

BYLAWS
OF
PDX COMMONS CONDOMINIUM OWNERS' ASSOCIATION

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BYLAWS
OF
PDX COMMONS CONDOMINIUM OWNERS' ASSOCIATION

1. GENERAL PROVISIONS.

1.1 Identity. PDX Commons 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 (the "Association"), has been organized for the purpose of administering the operation and management of PDX Commons Condominium (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Portlandia Cohousing 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 PDX Commons 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 116 NE 6th Avenue, Suite 400, Portland, Oregon 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, the Oregon Nonprofit Corporations Act, or the Act. Using consensus, each Owner may (i) agree with the matter, (ii) disagree with the matter but agree to support its provisions, if adopted, and not block passage, or (iii) disagree with the matter and block consensus, which requires the matter be modified to remove the block or be removed from consideration. If agreed to by consensus at an Association meeting, decision-making can be delegated to a committee or an individual. In the event of an unresolvable block on a matter that requires a decision or

action, a member vote shall be held according to Section 3.12. Members of the Association or the Board physically present or present via telephone or any means of two-way voice communications at a meeting may participate in consensus polling during the course of such meeting. The Board of Directors may adopt Rules and Regulations pursuant to Section 8.27 below to further define how consensus decision-making will be conducted.

2.2 Responsibility of Owners. Each Owner 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, including preparation of common meals, for a certain number of hours per month or other metric adopted by the Board of Directors (“Participation Hours”) as specified by the Board of Directors from time to time. Participation Hours shall be regarded as part of the common expenses of the Association to the extent determined by the Board. Unless otherwise decided by the Board, the number of Participation Hours required of a Unit with two or more adult Owners will be greater than the Participation Hours required of a one adult household. The Board has the authority to create additional policies regarding participation or payment in lieu of participation, which may include a system of fines for non-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 19 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 59 Units. Notice of the meeting shall be given as provided in Section 3.7 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 all 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 shall be called by the Declarant within 90 days of the expiration of the period of Declarant’s administrative control described in Section 19 of the Declaration. The Declarant shall give notice (as provided in Section 3.7) 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) 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. 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, 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 4 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 Units stating the purpose of the meeting, including the regular meetings on the schedule elected by the Owners 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, as well as the items on the meeting agenda, including without limitation, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a Director or Officer. No business shall be transacted at a special meeting except as stated in the notice.

3.7 Notice of Meetings. 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. 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. The total number of votes of all Owners shall be 28, which is equal to the total number of Residential and Commercial Units in the Condominium, and each Owner shall be entitled, subject to the provisions of Section 19 of the Declaration (which grants Declarant three times the votes for each Unit owned by it prior to the expiration of Declarant's administrative control described in Section 19 of the Declaration) and to Section 4.1 of these Bylaws regarding the election of Directors, to a number of votes equal to the number of votes allocated to the Residential and Commercial Units owned by such Owner. The Declarant shall be entitled to vote as the Owner of any Residential and Commercial Units retained by the Declarant.

Except where otherwise required by the Act or the Oregon Nonprofit Corporations Act, all matters decided by the Owners shall be accomplished through consensus of the voting Owners. For all purposes in these Bylaws, "consensus" shall mean that all Owners present at a duly-held meeting have had the opportunity to express their opinions (regardless of whether an actual opinion was in fact expressed) and that a decision is reached that all Owners present support. In the event that consensus cannot be reached on an issue, then if at least 75% of the Owners present consent, the matter will be decided by the vote of 75% of the Owners present. All Owners of a Unit count as one Owner for purposes of voting. If the co-Owners cannot agree on how to vote for the Unit, then the co-Owners shall abstain from voting. Residential and Commercial Units owned by the Association do not vote and do not count in determining a quorum.

If an Owner is in default under a first Mortgage on its 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 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. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting conservator or agent under a valid durable power of attorney voting on such Owner's behalf or, in the case of a minor with no conservator, through a parent having custody of the minor Owner.

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 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 Residential or Commercial Unit owned or held by him or her 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 Unit in such capacity. Any person voting on behalf of a Residential or Commercial 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 Residential or Commercial Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such 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 Owners shall abstain from voting.

3.11 Quorum. At any meeting of the Association, the presence, in person or by proxy, of a number of Owners holding 50 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 for purposes of a meeting following a meeting adjourned for lack of a quorum shall be the greater of one-half of the quorum specified in this Section 3.11 or 20 percent of the voting power of the Association. The quorum requirement is not reduced as set forth in the immediately preceding sentence unless (i) the meeting is adjourned to a date at least 48 hours from the date of the original meeting, or (ii) the meeting notice specifies the quorum requirement will be reduced if the meeting cannot be organized because of a lack of a quorum and the meeting notice specifies the reduced quorum requirement.

