewhere in this Declaration, the Bylaws, or by the Act, the Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter any Owner's Unit or Units in the case of any emergency originating in or threatening such Unit or Units or other Units or Condominium property or requiring repairs in such Unit or Units to protect public safety, whether or not the Owner is present at the time. Each Owner shall also permit such persons to enter the Owner's Unit or Units for the purpose of performing installations, alterations, maintenance, cleaning, or repairs to any Common Element, preventing damage to the Common Elements or another Unit, performing the Association's inspection and maintenance obligations, or inspecting the Unit or Units to verify that the Owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the Rules and Regulations, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. For a period of 10 years following recording of this Declaration, Declarant shall have a right to inspect the Common Elements of the Condominium and the Association's records regarding inspections and maintenance of the Condominium.

14.5 Right of Access and Use for Declarant. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements for the purpose of (i) planning, designing, developing, constructing, inspecting, maintaining or repairing structures on the Property, to the extent Declarant is required or authorized to conduct such activities (a) pursuant to this Declaration, the Bylaws, or the Plans,

(b) under contracts of sale with purchasers of Units, (c) satisfying any warranty obligation of Declaration, (d) inspecting the Property for defects or to verify appropriate maintenance is being performed, or (e) under applicable law or regulations, and (ii) carrying out sales activities reasonably necessary for the sale of Units, including, without limitation, the right to use the Units owned by Declarant as model Units and the right to use a Unit owned by Declarant or a portion of the Common Elements as a sales office, until all Units have been conveyed to persons other than Declarant; provided, however, that Declarant shall restore the portions of the Property which it accesses or uses pursuant to this Section 14.5 to substantially the same condition that existed prior to such access or use (except to the extent Declarant has constructed improvements contemplated by this Section 14.5). The right of entry and inspection provided in this Section 14.5 shall not in any way obligate the Declarant or Declarant's agents, successors and assigns to make such an inspection, and the decision on whether to inspect Units and the frequency of such inspections, if any, shall be solely within the discretion of the Declarant or its successors and assigns.

15. Encroachments.

- 15.1 Each Unit and all Common Elements shall have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection as long as the physical boundaries of the Units are in substantial accord with the description of those boundaries that appears in the Declaration. There shall be a valid easement for the maintenance of the encroaching Units and Common Elements so long as the encroachment shall exist and, except as otherwise provided in Section 15.2, the rights and obligations of Owners shall not be altered in any way by the encroachment.
- 15.2 The easement described in Section 15.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve the Declarant or any contractor, subcontractor, or materialman of liability for failure to adhere to the Plans.
- 15.3 The encroachments described in Section 15.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

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

- 16.1 Any condemnation or casualty loss that affects either a material portion of the Condominium or a Unit in which it holds an interest;
- 16.2 Any delinquency of 60 days in the payment of common expenses assessed to a Unit in which it holds an interest;

- 16.3 A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- 16.4 Any proposed action that requires the consent of a specified percentage of Mortgagees under this Declaration or the Bylaws.

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

18. Managing Agent. Subject to the rights of the Association to terminate such agreement entered into prior to the Turnover Meeting without penalty or cause upon not less than 30 days' written notice given within 60 days after the Turnover Meeting, the Board shall have the authority, on behalf of the Association, to enter into a management agreement with respect to the Condominium prior to the Turnover Meeting for a term not to exceed three years. Any such management agreement shall be terminable by the Association upon not more than 90 days' nor less than 30 days' written notice thereof. On behalf of the Association, the Board may, after the Turnover Meeting, employ or contract for a managing agent or manager in accordance with the Bylaws at a compensation to be established by the Board. The Board may delegate to the managing agent or manager such duties and powers as the Board may authorize. In the absence of such appointment, the Board shall act as manager of the Condominium.

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

20. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, Declarant reserves control until the earlier to occur of the date that is three years after the date on which the first Unit is conveyed or the date at which 75 percent of all 38 Units have been conveyed to persons other than the Declarant, during which time:

- 20.1 Declarant may appoint and remove officers and members of the Board;
- 20.2 Declarant shall have two times the number of votes allocated in Section 8 with respect to each Unit owned by it, notwithstanding the provisions of Section 8;
- 20.3 Declarant shall have the right to exercise all powers of the Association, the Board, or the Condominium officers under this Declaration, the Bylaws, and the Act, except that Declarant may not bind the Association to any management agreement, service contract, employment contract, lease of recreational areas or facilities, or contract or lease (other than a ground lease) to which Declarant is a party, which is made prior to the Turnover Meeting unless the Association or the Board is granted therein a right of termination thereof which is exercisable without cause or penalty upon not less than 30 days' written notice given to the other party thereto not later than 60 days after the Turnover Meeting.

21. Casualty.

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

21.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his or her family or his or her household pet or of a guest, invitee, employee or other

authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit owned by others, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, to the extent not covered by the Association's insurance, including specifically any deductible for such claim under the Association's insurance policy.

22. Condemnation.

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

22.2 Partial Condemnation. In the event of a partial condemnation of the Condominium which includes some Units and/or Limited Common Elements, each Owner whose Unit or Units or associated Limited Common Elements are condemned shall deal with the condemning authority with regard to compensation therefore, and the compensation for such Unit or Units or Limited Common Elements shall be paid to such Owner (or the Mortgagee of that Owner's Unit). The Association shall negotiate compensation relating to any General Common Elements (except as provided above). The cost, if any, of restoring the balance of the Condominium so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure and shall, unless the Condominium is terminated within 30 days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

23. Fidelity Bond. The Board of Directors shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, shall furnish a fidelity bond as the Board of Directors deems adequate under this Section 4. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three months of common expense assessments on all Units. Any such bond shall include a provision requiring not less than 10 days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof and each servicer on behalf of the Fannie Mae before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association.

24. Amendment.

24.1 Approval by Owners. Amendments to the Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding 30 percent or more of the voting rights. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by Owners holding at least 75 percent of the votes of the Association and the consent of Declarant, for so long as Declarant owns a Unit; provided that any amendment to the provisions of this Declaration that relates solely to, or that imposes additional burdens upon or takes away rights particular only to, the Units shall, in addition to the voting requirements stated previously in this sentence, require 75 percent of the votes of the Units. The unanimous consent of all Owners of Units shall be required for amendments of Sections 14.2 and 7 of this Declaration. Except as otherwise provided in the Act, no amendment may change the allocation of undivided interest in the Common Elements, method for determining liability for common expenses, the method of determining the right to common profits, or the method of determining the voting rights of or with respect to any Unit unless such amendment has been approved by the Owners of the affected Units. Voting on any amendment to this Declaration shall be without regard to Declarant's enhanced voting power under Section 20.2, except for an amendment to approve a plat amendment, or to correct any provision of or exhibit to this Declaration, whether such correction is required due to a surveyor's error, factual error, miscalculation, omission or to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for condominiums or to comply with the Act. For a period of 10 years after the date of the Turnover Meeting, the Bylaws, the Rules and Regulations, and this Declaration may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted

therein or herein to Declarant or its designee, or otherwise so as adversely to affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

24.2 Regulatory Amendments. Until the Declarant has turned over control of the Association to the Owners, Declarant shall have the right to amend this Declaration in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the United States Department of Veterans Affairs, Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium. If the need to amend this Declaration arises after turnover of the Association to the Owners, the amendment must be approved by the Association in accordance with the requirements of this Declaration and the Act.

24.3 Approval by Mortgagees. Except when a greater percent is required by the Declaration or Bylaws, or a greater or lesser percent is required by the Oregon Condominium Act, the consent of the Owners of Units holding at least 67 percent of the voting rights and the approval of Mortgagees holding mortgages on Units that have at least 51 percent of the voting rights of the Units subject to Mortgagee Mortgages shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws that changes any of the provisions of such documents governing the following shall constitute a material change:

24.3.1 Voting rights;

24.3.2 Increases in assessments that raise the previously assessed amount by more than 25 percent, assessment liens or the priority of such liens;

24.3.3 Reduction in reserves for maintenance, repair and replacement of the Common Elements;

24.3.4 Responsibility for maintenance and repairs;

24.3.5 Reallocation of interests in the General or Limited Common Elements, or rights to their use, except as otherwise provided in Sections 245;

24.3.6 The boundaries of any Unit, except as otherwise provided in Sections 29.5;

24.3.7 Convertibility of Units into Common Elements or of Common Elements into Units;

24.3.8 Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

24.3.9 Hazard or fidelity insurance requirements;

24.3.10 Imposition of any restrictions on the leasing of Units;

24.3.11 Imposition of any restriction on the right of an Owner to sell or transfer his or her Unit;

24.3.12 A decision by the Association to establish self-management when professional management had been required previously by this Declaration, the Bylaws or a Mortgagee;

24.3.13 Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than specified in this Declaration or the Bylaws;

24.3.14 Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or

24.3.15 Any provisions that expressly benefit Mortgage holders, insurers or guarantors.

24.3.16 In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the allocation of undivided interest in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the holders of any Mortgages on the affected Units. Any approval of a Mortgagee required under this Section 24.3 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Declaration within 60 days after it receives notice of such proposal by certified or registered mail, return receipt requested.

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

24.5 Recordation. Amendments to this Declaration shall be effective upon recordation of the Declaration as amended, or of the amendment thereto, in the deed records of Multnomah County, Oregon, certified by the chairman and secretary of the Association as being adopted in accordance with this Declaration and the provisions of the Oregon Condominium Act and approved by the county assessor and the Oregon Real Estate Commissioner, if required by law.

25. Termination. Termination of the Condominium shall be effected in accordance with Section 100.600 and any other applicable provision of the Act, but in no event shall be consummated, other than in connection with the substantial destruction or condemnation of the Property, without the prior written consent of at least 67 percent of those holders of first Mortgages on Living Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees. The common profits and expenses of the Property following termination of the Condominium shall be allocated in accordance with the Act.

26. Dispute Resolution.

26.1 Required Procedure. Except as provided in Section 27 below, to the fullest extent allowed by law, if a dispute arises, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, this Declaration or the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to Section 6.7 of the Bylaws prior to summary abatement and removal of a structure or other condition that violates this Declaration, the Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 6.10 of the Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

26.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and to seek to resolve such claims, but if this is not successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 26.3, 26.4 and 26.5 below, as applicable.

26.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 26.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration, including, without limitation, claims related to the design or construction of the Condominium that is not resolved by any repair by Declarant. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 26.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the Parties. All mediation shall be held in Multnomah County, Oregon and shall be in accordance with the rules of procedure of any dispute resolution program available in Multnomah County, Oregon that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a Party will occur due to delay or

litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

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

26.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 26.2, 26.3 and 26.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by and pursuant to the then effective arbitration rules of the Arbitration Service of Portland, or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

26.6 Limitations on Actions. Notwithstanding any other provision of this Declaration or the Bylaws, the Association shall not expend or commit to expend in excess of \$2,500 for attorneys' fees and costs for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$20,000 unless first approved by at least 75 percent of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or the Bylaws, for actions initiated by the Association during Declarant's period of administrative control pursuant to Section 20 of the Declaration; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 6.10 of the Bylaws; actions to summarily abate and remove a structure or condition that violates the Declaration or these Bylaws; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

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

26.8 No Attorneys' Fees. Except as specifically provided for in this Declaration or the Bylaws and to the extent allowed by law, no Party in the arbitration, mediation or other proceeding shall be entitled to recover costs or attorneys' fees in connection therewith.