3.12 Binding Vote. The vote of 75 percent or more 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 or lower percentage vote is required by law, the Declaration or these Bylaws, including, without limitation, consensus decision-making.

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 *Robert's Rules of Order - Simplified* published by Robert's Rules Association.

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 four persons prior to the Turnover Meeting and up to 28 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 19 of the Declaration. At the Turnover Meeting, up to 28 Directors shall be elected by the Owners, with each Owner of a Residential or Commercial Unit having the right (but not the obligation) to elect one Director. The Directors shall be elected for a term of five 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 Unit shall be considered co-owners of any such 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.

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 reviewing the condition of the Common Elements and Parking Units and the status of the reserve fund and 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 4.2.22 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 and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); 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; and provided further, that any agreement for management services entered into after the Turnover Meeting on behalf of the Association must be terminable by the Association for cause upon not more than 30 days' notice, must have a reasonable term not exceeding three years, and must be renewable with the consent of the Board of Directors and the manager. 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 Mortgagee Mortgages.

4.2.6 Adoption and amendment of reasonable Rules and Regulations of the Condominium pursuant to Section 8.27 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 consensus, or if consensus cannot be reached, the consent or approval of the Owners of not less than 75 percent of the voting power of the Association if at least 75 percent of Owners present at a meeting where a quorum is present, so elect.

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 The Board may make 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 the Owners have enacted a resolution authorizing the project by a vote of Owners holding at least 75 percent of the voting power of the Association, present in person or by proxy at a meeting of the Owners, or the expenditure is authorized in the annual budget of the Association. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 4.2.1 or to work urgently needed for life, safety or structural integrity reasons.

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, 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 Unit, mailed to the mailing addresses designated in writing by the Owners, or mailed to the mailing address for each Unit.

4.2.16 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements, Association Property and any other property for which the Association is responsible for maintenance, repair or replacement; provided, however, that (i) the Board obtains the consent of Owners by consensus, or if consensus cannot be reached by Owners holding at least 75 percent of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements, Association Property and any other property for which the Association is responsible for maintenance, repair or replacement, and (ii) 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. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Section 4.2.16 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his or her interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgement or other lien which said creditor shall have filed or shall have the right to file against such Owner's 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 Charging and collecting a fee in connection with moving in to or out of a Unit.

4.2.21 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.

4.2.22 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. The Maintenance Plan shall provide for not less than annual inspections of the Property for evidence of water intrusion or other needed repairs by a knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. 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.

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

4.2.24 Adopting Rules and Regulations for the use of the rooftop deck and garden, guest suites, Common Kitchen and Dining Room, library, and other areas within the residential Limited Common Elements 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) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, 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 Owners by consensus, or if consensus cannot be reached, at least 75 percent of Owners present at the meeting consent.

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 any special meeting shall be given to each Director, personally or by mail, telephone or facsimile at least two days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. 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. 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. 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. Meetings of the Board of Directors may be conducted by any means of communication that allows all members of the Board of Directors to hear each other simultaneously or otherwise to communicate during the meeting, provided that, in the event that the majority of Units are the Principal residences of their Owners, only emergency meetings may be conducted by telephonic communication or in the manner allowed by ORS 100.420(2). 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 in writing 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. 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 an Owner may be removed with or without cause, but only by consensus, or if consensus cannot be reached and at least 75 percent of Owners present consent, by approval of at least 75 percent of the Owners, 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 Director pursuant to Section 4.7 may, 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 Director whose position was vacated or until a successor shall be elected by the vote of the Owners 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 may be reimbursed for his or her reasonable out-of-pocket expenses. Notwithstanding the foregoing sentence, Directors may receive Participation Hours for time spent working on Board business.

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 10 of these Bylaws. In addition, the Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, the Board of Directors or the Owners.

4.13 Standing or Special Committees. The Board of Directors by resolution may designate one or more committees, including an Architectural Committee as contemplated by Section 8.7, 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. All acts or decisions of the Board shall be accomplished through consensus among the voting members of the Board present at a meeting at which a quorum is present, or, if the Board is using voting after consensus was not reached, the votes of 75 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. 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 Directors claims a conflict of interest. When action is taken on any matter at a meeting of the Board of Directors, any abstention of a 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 *Robert's Rules of Order - Simplified* published by Robert's Rules Association.

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 shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

5.3 Removal. Upon the affirmative vote of 75 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 may preside at all meetings of the Owners and at all meetings 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 (or Secretary, in the absence of 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, including the execution of checks by the Treasurer or the professional property management company for the Condominium, if any, and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the Chairperson.

5.9 Compensation of Officers. No officer who is a member of the Board of Directors, other than the Secretary and Treasurer, 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. The Board of Directors may fix any Participation Hours to be credited to the Secretary and Treasurer for their service as an officer.

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 19 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 4.2.22.

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 major maintenance, repair or replacement in more than one and fewer than 30 years and exterior painting of Common Elements, if any. 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, if any, 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 consensus, or if consensus cannot be reached, elect to reduce or increase future assessments for the reserve funds. In addition, the Board of Directors' authority to do so, after the Turnover Meeting, the Association may, on an annual basis by unanimous vote of the Owners, elect not to fund the reserve account. 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 major maintenance, repair, or replacement of the Common Elements, Association Property and any other property for which the Association is responsible that will normally require major maintenance, repair or replacement in more than one and fewer than 30 years, and for the painting of exterior painted surfaces of Common Elements, if any, and is to be kept separate from the assessments described in Section 6.4 of the Bylaws. 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 7.1 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 non-adverse 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, repair and replacement of the exterior of the structures within the Condominium and inspection, maintenance, decorating, repair and replacement of the Common Elements by the Association (but not including interior surfaces of Units which the respective Owners of such Units shall paint, clean, decorate, maintain, and repair) 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, resealing, or restriping of parking areas and the Driveway Easement.

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 and social activities 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 7.1 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 7.1 of the Declaration. At the time of closing of the initial 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 7.1 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 19 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 Unit, mailed to the mailing addresses designated in writing by the Owners, or mailed to the mailing address for each 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 7.3 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. 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 signed by the Chairperson, managing agent, manager or other person authorized by the Board of Directors.

7.5 Reports and Audits. An annual financial statement of the Association, consisting of at least 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. At any time any Owner or first Mortgagee may, at his or her own expense, cause an audit or inspection to be made of the books and records of the Association. 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 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 **Housing for Persons 55 Years of Age and Older.**

8.1.1 General. At least 80 percent of the Residential Units are intended for the housing of persons 55 years of age or older, although younger persons are not restricted from occupying a Residential Unit along with a person 55 years of age or older so long as such co-occupancy is in compliance with this Section 8.1. The provisions of this Section are intended to be consistent with, and are set forth in order to comply with, the requirements of the Fair Housing Amendments Act of 1988, as amended by the Housing for Older Persons Act of 1995 (collectively, the “Senior Housing Act”) regarding discrimination in housing based on familial status. The Association shall amend this Section for the purpose of making this Section 8.1 consistent with the Senior Housing Act, as it may be amended, the regulations adopted pursuant to the Senior Housing Act, in order to maintain the intent and enforceability of this Section 8.1.

8.1.2 Restrictions on Occupancy.

(a) Except as may otherwise be permitted pursuant to Section 8.1.2(d), at least 80 percent of the occupied Residential Units shall at all times have as a permanent occupant at least one person who is 55 years of age or older (the “Qualifying Occupant”), except that in the event of the death of a person who was the sole Qualifying Occupant of the Residential Unit, the spouse of such Qualifying Occupant may continue to occupy the Unit, provided that the provisions of the Senior Housing Act and the regulations adopted thereunder are not violated by such occupancy. For purposes of this Section 8.1.2, an occupant shall not be considered a “permanent occupant” unless such occupant considers the Residential Unit to be his or her legal residence and actually resides in the Residential Unit for at least six months during every calendar year or such shorter period as the Residential Unit is actually occupied by any person.

(b) For purposes of this Section 8.1.2, a Residential Unit shall be deemed to be “occupied” by any person who stays overnight in the Residential Unit more than 21 days in any 60-day period or more than 30 days in any 12-month period.

(c) Nothing in this Section 8.1 is intended to restrict the ownership of or transfer of title to any Residential Unit; however, no Owner may occupy the Residential Unit unless the requirements of this Section 8.1 are met or an exception is granted under Section 8.1.2(d), nor shall any Owner permit occupancy of the Residential Unit in violation of this Section 8.1. Unless an exemption applies under Section 8.1.2(d), Owners shall be responsible for (i) including a statement that the Residential Units within the Condominium

are intended for the housing of persons 55 years of age or older, as set forth in Section 8.1, in conspicuous type in any lease or occupancy agreement or contract of sale relating to such Owner's Residential Unit, which agreements or contracts shall be in writing and signed by the tenant or purchaser, and (ii) clearly disclosing such intent to any prospective tenant, purchaser, or other potential occupant of the Residential Unit. Every lease of a Residential Unit not otherwise granted an exemption under Section 8.1.2(d) shall provide that failure to comply with the requirements and restrictions of this Section 8.1 shall constitute a default under the lease.

(d) Any Owner may submit a written request to the Board of Directors for an exception to the requirements of this Section 8.1.2 with respect to his or her Residential Unit. The Board of Directors may, but shall not be obligated to, grant exceptions in its sole discretion, provided that the requirements for exemption from the Senior Housing Act would still be met with respect to the Condominium, which as of the date of these Bylaws allows occupancy of up to 20 percent of the Residential Units, or five Residential Units, by persons not meeting the 55 years of age or older requirement.