27. Waiver; Time Limitation.

27.1 RELEASE AND WAIVER OF ALL PAST, PRESENT, AND FUTURE CLAIMS REGARDING CONDITION OF PROPERTY. EXCEPT FOR THE WARRANTY GIVEN BY DECLARANT IN EACH UNIT SALES AGREEMENT BETWEEN DECLARANT AND A UNIT BUYER, TO THE FULLEST EXTENT ALLOWED BY LAW, EACH PURCHASER OF A UNIT, THE ASSOCIATION AND ALL SUCCESSOR OWNERS AND OCCUPANTS, RELEASE AND WAIVE ANY CLAIM WHENEVER ARISING AGAINST DECLARANT OR ITS AGENTS, BROKERS, SUCCESSORS, EMPLOYEES, AFFILIATES, CONTRACTORS, REPRESENTATIVES, OFFICERS, DIRECTORS AND MEMBERS OR AGAINST THE ASSOCIATION OR ANY BOARD MEMBER THEREOF (COLLECTIVELY, THE "DECLARANT PARTIES"), RELATING TO OR ARISING FROM THE CONDITION OF THE CONDOMINIUM PROPERTY AT ANY TIME. THE WAIVER IS ABSOLUTE AND UNCONDITIONAL, AND THIS RELEASE AND WAIVER APPLIES WHETHER OR NOT THE PURCHASER HAD KNOWLEDGE OF ANY POTENTIAL CAUSE OF ACTION FOR SUCH CLAIMS. THE WAIVER APPLIES TO CLAIMS UNDER ANY LEGAL THEORY, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, NEGLIGENCE PER SE, NEGLIGENT OR INTENTIONAL MISREPRESENTATION, DEFECTIVE CONSTRUCTION, BREACH OF CONTRACT, UNLAWFUL TRADE PRACTICE, BREACH OF FIDUCIARY DUTY, STRICT LIABILITY, NUISANCE, TRESPASS OR ANY OTHER THEORY, WHETHER ARISING FROM STATUTE, CONTRACT, TORT OR OTHERWISE. THIS WAIVER INCLUDES, WITHOUT LIMITATION, CLAIMS RELATING TO CONSTRUCTION DEFECTS, WATER INTRUSION, MOLD, MILDEW, FUNGUS AND/OR ODORS IN THE UNIT OR COMMON ELEMENTS; PRODUCTS OR CONDITIONS IN THE UNIT OR COMMON ELEMENTS, INCLUDING FOR EXAMPLE CARBON MONOXIDE, RADON OR CARPET GLUE; NOISE OR SOUND TRANSMISSION; LOSS OF USE; EMOTIONAL DISTRESS; INCIDENTAL OR CONSEQUENTIAL DAMAGES; ATTORNEY FEES AND COSTS; OR RELOCATION EXPENSES (TEMPORARY OR OTHERWISE). THIS SECTION 27.2 SERVES AS NOTICE OF RECORD THAT THE RELEASE AND WAIVER SHALL BE BINDING UPON SUCH PURCHASERS, ALL SUCCESSOR OWNERS OR OCCUPANTS OF THE UNIT, THE ASSOCIATION, AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, PROPERTY MANAGERS, BROKERS, HEIRS, SUCCESSORS, ASSIGNS, GUESTS AND INVITEES. CLAIMS OF THE ASSOCIATION ARE DERIVATIVE OF CLAIMS OF UNIT OWNERS AND THE ASSOCIATION SHALL BE BOUND BY THE WAIVER. THE WAIVER ACTS AS A COMPLETE BAR AND DEFENSE AGAINST ANY RELEASED OR WAIVED CLAIM.

27.2 TIME LIMITATIONS ON ACTIONS. THE FOREGOING RELEASES AND WAIVERS OF CLAIMS ARE INTENDED TO BE COMPREHENSIVE AND FINAL. TO THE EXTENT IT IS DETERMINED THAT ANY CLAIMS AGAINST ANY DECLARANT PARTY, UNDER ANY LEGAL THEORY, SURVIVE THE FOREGOING RELEASE AND WAIVER FOR ANY REASON, SUCH CLAIM MUST BE BROUGHT ON OR BEFORE THE EARLIER OF (A) THE EXPIRATION OF THE APPLICABLE STATUTE OF LIMITATIONS, OR (B) WITHIN 60 DAYS AFTER THE DATE PURCHASER, PURCHASER'S SUCCESSORS OR THE ASSOCIATION KNEW OR REASONABLY SHOULD HAVE KNOWN OF FACTS SUFFICIENT TO PUT IT ON NOTICE OF THE CLAIM, OR (C) WITH RESPECT TO THE UNIT AND RELATED LIMITED COMMON

ELEMENTS, BY NO LATER THAN THE FIRST ANNIVERSARY OF THE CLOSING DATE OF THE SALE OF THE APPLICABLE UNIT FROM DECLARANT TO THE INITIAL PURCHASER OR, (D) WITH RESPECT TO THE GENERAL COMMON ELEMENTS, ON THE LATER TO OCCUR OF (I) THE FIRST ANNIVERSARY OF THE DATE OF THE FIRST CONVEYANCE OF A UNIT IN THE CONDOMINIUM TO A UNIT OWNER OTHER THAN DECLARANT OR (II) THE FIRST ANNIVERSARY OF THE DATE OF COMPLETION OF CONSTRUCTION OF THE GENERAL COMMON ELEMENT IN QUESTION. ANY AND ALL SUCH CLAIMS NOT BROUGHT WITHIN THIS TIME PERIOD WILL BE DEEMED TIME BARRED, REGARDLESS OF WHEN PURCHASER, PURCHASER'S SUCCESSORS OR THE ASSOCIATION ACTUALLY DISCOVERED THE ALLEGED BASIS FOR THE CLAIM. FOR PURPOSES OF THIS SECTION 27.3, A CLAIM IS "BROUGHT" WHEN ARBITRATION IS FORMALLY INITIATED OR A COMPLAINT IS FILED IN THE APPROPRIATE COURT AND SERVED PROMPTLY ON DECLARANT.

28. Special Declarant Rights. As more particularly provided in this Section, Declarant, for itself and any successor Declarant, has reserved the following special Declarant rights:

28.1 Completion of Improvements. Declarant and its agents, employees, and contractors shall have the right to complete improvements and otherwise perform work that is: (i) authorized by this Declaration; (ii) indicated on the Plans; (iii) authorized by building permits; (iv) provided for under any unit sales agreement between Declarant and a Unit purchaser; (v) necessary to satisfy any express or implied warranty obligation of Declarant; or (vi) otherwise authorized or required by law. In addition, Declarant reserves the right to create additional Common Elements, although not substantial recreational amenities.

28.2 Sales Facilities of Declarant. Declarant and its agents, employees, and contractors shall be permitted to maintain during the period of sale of the Condominium upon such portion of the Property as Declarant may choose, such facilities as in the sole opinion of Declarant may be required, convenient, or incidental to the construction or sale of Units and appurtenant interests, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective purchasers of Declarant. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; *provided*, that the maintenance and use of such facilities shall not unreasonably interfere with an Owner's use and enjoyment of the Unit and those portions of the Common Elements reasonably necessary to use and enjoy such Unit.

28.3 Right to Attend Board of Directors Meetings; Access to Minutes. Declarant shall have the right from turnover meeting until the 10-year anniversary of the date Declarant ceases to own any Units to (i) attend, or have a representative or agent of Declarant attend, any meeting of the Board of Directors which is open to all owners of Units (an "Open Meeting"), and (ii) receive a copy of the minutes of any Open Meeting. If Declarant does not attend an Open Meeting, or have any representative or agent attend the Open Meeting, the Board shall deliver a copy of the minutes of the Open Meeting to Declarant by fax, email or certified

mail, return receipt requested. The minutes shall be delivered to Declarant addressed as follows (or as the Board of Directors is otherwise instructed by Declarant):

Cully Grove LLC  
4736 NE Going St.  
Portland, OR 97218  
Attn: Eli Spevak

28.4 Inspection Rights; Inspection Reports. Declarant, and Declarant's contractors, consultants and advisors, shall have the right (but not the obligation) from the date of this Declaration until the 10-year anniversary of the date Declarant ceases to own any Units to enter each Unit, and the Common Elements at reasonable times to inspect, identify and/or correct any conditions for which Declarant could potentially be responsible under the law. A copy of any inspection report, study or test received or obtained by any Unit Owner or the Association indicating the presence of any condition of the Common Elements, any Unit for which Declarant could potentially be responsible under law shall be delivered by the Association or the Owner ordering such report, test or study, as the case may be, within five days after the foregoing receives such report. The report shall be delivered in the manner provided for notices under Section 28.3.

28.5 Declarant's Easements. Declarant has a non-exclusive easement to, through, and over the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising special Declarant rights, whether arising under the Act or reserved in this Declaration.

28.6 Approval of Amendments. Declarant shall have the right to approve amendments proposed by the Owners to this Declaration, the Bylaws, the Plans, and the Rules and Regulations for so long as Declarant owns a Living Unit or for 10 years from the date this Declaration is recorded, whichever is latest.

28.7 Right of Review. Upon reasonable advance notice to the Board, Declarant shall have the perpetual right to review all inspection and maintenance records of the Association, including, without limitation, changes to the suggested maintenance schedule prepared by Declarant, if any. In addition, upon request from Declarant, the Board shall provide Declarant at Declarant's cost copies of all inspection reports, proposed plans for alterations and copies of all warranty claims. As provided in Section 8.5 of the Bylaws, the Board shall provide Declarant with copies of submissions for alteration requests, advance notice of the Board's inspections of such alterations, and an opportunity for Declarant, its contractors or agents to accompany the Board's professional advisors on any such inspection.

28.8 Termination of Declarant Rights. Except as otherwise provided in this Declaration, the special Declarant rights set forth in this Section 28 shall continue for so long as (i) Declarant is completing improvements which are within or may be added to this Condominium or (ii) Declarant owns any Living Units; *provided*, that Declarant may voluntarily terminate any or all of such rights at any time by recording an amendment to this Declaration, which amendment specifies which right is thereby terminated.

29. Miscellaneous.

29.1 Severability. Each provision of this Declaration and the Bylaws shall be deemed independent and severable, and the validity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws.

29.2 No Impairment. The creation of this Condominium shall not be impaired and title to the Unit and Common Elements shall not be rendered unmarketable or otherwise affected by reason of any insignificant failure of this Declaration or the Plans or any amendment thereto to comply with the Act.

29.3 No Partition. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of interest in the Common Elements made without the Unit to which that interest is allocated is void.

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

29.5 Relocation of Boundaries. Pursuant to ORS 100.137, the Owner or Owners of any two adjoining Units may apply to the Board of Directors of the Association for permission to change the sizes of their Units by adjusting the common boundary between the two Condominium Units or to consolidate the two Units into one Unit by deleting the common boundary. Any such application shall identify the Units involved, state any reallocations of the affected Unit's interest in common elements, or of Unit Owners' voting rights, liability for common expense, and right to receive common profits. The Board of Directors shall approve such an application unless it determines within 45 days (i) that the proposed reallocations are unreasonable, (ii) that the proposed relocation or deletion would impair the structural integrity or mechanical systems of the Condominium or would reduce the support of any portion of the Condominium, or (iii) that the proposed relocations or deletions would trigger any requirement for seismic upgrades of common elements under applicable building codes or any modification of the common elements will be required under applicable building codes or other applicable laws as a result of such relocations or deletions. The Board may require the Owners of the affected Units to submit an opinion of a registered architect or registered professional engineer that the proposed relocation or elimination will not impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium. The Board or an agent appointed by the Board may supervise the work necessary to effect the boundary relocation or elimination. If approved, a proposed change would become effective on recording in the appropriate records of Multnomah County, Oregon, of an amendment to this Declaration and to the Plans, both setting forth the change, executed by the Owners and Mortgagees of the affected Units and certified to by the chair and secretary of the Association, together with any governmental approvals required by law. All costs in connection with such amendments shall be paid by the applicants.

29.6 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of this Declaration, or of the Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an Owner, with

knowledge of any such breach, shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

29.7 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to this Declaration and the Bylaws, neither the Association nor the Board nor Declarant shall be liable for: (i) any failure of any utility or other service to be obtained and paid for by the Board; (ii) injury or damage to person or property caused by the elements, or (iii) inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

29.8 Rule Against Perpetuities. The rule against perpetuities may not be applied to defeat any provisions of this Declaration or the Bylaws or Rules and Regulations.

29.9 Transfer of Declarant's Powers. Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, all of Declarant's rights, powers, privileges, and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, privileges, and authority are in addition to those arising from Declarant's ownership of one or more Living Units).

29.10 Sound Transmission Disclosure. Where condominium units are built either above or below each other, or side by side, it is normal to experience some transmissions of sound between those units from music, heels on noncarpeted floors, water traveling in drains, cupboard doors, and similar causes. On occasion these sounds are heard in normal conditions with typical noise levels. Owners should expect some transmission of sound between Units, Common Elements or from outside of the Condominium, including, without limitation, sound from the Portland International Airport. Declarant makes no warranty regarding soundproofing of Units and transmission of sounds between Units, Common Elements or from outside of the Condominium shall not be considered a construction defect.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 18 day of SEPTEMBER, 2013.

Cully Grove LLC, an Oregon limited liability company

By: Zachariah D. Parrish

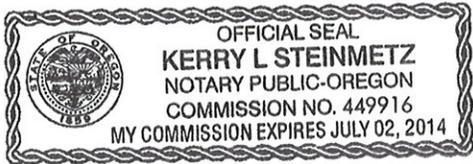
Zachariah D. Parrish, Founding Member and Authorized Signer

STATE OF OREGON )  
 ) ss.  
County of Multnomah )

The instrument was acknowledged before me on this 18 day of SEPTEMBER 2013, by Zachariah D. Parrish, as Founding Member of and Authorized Signer for Cully Grove LLC, an Oregon limited liability company, on behalf of the limited liability company.

[Signature]

Notary Public for the State of Oregon  
My Commission Expires: JULY 2, 2014



The foregoing Declaration is approved pursuant to ORS 100.110 this 23<sup>rd</sup> day of September, 2013, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

By   
Laurie Skillman

 9/27/13  
County Assessor

 9/27/13  
County Tax Collector

## EXHIBIT A

### Property Description

A PORTION OF THAT TRACT OF LAND DESCRIBED BY DEED RECORDED IN DOCUMENT NO. 2009-118718, MULTNOMAH COUNTY DEED RECORDS, LOCATED IN THE N.W. 1/4 OF SECTION 19, T.1N., R.2E., W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE INITIAL POINT, SAID POINT BEING A 5/8" X 30" IRON ROD WITH A RED PLASTIC CAP MARKED "CENTERLINE CONCEPTS", SET ON THE EAST LINE OF SAID DOCUMENT NO. 2009-118718 TRACT, SAID POINT BEING N00°08'08"E 4.00 FEET FROM A FOUND 5/8" IRON ROD WITH A RED PLASTIC CAP MARKED "CENTERLINE CONCEPTS" MARKING THE SOUTHWEST CORNER OF THE PLAT OF "TOU ACRES" MULTNOMAH COUNTY PLAT RECORDS, SAID INITIAL POINT BEING 29.00 FEET NORTH OF THE CENTERLINE OF N.E. GOING STREET WHEN MEASURED AT RIGHT ANGLES; THENCE ALONG THE NORTH RIGHT-OF-WAY LINE OF SAID N.E. GOING STREET, NORTHERLY OF, PARALLEL WITH, AND 29.00 FEET DISTANT FROM SAID CENTERLINE, S90°00'00"W, 220.00 FEET TO A POINT ON THE WEST LINE OF SAID DOCUMENT NO. 2009-118718 TRACT; THENCE ALONG THE WEST LINE OF SAID DOCUMENT NO. 2009-118718 TRACT, N00°08'08"E, 367.00 FEET TO THE N.W. CORNER OF SAID DOCUMENT NO. 2009-118718 TRACT, BEING A POINT ON THE SOUTH LINE OF THE PLAT OF "BLUEGATE", MULTNOMAH COUNTY PLAT RECORDS; THENCE ALONG THE SOUTH LINE OF SAID "BLUEGATE", N90°00'00"E, 220.00 FEET TO THE NORTHWEST CORNER OF SAID "TOU ACRES"; THENCE ALONG THE WEST LINE OF SAID "TOU ACRES" S00°08'08"W, 367.00 FEET TO THE INITIAL POINT.

SAID TRACT OF LAND CONTAINS 80,740 SQUARE FEET OR 1.85 ACRES

**EXHIBIT B**

Area of Units and Assignment of LCE Storage Lockers

Note: the area of the Units shown in this Exhibit B is based on the boundaries of the Units and the square footage as shown on the plat.

<u>Living Unit</u>	<u>Platted Area (sq. ft.)</u>	<u>Assignment of Limited Common Element Storage Locker</u>
1	748	
2	829	
3	826	
4	820	
5	750	
6	826	
7	820	
8	750	
9	829	S4
10	747	S5
11	826	S1
12	820	S2
13	749	S3
14	973	
15	973	
16	973	
<b>Subtotal</b>	<b>13,259</b>	

<u>Parking Unit</u>	<u>Platted Area (sq. ft.)</u>
P1	169
P2	169
P3	169
P4	169
P5	169
P6	169
P7	158
P8	158
P9	158
P10	158
P11	169
P12	169
P13	169
P14	169

<u>Parking Unit</u>	<u>Platted Area</u> <u>(sq. ft.)</u>
P15	169
P16	169
P17	148
P18	148
P19	147
P20	147
<b>Subtotal</b>	<b>3,250</b>

<u>Craft Space Unit</u>	<u>Platted Area</u> <u>(sq. ft.)</u>
1	239
2	239
<b>Subtotal</b>	<b>478</b>
 <b>Total</b>	 <b>16,987</b>

**EXHIBIT C**

Allocation of Interest in Common Elements and Common Expenses and Common Profits

<u>Living Unit</u>	<u>Living Area in square feet</u>	<u>Allocation of Common Element Interest and Common Profits and Common Expenses Living Unit</u>
1	1,452	5.609%
2	1,535	5.929%
3	1,535	5.929%
4	1,521	5.875%
5	1,452	5.609%
6	1,535	5.929%
7	1,521	5.875%
8	1,452	5.609%
9	1,535	5.929%
10	1,452	5.609%
11	1,535	5.929%
12	1,521	5.876%
13	1,452	5.609%
14	1,871	7.228%
15	1,871	7.228%
16	1,871	7.228%
<b>Subtotal</b>	<b>25,111</b>	<b>97.00%</b>

<u>Parking Unit</u>	<u>Covered/Uncovered</u>	<u>Allocation of Common Element Interest and Common Profits and Common Expenses Parking Unit</u>
P1	Covered	0.094
P2	Covered	0.094
P3	Covered	0.094
P4	Covered	0.094
P5	Covered	0.094
P6	Covered	0.094
P7	Uncovered	0.047
P8	Uncovered	0.047
P9	Uncovered	0.047
P10	Uncovered	0.047

P11	Covered	0.094
P12	Covered	0.094
P13	Covered	0.094
P14	Covered	0.094
P15	Covered	0.094
P16	Covered	0.094
P17	Uncovered	0.047
P18	Uncovered	0.047
P19	Uncovered	0.047
P20	Uncovered	0.047
<b>Subtotal</b>		<b>1.504%</b>

Craft Space  
Unit

1  
2  
**Subtotal**

Allocation of Common  
Element Interest and Common  
Profits and Common Expenses

0.748  
0.748  
**1.496%**

**Total**

**100.000%**

**EXHIBIT D**

Bylaws of Cully Grove Condominium Owners' Association

**BYLAWS  
OF  
CULLY GROVE CONDOMINIUM OWNERS' ASSOCIATION**

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**BYLAWS**  
**OF**  
**CULLY GROVE CONDOMINIUM OWNERS' ASSOCIATION**

1. GENERAL PROVISIONS.

1.1 Identity. Cully Grove Condominium Owners' Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Office of the Oregon Corporation Commissioner on the \_\_\_\_ day of \_\_\_\_\_, 2013 (the "Association"), has been organized for the purpose of administering the operation and management of Cully Grove Condominium (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Cully Grove LLC, an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in Multnomah County, Oregon, as more particularly described in the Declaration of Condominium Ownership for Cully Grove Condominium (the "Declaration"), which is being recorded simultaneously herewith in the records of Multnomah County, Oregon.

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

1.3 Defined Terms. All defined terms used in these Bylaws and not specifically defined herein shall have the meaning given such terms in the Declaration.

1.4 Applicability. All Owners; tenants and occupants of any Unit; and their respective agents, invitees, licensees, and employees that use the Condominium, or any part thereof, are subject to these Bylaws, and all rules and regulations thereunder as promulgated from time to time.

1.5 Office. The office of the Association shall be at 4779 NE Going St., Portland, OR 97218 or at any other place within Portland, Oregon designated by the Association.

2. PARTICIPATION AND DECISION-MAKING

2.1 Consensus. Consensus is the primary method of decision-making at all levels of Association governance, except where otherwise required by the Declaration, these Bylaws or the Act. Using consensus, each member may agree with the matter, disagree with the matter but not block passage, or disagree with the matter and block consensus. If agreed to by consensus at an Association meeting, decision making can be delegated to a committee or an individual. Members of the Association or the Board physically present or present via telephone at a meeting may participate in consensus polling during the course of such meeting. If consensus on a particular issue is not reached at two consecutive meetings, Section 3.8.2 shall govern. The Board of Directors may adopt Rules and Regulations pursuant to Section 8.25 below to further define how consensus decision-making will be conducted. The Board may also arrange for and require Members to participate in orientation trainings on the consensus decision-making process. Where the Declaration, these Bylaws, or the Act call for a vote on a particular issue, the

process of moving from consensus to voting and the method for determining the applicable voting percentage are described in Section 3.8 of these Bylaws.

2.2 Responsibility of Membership. Each member of the Association shall be responsible for participating in the administration and management of the Association and in the maintenance of the Condominium social fabric and Common Elements. Such roles might include service on the Board, landscape maintenance, coordination or performance of work to maintain General Common Elements in good condition, compost management, planning social functions, or other functions as determined by the Board from time to time. Unless otherwise decided by the Board, the amount of time expected by the Owner(s) of a Living Unit with two or more adults will be greater than the time expected of a one adult household. The Board is empowered to create additional policies regarding participation or to provide an option for payment in lieu of participation.

### 3. MEETINGS OF OWNERS.

3.1 Administrative Control. Notwithstanding any other provisions of these Bylaws, until the Turnover Meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 20 of the Declaration.

3.2 Transitional Committee. Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners within 60 days after the conveyance to persons other than the Declarant of 50 percent of all 38 Units. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least 10 but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional committee (the "Transitional Committee"), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory only and shall consist of two or more members selected by Owners other than the Declarant and shall not include more than one representative of the Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records that the Declarant must turn over to the Owners pursuant to Section 3.3.

3.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by the Declarant within 90 days of the expiration of the period of Declarant's administrative control described in Section 20 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least 10 but not more than 50 days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by the Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting, the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control; the Owners shall elect a board of directors as set forth in these Bylaws; and the Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three-month period following the Turnover Meeting, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5)(3) of the Act. If the Declarant has complied with the terms of Section 100.210 of the Act, then, unless the

Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and the Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner for any unsold Unit.

3.4 Annual Meetings. In the twelfth month following the month in which the Turnover Meeting is held, the first annual meeting of Owners shall be held. Thereafter, annual meetings shall be held in the same month as the initial annual meeting or in the month following, at such hour and on such date as the Chairperson of the Board of Directors (the "Chairperson") may designate or, if the Chairperson fails to designate such date by the last day of the first month in which the meeting may be held, the meeting shall be held on the second Wednesday of the second month in which the meeting may be held, unless such date shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day. At such meetings, the Owners shall elect Directors to fill vacancies or to succeed retiring Directors as provided in Article 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

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

3.6 Special Meetings. At any annual meeting, the Association may decide to hold regular meetings of the Association more frequently than on an annual basis. It shall be the duty of the Chairperson or Secretary of the Association ("Secretary") to call a special meeting of the Association if so directed by a majority of the Board or upon a petition signed and presented to the Secretary by the Owners of not less than 15 percent of the Living Units stating the purpose of the meeting, including the regular meetings on the schedule elected by the Association members at an annual meeting. In addition, the Chairperson may elect to call a special meeting without being directed to do so by the Board or Owners. The notice of any special meeting shall state the purpose, time, and place of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

3.7 Notice. The Chairperson or Secretary shall give written notice of each meeting of the Association, at least 10 days but not more than 50 days prior to the date set for such meeting, stating the purpose, time, and place of the meeting and the items on the agenda (including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or proposal to remove a director or officer of the Association), to each Owner of record (and to any first Mortgagee of record requesting such notice), at the address or email address of such Owner as listed on the books of the Association, or at such other address or email address as such Owner shall have designated by notice in writing to the Chairperson or Secretary at least 10 days prior to the giving of such notice by the Chairperson or Secretary. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail, email or personal delivery, shall be given by the affidavit of the person giving the notice. For a period of 10 years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Owners, and Declarant or a representative of Declarant shall be entitled to attend such meetings. Notice of a meeting may be waived by any Owner before or after a meeting. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

### 3.8 Voting.

3.8.1 The total number of votes of all Owners shall be 16, which is equal to the total number of Living Units in the Condominium, and each Owner shall be entitled, subject to the provisions of Section 20 of the Declaration (which grants Declarant two times the votes for each Living Unit owned by it prior to the expiration of Declarant's administrative control described in Section 20 of the Declaration) and to Section 3.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of votes allocated to the Living Units owned by such Owner. The Declarant shall be entitled to vote as the Owner of any Living Units retained by the Declarant.

3.8.2 If consensus decision-making applies and consensus cannot be reached on an issue after two meetings at which an issue has been discussed and at which formal consensus was attempted on that issue, a third meeting may be called and voting may be used. A decision to hold a third meeting and to shift from consensus to voting shall require an affirmative vote of 50 percent of the voting power present at the second meeting. A decision on such issue at the third meeting shall require an affirmative vote of 67 percent of the voting power present for the vote, or such other percentage required by the Act, these Bylaws or the Declaration. Living Units owned by the Association do not vote and do not count in determining a quorum.

3.8.3 If an Owner is in default under a first Mortgage on its Living Unit for 60 consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Living Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this Section shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

3.8.4 If an Owner is in default for payment of assessments or other charges under these Bylaws, the Declaration or the Rules and Regulations for 60 consecutive days or more, the Owner's voting rights shall be suspended until such delinquencies are paid in full, including any interest, penalties or late charges due for such delinquency.