8.1.3 Change in Occupancy; Notification. In the event of any change in occupancy of any Residential Unit as a result of a transfer of title, a lease or sublease, a birth or death, change in marital status, vacancy, change in location of permanent residence, or otherwise, the Owner of the Residential Unit shall immediately notify the Board in writing and provide to the Board the names and ages of all current occupants of the Residential Unit and such other information as the Board may reasonably require to verify the age of each occupant. In the event that an Owner fails to notify the Board and provide all required information within 10 business days after a change in occupancy occurs, the Association shall be authorized to levy monetary fines against the Owner and the Residential Unit for each day after the change in occupancy occurs until the Association receives the required notice and information, regardless of whether the occupants continue to meet the requirements of this Section 8.1, in addition to all other remedies available to the Association under the Declaration, these Bylaws and the Act.

8.1.4 Monitoring Compliance; Appointment of Attorney-in-Fact.

(a) The Association shall maintain age records on all occupants of Residential Units. The Board shall adopt and publish policies, procedures, and rules to monitor and maintain compliance with this Section 8.1, including policies regarding visitors, updating of age records, the granting of exemptions pursuant to Section 8.1.2(d), and enforcement. The Association shall periodically distribute such policies, procedures, and rules to Owners and make copies available to Owners, their tenants, and Mortgagees upon reasonable request.

(b) The Association shall have the power and authority to enforce this Section 8.1 in any legal manner available, as the Board deems appropriate, including, without limitation, conducting a census of the occupants of the Residential Units, requiring copies of birth certificates or other proof of age for each occupant of the Residential Unit to be provided to the Board on a periodic basis, and taking action to evict the occupants of any Residential Unit which is not in compliance with the requirements and restrictions of this Section 8.1. EACH OWNER HEREBY APPOINTS THE ASSOCIATION AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO

DISPOSSESS, EVICT, OR OTHERWISE REMOVE THE OCCUPANTS OF HIS OR HER RESIDENTIAL UNIT AS NECESSARY TO ENFORCE COMPLIANCE WITH THIS SECTION 8.1. Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Residential Unit that, in the judgment of the Board, are reasonably necessary to monitor compliance with this Section 8.1.

(c) Each Owner shall be responsible for ensuring compliance of his or her Residential Unit with the requirements and restrictions of this Section 8.1 and the rules of the Association adopted hereunder by the Association and by its tenants and other occupants of his or her Residential Unit. EACH OWNER, BY ACCEPTANCE OF TITLE TO A RESIDENTIAL UNIT, AGREES TO INDEMNIFY, DEFEND AND HOLD THE ASSOCIATION HARMLESS FOR, FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, AND CAUSES OF ACTION THAT MAY ARISE FROM FAILURE OF SUCH OWNER'S RESIDENTIAL UNIT TO SO COMPLY.

8.2 Rental. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 8.2. "Leasing or Renting" a Unit means the granting of a right to use or occupy a 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 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 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 8.2 is intended to prevent an Owner from collecting rent or sharing expenses with a housemate so long as the Unit is also the primary residence of the Owner.

8.2.1 No Partial Leases. No Owner of a Unit may Lease less than the entire Unit, with the exception of the Commercial Unit.

8.2.2 Written Leases. All Leasing, Rental or other occupancy agreements shall be in writing, shall have a term of no more than one year without prior written approval of the Board (not to be unreasonably withheld for two-year terms where the Owner is required to reside outside the Portland area for a two-year period), 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.

8.2.3 Payments by Tenant or Lessee to Association. If a Unit is Rented by its Owner, 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, 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.

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

8.2.5 Limitation on Number of Units. At no time shall more than 20 percent of Residential Units be rented or occupied by non-Owner occupants. In order to ensure that the foregoing limitation is not exceeded, Owners who intend to rent or grant occupancy rights to their 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 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 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 Units, on a first-come, first-served basis, provided that Residential Units that have not been rented in the previous five years shall have priority over Units that have been rented when considering the rental cap. Residential Units that have not yet been sold by Declarant or Residential Units purchased as second Units by existing Owners for the purpose of selling out the Units shall have the highest priority when considering the rental cap. If several Owners are competing for limited rental availability, the Residential Unit with the least recent rental shall be given priority over more recently rented Units. The Board shall promptly notify each Owner on such list as it becomes permissible to rent or grant non-Owner occupancy of such Owner's Unit. Notwithstanding the foregoing limitation, the Board may approve hardship requests of Owners who request a hardship exemption from the 20 percent limitation, provided that in no event shall more than 49 percent of the Residential Units be rented to non-Owner occupants.

8.2.6 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.