3.9 Absentee Ballots, Proxies and Other Methods of Voting. A vote may be cast in person, by absentee ballot in compliance with ORS 100.422 (3), by written ballot in lieu of a meeting in accordance with ORS 100.425, by proxy, or by any other method specified by the Declaration, these Bylaws or the Act, including electronic ballot. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed and dated by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. A proxy shall terminate one year after its date (or earlier, if specified in the proxy), and every proxy shall automatically cease upon sale of a Living Unit by its Owner. Proxies must meet the requirements of ORS 100.427 (2) to be valid. An Owner may revoke such Owner's proxy only as provided in ORS 100.427. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee shall give

written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

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

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

3.12 Binding Vote. The vote of more than 67 percent of the voting power present (whether in person or by proxy) at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

3.13 Order of Business. Unless otherwise agreed by the Board, the order of business at an annual meeting of the Association shall be:

- 3.13.1 Calling of the roll and certifying of proxies;
- 3.13.2 Proof of notice of meeting or waiver of notice;
- 3.13.3 Reading of minutes of preceding meeting;
- 3.13.4 Reports of officers;
- 3.13.5 Reports of committees, if any;
- 3.13.6 Election of directors;
- 3.13.7 Unfinished business;

3.13.8 New business; and

3.13.9 Adjournment.

3.14 Rules of Order. Unless other rules of order are adopted by resolution of the Association, all meetings of the Association shall be conducted according to the latest edition of *Building United Judgment: A Handbook for Consensus Decision Making* (1981) Michel Avery, *et al.* as reprinted by the Fellowship for Intentional Community.

4. BOARD OF DIRECTORS.

4.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of from one to three persons prior to the Turnover Meeting and five or seven persons after the Turnover Meeting. Until the Turnover Meeting (as provided for in Section 3.3 of these Bylaws) shall have been held, the Board of Directors shall consist of the Director or Directors named in the Articles of Incorporation of the Association, subject to the appointment and removal powers of the Declarant described in Section 20 of the Declaration. At the Turnover Meeting, five or seven Directors (depending on how many people are nominated for Director at such meeting) shall be elected by the Owners to serve until the first annual meeting of the Association. The majority of the Directors elected at the first annual meeting of the Association shall serve for terms of two years and the remainder of the initial Directors shall serve for terms of one year. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, his or her successor shall be elected as provided in this Section 4.1 to serve for a term of two years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board of Directors after he or she ceases to be an Owner. For purposes of this Section 4.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company that owns a Living Unit shall be considered co-owners of any such Living Unit.

4.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts that by or under law, the Declaration or these Bylaws may not be performed by the Board of Directors or delegated to the Board of Directors by the Owners. The Board of Directors shall be governed by ORS 100.417 and applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

4.2.1 Operation, care, inspection, upkeep, repair, replacement and maintenance of the Common Elements, Association Property and any other property for which the Association is responsible for maintenance, repair or replacement, including, without limitation, pursuant to the O & M Plan.

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

4.2.3 Annually conducting a reserve study, or review and update any existing study, of the Common Elements to determine the reserve fund requirements, in accordance with ORS 100.175(4). The Board of Directors shall, within 30 days after conducting the reserve study, provide to every Owner and the Declarant a written summary of the reserve study and of any revisions to the Maintenance Plan (defined in Section 4.2.21 below) adopted by the Board of Directors as a result of the reserve study.

4.2.4 Collection of the common expenses from the Owners.

4.2.5 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the maintenance, inspection, upkeep and repair of the Common Elements, Association Property and any other property for which the Association is responsible for maintenance, repair or replacement; engagement of or contracting for the services of others; and making purchases for the inspection, maintenance, repair, replacement, administration, management and operation of the Condominium in accordance with Section 9 of these Bylaws; provided, however, that any management agreement, service contract, or employee contract entered into before the Turnover Meeting shall not be in excess of three years, and shall be terminable by the Association without penalty upon not less than 30 days written notice to the other party given within 60 days after the Turnover Meeting. If a Mortgagee had previously required professional management, the Board of Directors may not terminate professional management and assume self-management unless the decision to do so is approved by at least 67 percent of the total voting power of the Association, and approved by Mortgagees holding Mortgages on Units which have at least 51 percent of the voting rights of the Units subject to Mortgage Mortgages.

4.2.6 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 8.25 hereof.

4.2.7 Maintaining bank accounts on behalf of the Association and designating the signatories required therefor, subject to the requirements of ORS 100.480.

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

4.2.9 Bidding for and purchasing Units at foreclosure sales (judicial or non-judicial) or other judicial or execution sales, in the name of the Association or its designee, corporate or otherwise, on behalf of all Owners upon the consent or approval of the Owners.

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

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

4.2.12 Obtaining and reviewing bonds and insurance, including officers' and directors' liability insurance, for the Association and the Condominium, including the Units,

pursuant to the provisions of these Bylaws and in the case of such insurance, reviewing it at least annually.

4.2.13 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof or to work that is urgently needed for life, safety or structural integrity reasons.

4.2.14 Making additions and improvements to, or alterations of, the Common Elements; provided, however, that no such project of a non-structural or non-capital nature may be undertaken by the Board of Directors if the total cost will exceed the amount of Five Thousand Dollars (\$5,000), unless approved by the Owners. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 4.2.1.

4.2.15 After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations.

4.2.16 Borrowing money on behalf of the Association with the consent of the Owners, provided, however, that no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Owner of such Unit.

4.2.17 Adjusting and settling claims under insurance policies and executing and delivering releases on settlement of such claims on behalf of all Owners, all holders of Mortgages or other liens on the Units, and all Owners of any other interest in the Condominium.

4.2.18 Filing all appropriate income tax returns.

4.2.19 Filing of the Annual Report described in Section 100.260 of the Act with the Real Estate Agency pursuant to Section 100.250 of the Act.

4.2.20 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce violations.

4.2.21 Establish, periodically update, and implement a 30-year maintenance plan ("Maintenance Plan") that identifies those components of the Common Elements, Association Property and any other property for which the Association is responsible for maintenance, repair or replacement requiring periodic maintenance, including information regarding warranties, the useful life of the Common Elements and a maintenance manual defining how and when such maintenance should be performed and setting forth the estimated cost of such maintenance, repair or replacement. The Maintenance Plan shall be appropriate for the size and complexity of the Common Elements and shall address the requirements of the O & M Plan. For a period of 10 years following recording of the Declaration, Declarant shall be notified by the Board prior to the inspections, shall have a right for Declarant or its employees or contractors to be present during the inspections and have a right to receive a copy of the

inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

4.2.22 Adopt mechanisms for conflict resolution among the Board, the Association, tenants and Owners.

4.2.23 On at least a biannual basis, monitor the water, energy and trash usage of the Condominium and report the results to the Owners to provide feedback useful in reducing the consumption of those resources.

4.2.24 Adopting Rules and Regulations for the use of the Common House (including its guest rooms common kitchen and storage rooms) and other common facilities, including the adoption of policies, rental rates, fees and terms for rentals and charging and collecting such rental fees.

4.2.25 Limitation. The powers of the Board of Directors enumerated in these Bylaws shall be limited in that the Board of Directors shall have no authority to (i) make any single expenditure exceeding 10 percent of the estimated total budget of the Association for such calendar year, or (ii) enter into agreements having a term in excess of two years, except agreements specifically authorized in these Bylaws, without, in each case, the prior approval of the Owners.

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

4.4 Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the Chairperson and must be called by the Secretary at the written request of at least two Directors. Notice of regular meetings and any special meeting shall be given to each Director, personally or by mail, telephone or email at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. For a period of 10 years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Directors. All meetings of the Board of Directors shall be open to the Owners except that the following matters and any other matters permitted by the Act may be considered in executive session: (a) consulting with legal counsel regarding the rights and duties of the Association in connection with existing or potential litigation, or criminal matters; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiation of contracts with third parties; and (d) collection of unpaid assessments pursuant to the Act. Executive sessions shall be convened and conducted as provided in Section 100.420 of the Act. Except in the event of an emergency, the Board of Directors shall vote in an open meeting on whether to meet in executive session. If the Board of Directors votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open

meeting and included in the minutes. Such meetings may be conducted by telephonic communication or by other means authorized under ORS 100.420(2), except that if a majority of the Units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication or in a manner permitted by the Act. The meeting and notice requirements in ORS 100.420(1) may not be circumvented by chance or social meetings or by any other means, including, without limitation, e-mail communication. For purposes of this Section, "meeting" shall have the definition provided in Section 100.420(5) of the Act.

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

4.6 Quorum. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and, if the Board is using voting after consensus was not reached, the votes of 67 percent of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the act of the Board of Directors, unless a different percentage is required by the Act or the Oregon Nonprofit Corporations Act. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

4.7 Removal. At any regular or special meeting of the Owners, any one or more of the members of the Board of Directors elected by the Owners may be removed with or without cause, but only by approval of at least 67 percent of the Owners notwithstanding the quorum provisions of Section 3.11, and a successor may then and there or thereafter be elected to fill the vacancy thus created in the manner set forth in Section 4.1. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

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

4.9 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a member pursuant to Section 4.8 shall, in the case of a vacancy relating to a Director elected by the Owners, be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected or appointed shall be a member of the

Board of Directors for the remainder of the term of the member whose position was vacated or until a successor shall be elected at a special meeting or at the next annual meeting of the Owners.

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

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

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

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

4.14 Voting. Decision making by the Board of Directors shall be by consensus with fall back to voting as described in Sections 2.1 and 3.8.2 of these Bylaws. A Director who is present at a meeting of the Board of Directors at which action is taken on any Association matter is presumed to have assented to the action unless the Director states a position of blocking consensus or votes against the action or abstains from consensus or voting on the action because the Director claims a conflict of interest. When action is taken on any matter at a meeting of the Board of Directors, the standing aside or block of consensus or the vote or abstention of each Director must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings of the Board of Directors. If requested in writing by 33 percent of the Owners, a specific action by the Board shall be referred to the Association at large for consensus or a vote.

4.15 Rules of Order. Unless other rules of order are adopted by resolution of the Association, all meetings of the Board shall be conducted according to the latest edition of

*Building United Judgment: A Handbook for Consensus Decision Making* (1981) Michel Avery, et al. as reprinted by the Fellowship for Intentional Community.

## 5. OFFICERS.

5.1 Designation. The principal officers of the Association shall be the Chairperson, the Secretary and a treasurer (the "Treasurer"), all of whom shall be elected by the Board of Directors. The Board of Directors may appoint a vice Chairperson (the "Vice Chairperson"), an assistant treasurer (an "Assistant Treasurer"), an assistant secretary (an "Assistant Secretary") and such other officers as in its judgment may be desirable. None of the officers need be Owners until the Board of Directors is elected by the Owners at the Turnover Meeting. Thereafter, all officers shall be Owners (or officers, directors, shareholders, partners, employees or beneficiaries, or members of the respective families, of Units owned by corporations, partnerships, fiduciaries or Mortgagees).

5.2 Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected and qualified. If any office shall become vacant, the Board of Directors or the Association shall elect a successor to fill the unexpired term at any regular or special meeting of the Board of Directors, or at any regular or special meeting of the Association called for such purpose. In the event the Board and Association disagree as to whom is elected to the officer positions, the Association's choice shall prevail.

5.3 Removal. Upon the affirmative vote of 67 percent of the Board of Directors (unless a different percentage is required by the Act or the Oregon Nonprofit Corporations Act), any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

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

5.5 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform his or her duties whenever the Chairperson shall be absent or unable to act. If neither the Chairperson nor the Vice Chairperson is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the Chairperson on an interim basis. The Vice Chairperson shall also perform such other duties as shall from time to time be prescribed by the Board of Directors or by the Chairperson.

5.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. He or she shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. He or she shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice

Chairperson, taking the place of the Vice Chairperson and performing his or her duties whenever the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

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

5.8 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors. All checks in excess of Three Thousand Dollars (\$3,000) shall be signed by the Treasurer, or in his or her absence or disability, by the Chairperson or any duly elected Assistant Treasurer. Notwithstanding the foregoing, all checks in excess of Three Thousand Dollars (\$3,000) shall require the signatures of at least two authorized signatories.

5.9 Compensation of Officers. No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners.

## 6. BUDGET, EXPENSES AND ASSESSMENTS.

6.1 Budget. The Board of Directors shall from time to time, at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each Owner in the manner set forth in the Declaration. The budget shall provide for an adequate reserve fund for major maintenance, repairs and replacement of those Common Elements, Association Property and any other property for which the Association is responsible that must be maintained, repaired or replaced on a periodic basis by the Association in accordance with Section 6.2 of these Bylaws. The Board of Directors shall advise each Owner in writing of the amount of common expenses payable by him or her, and furnish a summary of each budget and amended budget on which such common expenses are based to all Owners and, if requested, to their Mortgagees, within 30 days after adoption of the budget. Failure to deliver a summary of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 20 of the Declaration shall be based on Declarant's reserve study, but such projection may vary substantially from the actual requirements of the Association for such period. The reserve study assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to this Declaration, the Bylaws and the Act. If the Board fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements

included in the reserve study. After the Turnover Meeting, the Board of Directors shall be responsible, in its sole discretion, for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 4.2.21.

6.2 Reserve Fund for Replacing Common Elements. Declarant shall conduct a reserve study as required by the Act and shall establish in the name of the Association a reserve fund for the major maintenance, repair and replacement of Common Elements, Association Property and any other property for which the Association is responsible that will normally require replacement in more than one and fewer than 30 years and exterior painting of Common Elements, as applicable. The reserve study shall not include the LCE Solar Equipment, which shall be maintained by the Owner of the Unit for whom such LCE Solar Equipment item is reserved. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements, Association Property and any other property for which the Association is responsible that will normally require replacement in more than one and fewer than 30 years, and exterior painting of Common Elements, as applicable, such that the reserve fund is reasonably expected to provide sufficient funds for replacement of such Common Elements. Declarant in establishing the reserve fund shall obtain and rely on a reserve study in determining the amount of reserve assessments, but such projection may vary substantially from the actual requirements of the Association. Declarant may elect to defer payment of the assessments for the reserve fund with respect to a Unit until the time of conveyance of the Unit; provided that Declarant may not defer payment of such reserve assessments beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association.

The Board of Directors shall administer the reserve fund and shall adjust at regular intervals, but no less than annually, the amount of the periodic payments into it to reflect changes in current replacement costs over time. The Board of Directors shall annually conduct a reserve study or review and update an existing reserve study of the Common Elements, Association Property and any other property for which the Association is responsible to determine reserve account requirements. The reserve study shall include all information required by the Act. Following the second year after the Turnover Meeting, the Association may by an affirmative vote of at least 75 percent of the Owners elect to reduce or increase future assessments for the reserve funds. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve fund shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for replacement of the Common Elements, Association Property and any other property for which the Association is responsible that will normally require replacement in more than one and fewer than 30 years, and for the painting of exterior painted surfaces of Common Elements, as applicable, and is to be kept separate from the operating and special assessments. After the Turnover Meeting, however, the Board of Directors may borrow amounts from the reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other unexpected increases in expenses that will later be paid from special or regular assessments, if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a repayment plan providing for repayment of the borrowed funds within a reasonable period. Repayment of such amounts borrowed from the reserve fund shall include any interest that

would otherwise have been earned on such amounts. Assessments under this Section 6.2 shall be allocated as described in Section 7.2 of the Declaration and shall commence as described in Section 7.3 of the Declaration.

6.3 Determination of Common Expenses. Common expenses shall include:

6.3.1 Expenses of administration.

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

6.3.3 A general operating reserve, sufficient to pay the amount of the deductible on any insurance policy held by the Association under Section 10.1.1.

6.3.4 Reserve for replacements, major maintenance and repair and deferred maintenance and the cost of the reserve study, or its review and update.

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

6.3.6 The costs of establishing, updating and implementing the Maintenance Plan.

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

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

6.3.9 Professional management services, landscaping, snow removal, waste removal (subject to the provisions of the Declaration relating thereto), painting, cleaning, outside window washing and inspection, maintenance, decorating, repair and replacement of the Parking Units and Common Elements for which the Association is responsible and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper, which the Board of Directors shall have the exclusive right and duty to acquire for the Common Elements.

6.3.10 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments that the Board of Directors is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or that in its opinion shall be necessary or proper for the inspection, maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and that the Board of Directors determines should be assessed to the Owners under Section 6.4.

6.3.11 Paving, resurfacing, or restriping of parking areas, including, without limitation, the Parking Units.

6.3.12 The discharge of any mechanic's lien or other encumbrance levied against the entire Condominium or against the Common Elements or Association Property, rather than merely against the interests therein of particular Owners. Where one or more Owners

are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board of Directors by reason of such lien or liens shall be specifically assessed to the responsible Owners.

6.3.13 Inspection, maintenance and repair of any Unit or Common Element if the Board of Directors determines that such inspection, maintenance or repair is necessary to protect the Common Elements or any other portion of the Property, and the Owner of such Unit (or the Owner responsible for maintenance of such Common Element, as applicable) has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board of Directors to such Owner, provided that the Board of Directors shall levy a special assessment against such Owner for the cost of such maintenance or repair.

6.3.14 Expenses for shared food, social activities, trainings and conflict resolution services that have been approved by the Board or the Association.

6.3.15 Any other items properly chargeable as an expense of the Association, including, without limitation, those items described in the exhibits to the Declaration.

6.4 Assessment of Common Expenses. All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 6.2 of these Bylaws; provided, however, that such reserve assessments may be collected on a monthly, quarterly, or biannual basis, and at least annually, and may be assessed prospectively or in arrears. Assessments shall be allocated in accordance with Section 7.2 of the Declaration. Assessments may not be waived due to limited use or nonuse of Common Elements. Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 7.2 of the Declaration. At the time of closing of the initial and each subsequent sale of each Unit, the purchaser shall make the contribution described in Section 6.5.3 to the working capital fund. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due that remains unpaid by him or her for more than 30 days from the due date for its payment (except as provided above for the Declarant).

#### 6.5 Special Assessments.

6.5.1 Capital Improvements. In the case of any duly authorized capital improvement to the Common Elements, the Board of Directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the Owners, and the proceeds of which shall be used only for the special capital improvements described in the resolution.

6.5.2 Other Reserve Trust Funds. The Board of Directors may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 6.2 of these Bylaws. Extraordinary expenditures not originally included in the annual estimate that may become necessary during the year may also be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board of Directors may at any time levy a further assessment, which

shall be assessed to the Owners as provided in Section 7.2 of the Declaration. The Board of Directors shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses that is due more than 30 days after the delivery or mailing of such notice of further assessment.

6.5.3 Working Capital Fund. Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in Section 6.4. At the time of closing of each sale of each Unit, the purchaser of such Unit shall make an initial contribution to the working capital fund equal to two months of Association assessments for such Unit. At or prior to the Turnover Meeting, Declarant shall transfer the amount of the working capital fund to the Association for deposit in a segregated fund and administration in accordance with Section 6.5.2. During the period of administrative control described in Section 20 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

6.6 Violation by Owners; Remedies. The violation of any Rule or Regulation or other determination duly adopted by the Board of Directors, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Association the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Association, or its agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Association must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach, and (iii) after giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations, in addition to exercising any other rights or remedies provided for in the foregoing documents, based on a resolution of the Board of Directors that is delivered to each Living Unit, mailed to the mailing addresses designated in writing by the Owners, or mailed to the mailing address for each Living Unit. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 12.1. All expenses of the Association in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 7.5 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his or her respective share of the common expenses. The Association has a lien for all of the same upon the Units of such defaulting Owner and upon all of his or her additions and improvements thereto and upon all of his or her personal property located in such Units or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations that are deemed by the Board of

Directors to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner's Unit or Units with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit or Units.

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

6.8 No Waiver. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition that may be granted by any of the provisions of the Declaration, these Bylaws or any Rules or Regulations shall not constitute a waiver of the right of the Association or an Owner to enforce such right, provision, covenant or condition in the future.

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

## 7. RECORDS AND AUDITS.

7.1 General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units, to the extent it has received such information from the Owners. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Declaration, these Bylaws, the Rules and Regulations, the recorded plat(s) and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 7.5 hereof; (iii) the current operating budget of the Association and reserve study; and (iv) all documents,

information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for inspection within the State of Oregon and upon written request, available for duplication by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours. The Board of Directors shall retain the documents required by 100.480(1) for the time period required by such statute. Records kept by or on behalf of the Association may be withheld from examination as permitted by the Act.

7.2 Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

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

7.4 Payment of Vouchers. The Treasurer shall pay all vouchers up to Three Thousand Dollars (\$3,000) signed by the Chairperson, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of Three Thousand Dollars (\$3,000) shall require the signature of the Chairperson and one other officer of the Association.

7.5 Reports and Audits. An annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board of Directors to all Owners, and to all Mortgagees of Units who have requested the same, within 90 days after the end of each fiscal year. If required by ORS 100.480, the Board shall have the financial statement reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the requirements of ORS 100.480(4) within 180 days after the end of the fiscal year. Pursuant to ORS 100.480(6), the Association may elect on an annual basis not to comply with ORS 100.480(4) by an affirmative vote of at least 60 percent of the Owners, not including the votes of the Declarant with respect to Living Units owned by the Declarant. Upon written request, any holder, insurer or guarantor of a first Mortgage shall be entitled to a copy of the financial statement for the immediately preceding fiscal year at the expense of the Association and shall be made available within 120 days after the end of such fiscal year.

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

7.7 Statement of Assessments. Within 10 business days after receipt of a written request from an Owner or Owner's agent for the benefit of a prospective purchaser of such Owner's Unit(s), the Association shall provide a written statement detailing the amount of assessments due from the Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, late payment charges; the percentage rate at which interest accrues on assessments not paid when due; and the

percentage rate used to calculate the late payment charges or the amount of a fixed charge for late payment. The Association is not required to comply with the foregoing request if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

## 8. OCCUPATION AND USE.

8.1 Rental. The Leasing or Renting of a Living Unit by its Owner shall be governed by the provisions of this Section 8.1. "Leasing or Renting" a Living Unit means the granting of a right to use or occupy a Living Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), whether in exchange for the payment of rent (that is, money, property or other goods or services of value) or not; but shall not mean and include joint ownership of a Living Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. With the exception of a lender in possession of a Living Unit following a default in a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his or her Unit for hotel or transient purposes, which shall be defined as Renting for any period less than 30 days. Nothing in this Section 8.1 is intended to prevent an Owner from collecting rent or sharing expenses with a housemate so long as the Living Unit is also the primary residence of the Owner.

8.1.1 No Partial Leases. Except as allowed under Section 8.1 above, no Owner of a Living Unit may Lease less than the entire Unit.

8.1.2 Written Leases. All Leasing, Rental or other occupancy agreements shall be in writing and be subject to the Declaration, these Bylaws and with the Rules and Regulations, if any (with a default by the tenant or occupant in complying with this Declaration, Bylaws or Rules and Regulations constituting a default under the Lease, Rental or occupancy agreements). Owners shall provide a copy of the Declaration, Bylaws and Rules and Regulations to their tenants at the time of entering into the Lease, Rental or other occupancy agreement and shall obtain a written acknowledgement from tenants acknowledging receipt of the documents.

8.1.3 Payments by Tenant or Lessee to Association. If a Unit is Rented, the Board may collect, and the tenant, lessee or occupant shall pay over to the Board, any amounts due to the Association hereunder for such Unit from the tenant, lessee or occupant, plus interest and costs if the same are in default over 30 days. The renter, lessee or occupant shall not have the right to question payment over to the Board. Such payment will discharge the lessee's, renter's or occupant's duty of payment to the Owner for rent, to the extent such payment is made to the Association, but will not discharge the liability of the Owner and the Unit under this Declaration for assessments and charges, or operate as an approval of the lease or occupancy agreement. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner, nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

8.1.4 Identification of Tenants. Each Owner electing to rent or grant occupancy of his or her Living Unit shall, within 10 days after the rental or occupancy of such Living Unit, submit to the Board in writing the identity of and contact information for such tenant or occupant.

8.1.5 Limitation on Number of Living Units. At no time shall more than 25 percent of Living Units be rented or occupied by non-Owner occupants, provided that Living

Units rented by an Owner who owns and occupies another Living Unit in the Condominium shall not be included in determining whether the 25 percent rental limitation has been reached. In order to insure that the foregoing limitation is not exceeded, Owners who intend to rent or grant occupancy rights to their Living Units shall provide 30 days written notice to the Board of their intentions. Each such Owner may proceed to rent or grant occupancy to non-Owner occupants for his or her Living Unit unless such Owner is provided written notice of the Board's refusal to allow such rental or non-Owner occupancy because such rental or non-Owner occupancy would exceed the limitation of the foregoing sentence. In the event of such Board refusal, the requesting Owner shall not rent or grant non-Occupancy to any person until the Board notifies him or her that such rental or occupancy would not violate the limitation on non-Owner occupied Living Units. The Board shall maintain a list of Owners who requested and were denied the ability to rent or grant non-Owner occupancy of their Living Units, on a first-come, first-served basis and shall promptly notify each Owner on such list as it becomes permissible to rent or grant non-Owner occupancy of such Owner's Living Unit. By consensus or a vote of 75 percent of the Board, the Board may in its sole discretion, on a time limited, case-by case basis, remove the 25 percent rental limitation.