8.2.7 Participation Hours of Tenants. If the tenant and Owner of the Residential Unit occupied by such tenant agree that the tenant will complete the Participation Hours assigned to such Residential Unit, if any, the Owner shall notify the Board in writing of such agreement. However, in the event the tenant does not fulfill the required Participation Hours, the Owner will be solely responsible for any fines or penalties associated with non-fulfillment of the Participation Hours.

8.2.8 Declarant's Activities. The restrictions contained in this Section 8.2 shall not apply to the Leasing or Renting of Units owned by the Declarant or owned by the Association.

8.3 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 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 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 the Unit is not generally open to the public and its use is limited to occasional visits by appointment-only customers, clients, or trade vendors and so long as the Owner complies with all applicable laws in conducting such uses. Nothing contained in this Section 8.3 shall prevent the Declarant or Declarant's successors and assigns from completing the Units and the building they are in, maintaining Units as models for display purposes, and otherwise maintaining construction or sales offices displays and signs.

8.4 Commercial Use.

8.4.1 Authority to Determine Allowed Commercial Use. The Commercial Unit shall be used for commercial purposes in accordance with this Section 8.4. Declarant shall have the sole authority, in its complete and absolute discretion, to determine whether a particular commercial use of the Commercial Unit shall be permitted under the Declaration and these Bylaws. Declarant shall have the right to assign this authority to the Association, the determination of the Board of Directors with respect to the restrictions imposed by Section 8.4 shall be final and conclusive.

8.4.2 Minimum Standards for Commercial Use. Any commercial use of the Commercial Unit is permitted only if it (i) is conducted in accordance with applicable zoning or land use regulations, (ii) does not cause objectionable noise to emanate out of or arise from such Unit, (iii) does not produce objectionable odors, (iv) does not involve the storage of material amounts of highly combustible materials or other materials that would pose an unreasonable threat to the Condominium or well-being of the Owners, (v) does not generate smoke or other particulates, and (vi) is not an adult entertainment, adult studio, adult arcade or any other type of adult business. For purposes of construing the foregoing provisions, the term

“objectionable noise” shall mean, without limitation and for the purpose of illustration, persistent loud noises made by (i) machinery or equipment, or (ii) with respect to the Commercial Unit being used for commercial purposes, sound levels in excess of City of Portland maximum noise standards (as such standards vary throughout the day and evening) as measured from the boundaries of the Commercial Unit, or, in the case of outdoor activities, as measured adjacent to the activity; and the term “objectionable odors” shall mean persistent and objectively offensive odors such as odors produced by (i) gas-powered or diesel-powered machinery or equipment, (ii) refuse or garbage, or (iii) any number of chemicals or solvents. “Objectionable odors” shall not include cooking odors whether from a Residential Unit or from the Commercial Unit being operated as a restaurant, café, coffee shop or other business involving food preparation or food service. The word “objectionable” shall be construed in every instance in accordance with the sensibilities of an ordinary and reasonable person residing in attached condominiums with associated restaurant use in an urban environment. For purposes of construing the foregoing provisions, “adult” shall mean, without limitation and for purposes of illustration, pornographic or sexual items or activities. In no event shall a dry cleaning plant be permitted in the Condominium.

8.4.3 Limitation of Liability. No person having the right of approval for a proposed commercial use as provided in Section 8.4.1 shall be liable for any act involving the exercise of that right, except to the extent that the person acted with malicious disregard for the provisions of these Bylaws. Neither the Declarant, nor a subsequent Owner of the Commercial Units, nor the Association, as the case may be, shall be responsible or liable to any Owner, occupant or contractor with respect to any loss, liability, claim or expense arising by reason of approval or disapproval of a proposed commercial use.

8.5 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.

8.6 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.

8.7 Alterations. Except as otherwise permitted by these Bylaws or the Declaration, no Owner except for Declarant shall make or allow any structural alterations in or to any of his or her Units, or make or allow any change to the Common Elements (including, without limitation, the placement or installation of landscaping), or maintain, decorate, paint, alter or repair any part of the Common Elements or allow others to do so, without the prior consent in writing of the Board of Directors or, if the Board appoints an Architectural Committee, by such committee. The Board may adopt Rules and Regulations governing alterations pursuant to Section 8.27. In order to maintain healthy indoor air quality in the Units, all adhesives, sealants, paints, coatings, carpet systems, and composite wood products installed in the Units must meet or exceed U.S. Green Building Council’s LEED program definition of low-emitting materials or, if the LEED program is no longer in existence, such other standard selected by the Board.

The Board of Directors or the Architectural Committee, if established by the Board, shall consider the granting of consent to any alteration proposed under this Section 8.7 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 or Architectural Committee shall deem appropriate. The Board or Architectural Committee 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 or Architectural Committee, as applicable, 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 or Architectural Committee upon demand. The Board or Architectural Committee, as applicable, 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 or Architectural Committee's professional advisors.