8.1.6 Violations by Tenant. If any tenant of a Unit violates or permits the violation by his or her guests and invitees of any provisions of the Declaration, Bylaws or of the Rules and Regulations of the Association, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the tenant of the Unit and the Owner thereof to forthwith cease such violations; and if the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to fine or evict the tenant if the Owner fails to do so after notice from the Board and an opportunity to be heard. The Owner and tenant shall be jointly and severally liable for any such violations of the Declaration, Bylaws or Rules and Regulations. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorney's fees, which may be collected and foreclosed under the terms of the Declaration.

8.1.7 Assistance by Tenants in Administration of the Condominium. If the tenant and Owner of the Living Unit occupied by such tenant agree that the tenant will assist with the administration or maintenance of the Condominium on behalf of that Living Unit, as described in Section 2.2, the Owner shall notify the Board in writing of such agreement. However, in the event the tenant does not participate in such manner, the Owner will be solely responsible for participate in lieu or make a payment in lieu to the Association, as determined by the Board of Directors.

8.1.8 Parking Units and Craft Space Units. Owners shall indicate on the lease or rental agreement for a Living Unit whether Parking Units and/or Craft Space Units are included with the lease or rental. Owners may also lease Parking Units and/or Craft Space Units to other Owners in the Association so long as such leases are in writing and copies are provided to the Board of Directors. Owners may not lease Parking Units or Craft Space Units to any party who is not an Owner or tenant of a Living Unit. In no instance shall the lease of a Parking Unit or Craft Space Unit release the Owner of such Unit from the responsibility of meeting maintenance requirements pursuant to Section 2.2 and paying assessments related to the Parking Unit or Craft Space Unit.

8.1.9 No Other Restrictions. Other than as stated in this Section 8.1, there is no restriction on the right of any Owner to Lease or otherwise Rent his or her Unit.

8.1.10 Declarant's Activities. The restrictions contained in this Section 8.1 shall not apply to the Leasing or Renting of Units owned by the Declarant or owned by the Association.

8.2 Residential Use. Except as expressly permitted in these Bylaws or the Declaration, or as otherwise permitted by Board approval (with such conditions as the Board may establish) or such limited commercial uses as are permitted to be conducted in a residence by the City of Portland and applicable law, each Living Unit shall be occupied and used only as a private residence and for no other purpose. Without the prior consent of the Board of Directors, no more persons may live in a Living Unit on a permanent basis than is permitted by applicable law. Nothing contained in the Declaration or Bylaws shall preclude an Owner from having a "home office" from which the Owner conducts some of his or her business affairs, so long as (a) the Unit is not generally open to the public; (b) its use is limited to occasional visits by appointment-only customers, clients, or trade vendors; (c) and the Owner complies with all applicable laws in conducting such uses, including the City of Portland Zoning Code governing "accessory home occupations." Nothing contained in this Section 8.2 shall prevent the Declarant or Declarant's successors and assigns from completing the Units and the buildings they are in, maintaining Units as models for display purposes, and otherwise maintaining construction or sales offices displays and signs.

8.3 Use of Craft Space Units. The Craft Space Units may be used only as a craft space or "home office," subject to the requirements of the City of Portland Zoning Code governing "accessory home occupations," and also provided: (a) there are no signs larger than 4" x 16" visible from outside of the Craft Space Unit, and (b) the craft space use does not cause any infiltration of noise, radiation, vibration, fumes, odor or the like into other Units to any degree that would unreasonably interfere with other Unit Owners' use and enjoyment of their Units and/or Common Elements.

8.4 Insurance Risk. No Unit or Common Elements shall be occupied or used by anyone in such a manner as to result in an increase in the cost of casualty or liability insurance on the Condominium or the risk of cancellation, or threat of cancellation, of any policy of insurance on the Condominium or any Unit or any part of the Common Elements.

8.5 Compliance. Each Owner shall comply and shall require all residents, invitees, employees and visitors to his or her Unit to comply with the Act, the Declaration, these Bylaws and the Rules and Regulations adopted pursuant thereto.

8.6 Alterations. Except as otherwise permitted by these Bylaws or the Declaration, no Owner (except for Declarant) shall make or allow any structural or other alterations in or to any of his or her Units, or make or allow any alteration or addition to the Common Elements, including, without limitation, the installation of a fence not included in the design guidelines adopted by the Board of Directors or a structure in a Limited Common Element yard, without the prior consent in writing of the Board of Directors, which shall not be unreasonably withheld. The foregoing restriction shall not apply to landscaping within a Limited Common Element yard by the Owner to whom such yard is reserved. The Board of Directors may adopt design guidelines with acceptable paint colors and materials for Unit exteriors and acceptable fencing styles and materials from which Owners may choose for installation in or

around the Limited Common Element yard reserved for such Owner's Living Unit. An Owner utilizing the colors, materials and fencing included in the Board's design guidelines shall not be required to obtain Board approval prior to commencing such work. Owners are advised that sewer drain lines are typically above basement floor elevations; hence, any future basement plumbing fixtures would require active pump/drain systems and associated permitting requirements.

The Board of Directors shall consider the granting of consent to any alteration proposed under this Section 8.6 only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board of Directors shall deem appropriate. The Board shall provide a copy of such submission materials to the Declarant upon receipt. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board of Directors, for such professional review. During the course of construction and after completion of same, the Board of Directors shall cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board of Directors, upon demand. The Board shall provide reasonable advance notice to Declarant of its inspection to Declarant and Declarant or its contractors or agents may, but shall not be obligated to, inspect the work concurrently with the Board's professional advisors.

Prior to commencement of construction, the Owner shall provide the Board of Directors with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board of Directors so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board of Directors, each in the amount of at least 125 percent of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

8.7 Occupants of Corporate Unit. Whenever a Unit is owned in whole or in part by a partnership, corporation, trust, or other entity, such an entity shall designate at the closing of the acquisition of its ownership interest one particular person or family that shall be entitled to be the primary occupant of the Unit. Only such designated person or family and non-paying guests may occupy such Unit. A different person or family may be so designated as the named user of a Unit by written notice to the Association; provided, however, that no more than two such changes may be made in any calendar year.

8.8 Non-Interference. Each Unit shall be used only for such purpose and to such extent as will not overload or interfere with any Common Elements or the enjoyment thereof by the other Owners.

8.9 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board of Directors or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Unit occupants and their guests shall exercise care not to make noises that may disturb other occupants or guests, including the use of musical instruments, radios, televisions and amplifiers. Speakers for audio equipment may not be mounted on or against walls or on floors of a Unit

without an adequate sound barrier to prevent vibration and transmission of bass sounds outside the Unit. The Board may establish reasonable quiet hours at the Condominium, pursuant to Section 8.25. Road noise, noise from the Portland International Airport and trains in the vicinity of the Condominium, noise from mechanical systems of the Condominium, air compressors and other incidental noises from multi-family buildings, including, without limitation, from residents' use of the Common Elements in accordance with these Bylaws and the Rules and Regulations, shall not be considered nuisances. In addition, smells from barbeques in the Common Elements shall not be considered nuisances. Owners shall not discard or throw, or allow to be discarded or thrown, intentionally or otherwise, any items from the windows or entry areas, including, without limitation, cigarettes or ashes. Owners shall not allow the storage or use of hazardous substances in their Units other than normal cleaning materials and paint stored and used in accordance with applicable law. Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents or employees, or vendors.

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

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

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

8.10.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 7.6 of the Declaration.

8.11 Contested Legal Requirements. An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 8.10, provided that noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or

otherwise by reason of such contest. The Board of Directors may also contest any Legal Requirement without being subject to the conditions described in Section 8.10 as to the contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 8.11 as to deferral of compliance by an Owner, and the costs and expenses of any contest by the Board of Directors shall be a common expense.

8.12 Improper Discharge. No Owner or occupant shall discharge, or permit to be discharged, anything into water lines, vents or flues of the Condominium that may violate applicable laws or regulations or might reasonably be anticipated to cause damage thereto or reduce the life expectancy thereof (excepting normal wear and tear), spread odors or otherwise be harmful or offensive.

8.13 Limitation on Storage Areas. The Board of Directors shall determine what may and may not be stored in the interior and exterior General Common Elements of the Condominium, including furnishings for the Common House. No hazardous or flammable materials will be stored in storage areas, including, without limitation, the Limited Common Element storage lockers, bike rooms, and yard/tool sheds, unless such items are stored in a manner consistent with insurance requirements and all applicable laws.

8.14 Vehicle Parking Restrictions. Parking spaces are restricted to use for parking of operative motor vehicles, although owners of covered Parking Units may install shelving at the closed end of the Parking Unit so long as sufficient space remains available within the Parking Unit to park a car; provided that an Owner shall obtain written consent of the Board of Directors prior to physically attaching such shelving to the carport building. Parking of boats, trailers, truck campers, or recreational vehicles in excess of a length to be established by the Board and the parking of equipment and vehicles in excess of a gross vehicle weight to be established by the Board shall not be allowed on any part of the Property. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked upon any adjoining public street for a period in excess of 48 hours. A vehicle shall be deemed to be in an "extreme state of disrepair" when the Board reasonably determines that its presence offends occupants of the neighborhood. The Board shall require removal of any inoperative vehicle, or any other equipment or item improperly stored in parking areas. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof.

#### 8.15 Animals

8.15.1 Any inconvenience, damage or unpleasantness caused by pets or other animals in Units or yards shall be the responsibility of the respective Owners thereof.

8.15.2 No animals shall be raised, kept or permitted within the Units, except domestic dogs, cats, or other household pets.

8.15.3 No dogs shall be permitted to run at large.

8.15.4 The Board may adopt restrictions on cats being outdoors.

8.15.5 No such dogs, cats or household pets shall be kept, bred or raised for commercial purposes.

8.15.6 Owners are permitted to keep up to three household pets (other than fish), such as dogs or cats, within a Living Unit provided that no more than one dog is allowed per Unit unless a second dog is approved in advance by the Board. In considering whether to permit a second dog in a Living Unit, the Board may consider various factors, including, without limitation, the temperament of the Owner's existing dog, the total number of dogs living at the Condominium and the willingness of one or more other Owners to forego dog ownership.

8.15.7 All dogs and cats must be licensed and spayed or neutered at breeding age.

8.15.8 All cats and dogs must wear visible identification that includes owner contact information at all times.

8.15.9 No pet shall be left unattended for a period that, in the judgment of the Board, presents an unreasonable risk of harm to the pet.

8.15.10 All dogs shall be carried or maintained on a leash while outside a Unit or fenced yard.

8.15.11 Dogs who exhibit aggressive or other dangerous behavior are not permitted in the community unless the dog obtains an AKC Canine Good Citizen or similar certification as acceptable to the Board.

8.15.12 Except for service animals, no animals will be allowed within common buildings or common rooms.

8.15.13 An Owner may be required to remove a pet after receipt of two notices in writing from the Board of Directors of violations of any Rule, Regulation or restriction governing pets within the Condominium.

8.15.14 Owners may have chickens and other small farm animals in their yard Limited Common Elements, subject to compliance with local governmental regulations.

8.15.15 The Board may elect in its sole discretion to allow chickens, goats, bees and other small farm animals to be kept in designated common areas.

8.15.16 No animals of any kind shall be permitted to be kept within storage areas, except within the chicken coops or in any structure or kennel allowed by the Board to be constructed for the purpose of keeping animals.

8.15.17 The Board may adopt additional pet restrictions in accordance with Section 8.25 and all pet owners shall abide by those additional Rules and Regulations.

8.16 Signs and Displays. Signs up to 6 inches by 24 inches displaying the occupant's name and address are permitted at Living Unit or Craft Space Unit entries. Also permitted are: temporary signs not larger than 18 inches by 24 inches at Living Unit or Craft Space Unit entries or within the Unit's Limited Common Element yard area advertising the property for sale, signs not larger than 18 inches by 24 inches in front of a particular Unit within the Unit's Limited Common Element yard area announcing support for an individual or position listed upon an election ballot recognized by the Secretary of State of the State of Oregon as an

official election ballot, and temporary community decorations, which are removed upon the sale of the Unit, holding of the election, or conclusion of the community project (as applicable). The Board of Directors may adopt Rules and Regulations allowing for larger signs and less regulated signage content, so long as such Rules and Regulations adhere to Section 8.25 of these Bylaws. The Board of Directors may adopt rules regulating the nature of other items (including other signs, laundry, rugs, sheets, and reflective surfaces) that may be placed in or on windows, balconies, exterior walls, Limited Common Element Yards and any General Common Element so as to be visible from other Units, the Common Elements, or outside the Condominium, also subject to Section 8.25.

8.17 Trash. No part of any Unit or the Common Elements shall be used or maintained as a dumping area for rubbish, trash, garbage or other waste, other than designated common trash disposal and compost areas. The Board may adopt additional Rules and Regulations regarding the management of trash, recycling and compost pursuant to Section 8.25.

8.18 Auctions or Open House. No Owner shall, when attempting to sell, lease or otherwise dispose of his or her Unit, or any personal property located therein, hold an "open house" or "auction" without the prior written approval of the Board of Directors. The Board shall approve any reasonable request.

8.19 Overloading. No Owner shall do anything to overload any part of a Unit or any part of the Common Elements.

8.20 Common Buildings and Outdoor Open Space. Common buildings, facilities and play areas and all General Common Elements, common gardens and storage areas, are for the use of the Owners, guests and tenants, including guests present on the Property for educational purposes. The Board shall post Rules and Regulations adopted pursuant to Section 8.25 stating the hours the various facilities shall be available for use and the scheduling and conditions related to use. Use of common buildings and open space shall also be subject to the Rules and Regulations adopted by the Board from time to time as provided in Section 8.25.

8.21 Utilities and Antennae. No sewer, drainage, utility lines, wires, satellite dishes, or other devices for the communication or transmission of electric current, power, or signals (including telephone, television, microwave, or radio signals) shall be constructed, placed, or maintained anywhere in or upon the Condominium other than within the building or other structures unless contained in conduits or placed or maintained underground or concealed in or under the building or other structures, without the prior written approval of the Board. No device for the transmission or reception of telephone, television, microwave, or radio signals will be allowed within the Condominium unless the antenna is located and screened so as not to be visible from neighboring buildings and streets. The Association shall also provide to Owners a designated space on the roof of the building for the installation of satellite dishes and other communications equipment. Nothing contained in this Section 8.20 shall be construed to prohibit the erection or use of temporary power or telephone facilities during construction or repair of Improvements nor shall it apply to construction activities of Declarant. In addition, this Section 8.20 shall not prohibit Declarant or the Board from installing or allowing the installation of solar or other alternative power generating equipment on the Condominium property. The restrictions contained in this Section 8.22 shall be effective only to the extent permissible under applicable laws and regulations.

8.22 Smoking Restriction. Smoking of tobacco products shall be prohibited in all Units, Limited Common Element yards and indoor Common Elements of the Condominium, including, without limitation, the Common House, Common House exterior stair and landing, bike storage rooms, and carports. The Board may elect to restrict smoking to specific times and/or outdoor areas.

8.23 Outdoor Lighting. Outdoor lighting attached to Living Units or installed in Limited Common Element yards shall be downcast and/or shielded so as not to project into the windows of neighboring Units and shall not unreasonably project into neighboring Limited Common Element yards.

8.24 Association Rules and Regulations. In addition to the foregoing requirements, the Association and the Board of Directors from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Units and the Common Elements as it may deem necessary or appropriate in order to assure environmental values of the Owners and the peaceful and orderly use and enjoyment of the Condominium including, without limitation, establishment of reasonable administrative fees, such as fees for new owner set-up and owner's packet, move-in and move-out fees, etc. Any such Rules and Regulations may be amended, modified or revoked by the Board of Directors or Association in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner, made available to renters and prospective purchasers, and shall be binding upon all Owners and occupants of all Units from the date of delivery. In the event of a conflict between a Rule or Regulation adopted by the Board and by the Owners, the Rule or Regulation adopted by the Owners shall prevail over the Rule or Regulation adopted by the Board of Directors.

Neither the Board nor the Association may adopt any Rules and Regulations in violation of the following provisions:

8.24.1 Equal Treatment. Similarly situated Owners shall be treated similarly.

8.24.2 Speech. The rights of Owners and occupants to display on their Living Unit and Craft Space Unit political signs and symbols of the kinds normally displayed inside or outside of residences located in residential neighborhoods on individually owned property shall not be abridged, except that the board may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

8.24.3 Religious and Holiday Displays. The rights of Owners to display on their Unit religious and holiday signs, symbols, and decorations of the kinds normally displayed inside or outside of residences located in residential neighborhoods shall not be abridged, except that the Board may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

8.24.4 Activities within a Unit. Neither the Association nor the Board shall make any rule that interferes with the activities of the residents carried on within the confines of their Unit, except that the Association may prohibit certain activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities

that impose monetary costs on the Association or other Owners that create a danger to the health or safety of other occupants, that generate excessive noise or traffic, that create unsightly conditions visible outside of the Unit, that block views from other Units, or that create an unreasonable source of annoyance.

8.24.5 Solar Energy. Neither the Association nor the Board shall make any rule that prohibits the installation of Solar Equipment, such as solar collectors or clotheslines. The Association or Board may, however, place reasonable restrictions on the locations of such devices and may establish rules for installation so as to protect the Association from any costs or liability associated with them.

8.24.6 Interpretation of this Section. This Section 8.25 shall be interpreted to give the Association and the Board the widest possible latitude in adopting Rules and Regulations as long as such Rules and Regulations do not conflict with the Association's obligations under the U.S. Constitution, federal civil rights laws, federal housing laws, the State of Oregon Constitution, and Oregon statutes.

8.25 Activities of Declarant. Nothing in this Article 8 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of Declarant pursuant to the Declaration with respect to the planning, designing, developing, constructing, and sale of improvements on the Property.

## 9. MAINTENANCE OF CONDOMINIUM PROPERTY; CONDEMNATION.

9.1 Maintenance and Repair. Except as otherwise provided in the Declaration for damage or destruction caused by casualty:

9.1.1 Living Units; Solar Equipment. All maintenance and replacement of and repairs to any Living Unit, Limited Common Element patio and roof over such Limited Common Element yard and patio area, any porch, porch stair or porch roof located within such Limited Common Element yard and patio area, and Limited Common Element Solar Equipment shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair and shall do all maintenance activities which at any time may be necessary to maintain the good appearance and condition of his or her Unit(s) and shall maintain, repair and replace and keep the deck, porch or patio adjacent to or within the boundaries of his or her Living Unit and Limited Common Element yard and patio area clean and free of debris and standing water. In addition, each Owner of a Living Unit shall be responsible for the maintenance, repair, or replacement of the window glass, exterior doors, interior doors and door assemblies and any plumbing fixtures, fire sprinkler system (Living Units 1, 2, 3, 4 and 5), range hoods, telephones, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in his or her Unit. Each Living Unit Owner shall maintain the window frames and window assemblies, trim, trellises, siding, flashing, roofing, gutters, exterior painting, downspouts, and solar equipment included as part of his or her Living Unit, subject to the following provisions applicable to attached Units within the same building (each, a "Building Structure"):

Owners of Units within a Building Structure shall confer with one another prior to changing the exterior paint color or any materials used on the exterior of the Building Structure, provided that the consent of the other Owners within the Building Structure shall not be required except as otherwise provided below for certain elements of the Building Structure. Except as otherwise provided in the Declaration and Bylaws and subject to this Section 9.1.1, in the event

repair or replacement of the common foundations of a Building Structure, common fireplace chase or common firewalls (which term shall have the same meaning as party walls) of a Building Structure should become necessary or appropriate, then the Owners of the affected Units within the Building Structure that require such repair or replacement shall be jointly responsible for such repair and/or replacement, and the Owners of such affected Units shall share equally in the expense of such repair and replacement. In the event an Owner of a Unit in a Building Structure determines repair or replacement of the common foundations, common fireplace chase or common firewalls of such Building Structure is necessary or appropriate, that Owner shall notify the other Owners of the affected Units within the Building Structure of the need to perform such repair or replacement. If a majority of the Owners of the affected Units within the Building Structure agree that such repair or replacement is necessary, they shall jointly cause such work to be performed, and each Owner of an affected Unit within such Building Structure shall pay an equal portion of the expense of such work.

If an Owner of an affected Unit determines repair or replacement of the common foundations, common fireplace chase or common firewalls of a Building Structure is necessary or appropriate and a majority of the Owners of the other Units affected or claimed to be affected do not concur with such determination, then the Owners of the Units affected (or claimed to be affected) shall mutually agree upon and retain a professional engineer licensed in the State of Oregon having at least five years experience in such matters to inspect the common foundations, common fireplace chase or common firewalls, and such engineer shall make a determination as to whether such repair or replacement is required. The determination of such engineer shall be binding on the affected Owners, and all expenses and fees of the engineer and of the repair or replacement work required to be performed, if any, shall be borne as provided in this Section. In the event the Owners of Units so affected or claimed to be so affected cannot agree upon a professional engineer having the required qualifications within a 30 day period, then any of the affected Owners may make application to the Board of Directors, which shall select such engineer having the requisite qualifications. The fees and expenses of the engineer shall be shared equally by the Owners of the Units within the subject Building Structure. In the event the Owner of an affected Unit fails to contribute to the expense of the engineer or the repair or replacement of the common foundation, common fireplace chase or common firewalls within 30 days after written demand therefor from another Unit Owner within the affected Building Structure, then the amount not paid or reimbursed, as well as interest thereon at the rate of 12 percent per annum from the date of such written demand, shall become a charge and lien against the Unit of the Owner failing to make such payment or reimbursement. Each Owner of a Unit in a Building Structure shall be deemed to have agreed, by acceptance of a deed conveying the Unit, that any such lien shall be effective, without the necessity of obtaining the joinder of such Owner in the execution of any instrument, upon the filing by another Owner of a Unit within the same Building Structure of a claim of lien in the Official Records of Multnomah County, Oregon. Any such lien may be foreclosed in the manner set forth in ORS 86.705 to 86.990.

9.1.2 Parking Units. The Association shall maintain, repair and replace the Parking Units. Notwithstanding the foregoing, each Parking Unit Owner shall keep his or her Parking Unit clean and, if a covered Parking Unit has a shelf located therein as allowed pursuant to Section 8.14 above, shall maintain such shelving in a clean and safe condition.

9.1.3 Craft Space Units. All maintenance of and repairs to any Craft Space Unit shall be made by the Owner of such Craft Space Unit, who shall keep the same in good order, condition, and repair and shall do all maintenance activities which at any time may be necessary to maintain the good appearance and condition of his or her Craft Space Unit or Units. In addition, each Owner of a Craft Space Unit shall be responsible for the maintenance,

repair, or replacement of the window glass, entry door and door assembly, and any flooring, stair treads, fans, lighting fixtures and lamps, or other appliances and accessories that may be in his or her Craft Space Unit. Each Owner shall maintain the entry door (even though such door is a Common Element) and door assembly which provides the means of ingress and egress to and from his or her Craft Space Unit (including the repair of any damage thereto).

9.1.4 Limited Common Element Yards and Patios. Each Owner shall maintain the Limited Common Element yard and patio area reserved for his or her Unit, including the landscaping and any roof overhang and structures located therein (including any porch, porch stair or porch roof)s in a neat and clean condition, free from debris and standing water, and shall maintain, repair and replace any perimeter fencing located in or along the boundary of such Limited Common Element yard and patio; provided that Owners of Units sharing a perimeter fence shall be jointly responsible for the maintenance, repair and replacement of such shared fence.

9.1.5 Common Elements and Association Property. The Association shall maintain, inspect, repair, or replace the General Common Elements, Limited Common Elements storage lockers, Association Property and any other property for which the Association is responsible in good condition and in accordance with the Maintenance Plan. The Association's costs for such activities shall be charged to the Owners as a common expense in accordance with Section 7.2 of the Declaration, as such Declaration may be amended; provided, that if such maintenance, repairs or replacement have been necessitated by acts or omissions of an Owner by reason of which the Owner is responsible under applicable law or under these Bylaws for all or a portion of the costs thereof, such costs shall be charged solely to the Owner so responsible. However, should actual collection of such costs from the responsible Owner within a reasonable period of time prove impossible after reasonable collection efforts, the uncollected portion may be charged as a common expense in accordance with Section 7.2 of the Declaration, as such Declaration may be amended, subject to reimbursement of any amounts later collected from the responsible Owner. Without limitation of the foregoing, the Association shall be responsible for the inspection, painting, staining, maintenance, repair and replacement of the carport structures (exclusive of the Craft Space Units located therein), bike storage structures, trash enclosure, and Common House (including, without limitation, the inspection, repair and replacement of the roof, exterior doors, door frames and assemblies, window frames and assemblies); cleaning of the Common House interior, bike storage rooms, and all Association Property located therein; cleaning of the exterior surfaces of all window and door glass of the Common House; and the cutting, pruning, trimming, and watering of all landscaping on General Common Elements. The Association is responsible for maintaining warranties in effect, if any, for all portions of the Common Elements, Association Property and any other property for which the Association is responsible, to the fullest extent possible.