Prior to commencement of construction, the Owner shall provide the Board of Directors or Architectural Committee, as applicable, with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. Except as otherwise permitted by Section 8.17, no signage or graffiti visible from the exterior of a Unit, window display, window attachment, or lighting directed from a Unit to its exterior shall be permitted without the prior written approval of the Board of Directors or Architectural Committee, if one is established; provided that this sentence shall not apply to draperies, blinds, and similar window coverings. An Owner may have removed by the Association, at such Owner's expense, a part of the partition wall separating contiguous Residential Units owned by an Owner provided that (i) such removal shall not interfere with any structural support elements or loadbearing partitions or columns or with any pipes, wires, cables, conduits or ducts or other mechanical systems and (ii) such Owner agrees in writing to have the Association restore such wall at such Owner's expense in the event that the ownership of the Units is subsequently divided. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board of Directors or Architectural Committee 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 or Architectural Committee, as applicable, 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 Board or Architectural Committee, as applicable

The Association, the Board, the Architectural Committee, Declarant and other Owners and their respective successors and assigns shall not be liable to any person submitting plans to the Board or Architectural Committee for approval or to any other Owners or occupants by reason of any act or omission arising out of or in connection with the approval or disapproval of any plans or specifications. Approval shall not constitute any warranty or representation by the Board, the Architectural Committee or their respective members that the plans satisfy any applicable governmental law, ordinance or regulation or that any improvement constructed in accordance with the plans shall be fit for the use for which it was intended and safe for use and occupancy. Applicants shall make their own independent verifications of the foregoing and shall

not rely on the Board, the Architectural Committee or their respective members in any manner in this regard.

8.8 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, its employees 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.

8.9 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.

8.10 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 extreme 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. Road noise, noise from mechanical systems of the Condominium, air compressors and other incidental noises from a multi-family building, 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 or smoke from barbecues 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 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.

8.11 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:

8.11.1 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;

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

8.11.3 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 7.3 of the Declaration.

8.12 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 8.11, 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 8.11 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.

8.13 Improper Discharge; Compliance with Environmental Covenant. 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. In addition, no Owner or occupant shall violate the Easement and Equitable Servitude ("EES") recorded in the real property records of Multnomah County, Oregon, as Document No. 2016-133674 that requires the Owners and the Association to maintain the cap on the soil at the Property, restrictions on the extraction and use of groundwater at the Property and other restrictions that are specified in the EES.

8.14 Limitation on Storage Areas. Other than items placed by the Declarant or the Association, no furniture, packages or objects of any kind shall be placed in the vestibules, halls, stairways, exterior walkways, rooftop deck and garden, Common Kitchen and Dining Room, courtyard, library, guest suites, laundry room or any other part of the Common Elements other than the balconies that are designated as Limited Common Elements, except as allowed in Section 8 or by the Association. Only well-maintained patio furniture, gas barbeques and plants are the only items allowed to be located on the balconies. In addition, no items of any kind may

be hung from the balcony railings or walls without the prior written approval of the Board. The lobbies, vestibules, halls, and stairs shall be used only for normal passage. The provisions hereof shall not apply to the Declarant until such time as all Units have been initially sold and conveyed by the Declarant; however, the Declarant shall not use the Common Elements in such a manner as will unreasonably interfere with the use of the Units for dwelling purposes. No hazardous or flammable materials will be stored in storage areas, including, without limitation, the balconies and Storage Units.

8.15 Vehicle Parking Restrictions. Parking spaces are restricted to use for parking of operative motor vehicles; other items and equipment may be parked or kept therein only subject to the Rules and Regulations. The Board shall require removal of any inoperative vehicle, or any unsightly 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.

8.16 Animals. No animals shall be raised, kept or permitted within the Residential Units, except domestic dogs, cats, small fish; small caged birds, mammals or reptiles. No such dogs, cats or other household pets shall be permitted to be kept, bred or raised for commercial purposes. Exotic, endangered, illegal animals, and animal breeds excluded from the Association's liability insurance policy are not allowed to reside at the Condominium. Owners are permitted to keep up to two household pets (other than fish), provided that new residents may keep up to four dogs and/or cats at move-in for the remainder of their pets' lifespan. All dogs and cats must be licensed by Multnomah County and must be spayed or neutered at breeding age, kept free of fleas and ticks, and must be up to date with required vaccinations. Requests for an exemption for an "intact" animal, such as show animal, may be submitted to the Board of Directors for consideration. Pets may not exceed 80 pounds when fully grown, provided that new residents may keep their pet that exceeds the weight limitation for the remainder of the pet's lifespan and the Board may grant exceptions to this policy. Any waste, damage or unpleasantness caused by such pets shall be the responsibility of the respective Owners thereof. All dogs and cats shall be carried, maintained on a leash or confined to a stroller while in corridors, stairways or entering or leaving the building, except for dogs in designated off-leash areas, if any. Cats may only be transported in the elevator if in a carrier. 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. No animals of any kind shall be permitted to be kept within Storage or Parking Units. Except for service animals, no animals will be allowed within the guest suites, Common Kitchen and Dining Room. In no event are dogs allowed on outdoor furniture in residential Limited Common Elements. The Board may adopt additional pet restrictions in accordance with Section 8.27 and all pet owners shall abide by those additional Rules and Regulations.