If the Mortgagee of any Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 60 days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Living Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

9.1.6 Repairs by Association. The Association may make repairs to a Unit that an Owner is obligated to make and that he or she does not make within a reasonable time. If such repairs are of an emergency nature (in that the repairs must be promptly made to prevent further or imminent potential damage to the Unit involved, other Units or any Common Element), the Association may make such repairs immediately, without notice to the Owner, if he or she is not available for reasonable notification within the time frame that the nature of the emergency shall reasonably afford. The Association shall indemnify its agents, employees and other of its representatives from any and all liability to any Owner incurred by reason of any reasonable exercise of the right of entry afforded in the Declaration or these Bylaws to effect emergency repairs. The Association shall have no liability to an Owner for any use of its right of entry or right to make emergency repairs if it shall have reasonable cause to believe that such action is required. An Owner shall be deemed to have consented to having such repairs done to his or her Unit by the Association. An Owner shall reimburse the Association in full for the cost of such repairs, except to the extent covered by insurance proceeds received by the Association, including any legal or collection costs incurred by the Association in order to collect the costs of such repairs. All such sums of money shall bear interest from the due date therefor at the rate provided in Section 7.5 of the Declaration. The Association may collect all such sums of money in such installments as the Board of Directors may determine, which installments shall be added to the monthly contributions towards the common expenses of such Owner, after the Owner's receipt of notice thereof. All such payments are deemed to be additional contributions towards the common expenses and recoverable as such.

9.2 Failure to Follow Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 4.2.21 above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure.

## 10. INSURANCE.

10.1 Types. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her property not insured under Section 10.1.1 below and against his or her liability not covered under Section 10.1.2 below, unless the Association agrees otherwise. For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

10.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and Common Elements, including any fixtures, building service equipment, and common personal property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding the lesser of five percent of the face amount of the policy or \$5,000.00.

10.1.2 A policy or policies insuring the Declarant, the Association, the Board of Directors, the Owners and the managing agent, against liability to the public or to the Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation, inspection, maintenance, or use of the Condominium, including all Common Elements, public ways, and any other areas under the supervision of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Condominium as to which such Owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) on a combined single limit basis. In addition to the indexing provided under Section 13.7 of these Bylaws, the foregoing policy limits of liability shall be increased, in the sole discretion of the Board of Directors, as indicated by the course of plaintiff's verdicts in personal injury claims in the Circuit Court of Multnomah County, State of Oregon, from time to time. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects any action against another named insured.

10.1.3 Worker's compensation insurance to the extent necessary to comply with any applicable laws.

10.1.4 Directors' and officers' liability insurance with coverage in an amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible which shall be determined by the Board of Directors.

10.1.5 Fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a manager, such manager shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be at the expense of the Association, provided that the cost of such insurance for the manager shall be paid for by the manager. The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board of Directors. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium,) without at least 10 days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

10.2 Mandatory Policy Provisions. Insurance obtained by the Association shall be governed by the following provisions:

10.2.1 All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon acceptable to FannieMae which falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports – International Edition*, an "A" or better rating in

Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency rating or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability in Standard and Poor's *International Confidential Rating Service*.

10.2.2 All losses under policies hereafter in force placed by the Association regarding the Condominium shall be settled exclusively by the Board of Directors or its authorized representative. The Board of Directors may give such releases as are required, and any claimant, including the Owner of a damaged Unit, shall be bound by such adjustment; provided, however, that the Board of Directors may, in writing, authorize an Owner to adjust any loss to his or her Unit or Units.

10.2.3 Each Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his or her Unit or Units, the value of which is in excess of Five Hundred Dollars (\$500.00). Nothing in this Section shall permit an Owner to make improvements without first obtaining the approval of this Board of Directors pursuant to Section 8.6 hereof.

10.2.4 Any Owner who obtains individual insurance policies covering any portion of the Condominium other than his or her personal property and fixtures shall file a copy of such individual policy or policies with the Association within 30 days after the purchase of such insurance.

10.2.5 Notwithstanding the provisions of these Bylaws, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as 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 purchase. The Association or insurance trustee shall receive hold, or otherwise properly dispose of any proceeds of insurance in trust for Owners and their first mortgage holders, as their interests may appear.

10.2.6 All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners that is not in the control of such Owners collectively, and that the policy is primary in the event the Owner has other insurance covering the same loss.

10.2.7 For purposes of this Article 10, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against FannieMae, the designee of FannieMae, or the Association Owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

10.2.8 All policies required by this Article 10 shall provide that they may not be canceled or substantially modified without at least 10 days' prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

10.2.9 Each Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his or her unit, the value of which is in excess of Five Hundred Dollars (\$500). Nothing in this paragraph shall permit an Owner to make improvements without first obtaining the approval of the Board of Directors pursuant to these Bylaws.

10.3 Discretionary Provisions. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

10.3.1 A waiver of subrogation by the insurer as to any claims against the Association, the Board of Directors, the manager, the Owners and their respective agents, household members, and guests, except for arson and fraud;

10.3.2 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended, nor coverage denied thereunder, on account of the conduct of any one or more individual Owners;

10.3.3 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors or the manager without prior demand in writing that the Board of Directors or manager cure the defect;

10.3.4 A provision that any "no other insurance" clause in any master policy exclude individual Owners' policies from consideration, and a waiver of the usual proration clause with respect to such policies;

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

10.3.6 A waiver of the insurer's right to determine whether the damage should be repaired. If reasonably available, the policy or policies should contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause, to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild;

10.3.7 Waivers of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured;

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

10.3.9 An "inflation guard" endorsement;

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

10.3.11 A provision that any insurance trust agreement will be recognized.

#### 10.4 Additional Requirements.

10.4.1 Prior to obtaining any policy or policies of insurance under Section 10.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least 75 percent of the Units so requires, or at such other times as the Board of Directors may deem advisable, the Board of Directors shall obtain an appraisal from an independent qualified appraiser, of the "full replacement cost" of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Section 10.1.1, and the cost of such appraisal shall be a common expense to be allocated in accordance with Section 7.2 of the Declaration; provided, however, that the full replacement cost of the Condominium for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the Declarant.

10.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Section 10.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

10.4.3 A certificate or memorandum of all insurance policies and endorsements thereto shall be issued as soon as possible to each Owner and a duplicate original or certified copy of the policy or policies to each Mortgagee. Renewal certificates or certificates of new insurance policies shall be furnished to each Owner and Mortgagee not later than 10 days before the expiration of any current insurance policy. The master policy (or a copy thereof) for any insurance coverage shall be kept by the Association in its office, available for inspection by an Owner or Mortgagee on reasonable notice to the Association.

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

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

10.5.1 Insurance on any additions or improvements made by the Owner to his or her Unit or Units shall be purchased and maintained for the full insurable value thereof, unless the Owner presents in writing to the Board of Directors evidence that the additions or improvements made by the Owner to his or her Unit are insurable under the insurance issued pursuant to Section 10.1.1 and the Board of Directors, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if

necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Section 10.1.1. Insurance also shall be purchased for furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his or her Unit or Units, and his or her personal property and chattels stored elsewhere on the Property, including his or her automobile or automobiles, and for loss of use and occupancy of his or her Unit or Units in the event of damage. Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least 30 days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, and employees, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

10.5.2 Public liability insurance in the amount reasonably set by the Board of Directors no more often than every three years, covering any liability of any Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment, or personal property under the custody, care, or control of the Owner.

10.6 Fannie Mae and GNMA Requirements. Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by FannieMae and Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by FannieMae or Government National Mortgage Association. FannieMae or FannieMae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

## 11. AMENDMENTS TO BYLAWS.

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

11.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Owners and may be approved by a majority of the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board of Directors at or prior to such a meeting. Any resolution shall be approved by at least a majority of the Owners, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by at least 75 percent of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51 percent of holders of first Mortgages on Living Units (based upon one vote for each first Mortgage held): (i) Section 9.1, which addresses maintenance and repair; (ii) Article 10, which addresses

insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 11.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within 60 days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as Declarant remains the owner of one or more Living Units, the Bylaws may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

11.3 Regulatory Amendments. Until the Declarant has turned over control of the Association to the Owners, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the United States Department of Veterans Affairs, Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium. If the need to amend these Bylaws arises after turnover of the Association to the Owners, the amendment must be approved by the Association in accordance with the requirements of these Bylaws and the Act.

11.4 Execution and Recording. An amendment shall not be effective until certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded in the deed records of Multnomah County, Oregon as required by law.

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

## 12. LITIGATION.

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

12.2 Mediation. Prior to initiating litigation, arbitration or an administrative proceeding in which the Association and a Unit Owner have an adversarial relationship, all claims shall first be submitted to mediation within Multnomah County, Oregon with any dispute

resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines. Except for the circumstances set forth in the immediately preceding sentence, if a party refuses to participate in the required mediation, such party shall reimburse the other party or parties to the dispute for all costs incurred in attempting to mediate the dispute, including, without limitation, attorney fees and costs and the fees and costs of the mediator.

12.3 Limitations on Actions. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend or commit to expend in excess of \$2,500 for attorneys' fees and costs for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$20,000 unless first approved by at least 75 percent of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or these Bylaws, for actions initiated by the Association during Declarant's period of administrative control pursuant to Section 19 of the Declaration; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 5.9 of these Bylaws; actions to summarily abate and remove a structure or condition that violates the Declaration or these Bylaws; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

12.4 No Attorneys' Fees. Except as specifically provided for in the Declaration or these Bylaws and to the extent allowed by law, no party in an arbitration, mediation or other proceeding shall be entitled to recover costs and attorneys' fees in connection therewith.

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

12.6 Initial Dispute Resolution Procedures. In the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595, if applicable. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.6 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

### 13. MISCELLANEOUS.

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

Directors, or if no address has been designated, then to the Owner's Living Unit and, except as provided in this Section 13.1, shall be sent by messenger service (or hand delivered), over night courier service or by certified or registered U.S. Mail, return receipt requested with charges or postage prepaid. Notices shall be deemed given upon the earlier of actual delivery or refusal of a party to accept delivery thereof.

In the discretion of the Board of Directors, any notice, information or other written material required to be given to an Owner or Director may be given by electronic mail, facsimile or other form of electronic communication ("Electronic Communication") acceptable to the Board of Directors. Notwithstanding the foregoing sentence, electronic communication may not be used to give notice of (a) failure to pay an assessment; (b) foreclosure of an association lien; (c) An action the Association may take against an Owner; or (d) an offer to use the dispute resolution program under ORS 100.405. An Owner or Director may decline to receive notice by Electronic Communication and may direct the Board of Directors to provide notice as required elsewhere in these Bylaws, the Declaration or the Act.

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

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

13.4 Action Without a Meeting; Written Ballot Process. Any action that the Act, the Declaration or the Bylaws require or permit the Board of Directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Board of Directors, shall be filed in the records of minutes of the Association. Votes of the Owners may be conducted by written ballot, in compliance with the procedures set forth in ORS 100.425. For votes of the Owners by written ballot, the Board of Directors shall provide Owners with at least 10 days' notice before written ballots are mailed or otherwise delivered. The notice shall state the general subject matter of the vote by written ballot, the right of Owners to request secrecy procedures specified in ORS 100.425, the date after which ballots may be distributed, the period during which the Association will accept written ballots, the date and time by which any petition must be received by the Board requesting secrecy procedures, and the address where such a petition may be delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for mailing and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. Notwithstanding the foregoing, a secrecy envelope and signed return identification envelope shall not be required for the written ballot of an Owner whose consent or approval is required by the Declaration, these Bylaws or the Act. Notwithstanding the foregoing, action by written ballot may not substitute for the Turnover Meeting, the annual meeting of the

Association, a special meeting called at the request of the Owners pursuant to Section 2.6 of these Bylaws, or any meeting of the Association for which the agenda includes a proposal to remove a Director from the Board.

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

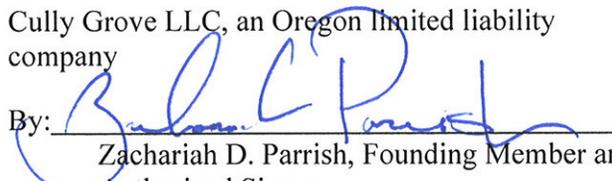
13.6 Liability Survives Termination. The sale or other disposition of his or her Unit or Units shall not relieve or release any former Owner from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies that the Association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

13.7 Indexing. Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2013 as the base year.

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

Dated at Portland, Oregon, this 18 day of SEPTEMBER, 2013 being hereby adopted by the undersigned Declarant on behalf of the Association.

Cully Grove LLC, an Oregon limited liability company

By: 

Zachariah D. Parrish, Founding Member and Authorized Signer