8.17 Signs and Displays. All signage displayed to public view, whether from a Unit or Common Element, shall be subject to Rules and Regulations thereon adopted by the Board of Directors pursuant to Section 8.27 except as otherwise provided herein. In no event shall any "for sale" or similar sign be placed in a window that is displayed to public view or any sign be placed on or in the vicinity of a common entry door of the Condominium, other than signs used by the Declarant to advertise Units for sale or lease, without the prior written approval of the Board of Directors.

8.18 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, recycling and compost areas. The Board may adopt additional Rules and Regulations regarding the management of trash, recycling and compost pursuant to Section 8.27.

8.19 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.

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

8.21 Residential Common Elements and Outdoor Open Space. Common facilities and the Common Kitchen Elements and Dining room, courtyard, rooftop deck and garden, guest suites, library, media room, laundry room, and storage areas are for the use of the Owners, guests and tenants of the Residential Units, including guests present on the Property for educational purposes. The Board shall post Rules and Regulations adopted pursuant to Section 8.27 stating the hours the various facilities shall be available for use and the scheduling and conditions related to use. Use of common areas and open space shall also be subject to the Rules and Regulations adopted by the Board from time to time as provided in Section 8.27.

8.22 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 or as otherwise approved by the Board. Nothing contained in this Section 8.22 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 8.22 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.

8.23 Smoking Restriction. The Condominium is a smoke-free property. Smoking of tobacco products, marijuana, incense, clove cigarettes and similar products shall be prohibited in all Units or Common Elements of the Condominium.

8.24 Roof Access. With the exception of the roof deck that is reserved for the use of the Residential Units, no access to the roof of the building shall be permitted without the prior authorization of the Board of Directors or the management company.

8.25 Window Air Conditioning Units. No window air conditioners may be used on any part of the Condominium.

8.26 Exterior Lighting. No exterior lighting of any kind may be installed on any portion of the Condominium without the prior written consent of the Board.

8.27 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 Rules and Regulations, House Agreements 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 and sustainability 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 House Agreement or Rules and Regulations may be amended, modified or revoked by the Owners in the same manner as these Bylaws. A copy of the House Agreements and any 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 and shall be binding upon all Owners and occupants of all Units from the date of delivery.

8.28 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 Units. All maintenance of and repairs to any Residential, Commercial and Storage Unit 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 or Units and shall keep the balcony adjacent to his or her Unit, if any, clean and free of debris and standing water. In addition, each Owner of a Residential, Commercial, or Storage Unit shall be responsible for the maintenance, repair, or replacement of the window glass, interior doors and door assemblies and any plumbing fixtures, 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 Owner of a Residential Unit facing the courtyard shall clean any window glass on windows facing the courtyard.

9.1.2 Common Elements and Association Property. All necessary work to maintain, inspect, repair, or replace the Parking Units, Common Elements, Association Property and any other property for which the Association is responsible in good condition and in accordance with the Maintenance Plan shall be performed by the Association and shall be charged to the Owners as a common expense in accordance with Section 7.1 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 7.1 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 exterior surfaces of all Units (including, without limitation, the inspection, repair and replacement of the roof, exterior doors, door frames and assemblies, window frames and assemblies); cleaning of the laundry room and all Association Property located therein; cleaning of the exterior surfaces of all window and door glass (with the exception of window glass of Residential Units facing the courtyard, which shall be cleaned by the Unit Owner); and the cutting, pruning, trimming, and watering of all landscaping other than that located on Limited Common Element balconies adjacent to a Residential or placed on the pavement next to the Commercial Unit by the occupant of such Unit. 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 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.

9.1.3 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 6.7. 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 Additions, Alterations, or Improvements. Except as otherwise permitted by the Declaration or these Bylaws, an Owner shall not, without first obtaining the written consent of the Board of Directors (if so required by Section 8.7) and satisfying the other requirements provided for in Section 8.7, as applicable, make or permit to be made any structural alteration, improvement, or addition in or to his or her Unit or Units, or in or to the exterior of any building forming part of the Condominium or any Common Element. An Owner shall make no repair or alteration or perform any other work on his or her Unit or Units that would jeopardize the soundness or safety of the Condominium, or reduce the value thereof or impair any easement or other right, unless the written consent of all Owners affected is also obtained. Other than as permitted by the Declaration or these Bylaws, an Owner shall not modify, alter, add to, paint or decorate any portion of the exterior of any building forming part of the Condominium or any Common Element without first obtaining the written consent of the Board of Directors and satisfying the other requirements of Section 8.7 and the Act.

9.3 Failure to Follow Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 4.2.22 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 (but need not include flooding and earthquake coverage) and such other coverages as 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 five percent of the face amount of the policy.

10.1.2 A policy or policies insuring the Declarant, the Association, the Board of Directors, the Owners and the managing agent, if any, 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 8.7 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 and the Association deductible 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) such policies include 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.

10.3 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 employees, 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 rider on any master policy patterned after "Use and Occupancy" insurance which will provide relief from monthly assessments while a Unit is uninhabitable by the payment of the Condominium expenses thereof and any other fixed costs, including, without limitation, taxes, insurance and Mortgage payments. The proceeds from any casualty policy, whether held by the Association or an Owner, payable with respect to any loss or damage to the Common Elements, shall be held in trust for the benefit of all insureds as their interests may appear.

10.3.7 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;

10.3.8 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;

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

10.3.10An "inflation guard" endorsement;

10.3.11An 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

10.3.12A 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 7.1 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. Owners shall deliver certificates evidencing all insurance required by this Section 10.5 and shall require the insurer to provide advance written notice to the Association before cancellation or termination.

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 or, with respect to the Commercial Unit, commercial general 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 Deductibles. As provided in Section 10.5.1, Owners are required to insure the deductible amounts for the Association's insurance policies. In the event of a loss, the Board of Directors shall allocate responsibility for payment of the deductible to the party who is responsible for maintaining the damaged property under the Association's Declaration and Bylaws. This method is fair, predictable, avoids involving the Association in determination of negligence, and discourages Owners from filing numerous small claims, which can adversely affect the Association's insurability. For purposes of this Section 10.6, the term "deductible"

includes both the deductible portion of an insured loss and a loss that is not insured when not required to be insured under the terms of the Bylaws.

10.6.1 Responsibility for Deductible Follows Responsibility for Maintenance. The deductible amount under the Association's property loss insurance policy shall be paid by the party(ies) with responsibility for maintenance, repair, and replacement of the damaged item(s) without regard to whether the loss may have been caused by the negligence of any party. Since the Association is charged with maintenance, repair, and replacement of the Common Elements and Parking Units, and individual Owners are charged with maintenance, repair, and replacement of their individual Units (other than their Parking Units), the Association will pay the deductible with regard to damage to the Common Elements and Parking Units, and individual Owners will pay the deductible for damage to their Units (other than Parking Units).

10.6.2 Allocation Among Several Parties. If loss occurs to more than one Unit, or to Common Elements and one or more Units, the deductible amount under the Association's property loss insurance policy shall be allocated between or among the parties in proportion to their total respective losses. For example, if an event damages the Common Elements to the extent of \$500,000, and damages a single Unit to the extent of \$100,000 (i.e., total damage of \$600,000), if the Association's deductible amount is \$25,000, the \$25,000 shall be allocated \$20,833 to the Association, and \$4,167 to the Unit Owner, since the total loss suffered by the Unit Owner is one-sixth the amount of the total covered loss suffered by the Association and the Owner.

10.6.3 No Bar to Individual Claims. Nothing in these Bylaws shall bar a claim by any party, including, without limitation, any Owner or the Association, to recover any loss or damage caused by the negligence of any other party. The purpose of this Section 10.6 is to create an efficient, doubt-free mechanism to fund the deductible so as to permit the prompt repair of the damaged portions of the Condominium. For example, if Owner A's Unit is damaged and he believes the damage is due to the negligence of Owner B, this Section 10.6 requires Owner A to pay the deductible portion of the loss. Following such payment, however, nothing in this Section 10.6 prevents Owner A from pursuing a claim against Owner B to recover the deductible amount paid by Owner A.

10.6.4 Duplicate Insurance Coverage. In the event of duplicate insurance coverage (for example, the Association and an Owner have insurance policies covering the same loss), the insurance policy obtained by the responsible Owner or Owners shall be considered the primary coverage.

10.7 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. Except for correction amendments, which shall be approved as provided in ORS 100.117, any resolution for amending these Bylaws 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 consensus or, if consensus cannot be reached, 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 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 Units, the Bylaws and Rules and Regulations 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, Declaration or Rules and Regulations pursuant to Section 19 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 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. 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 3.6 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; Severability. Each term and provision of these Bylaws shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of these Bylaws or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, whether under ORS Chapter 100 or otherwise, the remainder of these Bylaws and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and the 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, 2017 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 _____, Oregon, this ____ day of _____, 201__ being hereby adopted by the undersigned Declarant on behalf of the Association.

PORTLANDIA COHOUSING LLC, an Oregon limited liability company

By: _____

Its: _____

By: _____

Its: _____