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Three Mile Development, LLC
735 N. Adams Street
McMinnville, OR 97128

DECLARATION OF CONDOMINIUM OWNERSHIP FOR FIRCREST VILLAGE CONDOMINIUMS (STAGED)

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CONDOMINIUM DECLARATION
FOR
FIRCREST VILLAGE CONDOMINIUMS
(STAGED)

This Declaration submits to the provisions, restrictions, and limitations of the Oregon Condominium Act real property here described (the "Real Property") and all improvements now existing or to be constructed on such real property, to be known as FIRCREST VILLAGE CONDOMINIUMS.

Recitals, Intent, and Purpose

Three Mile Development, LLC (hereinafter referred to as "Declarant") and Stephen Lindell, Raymond J. Kulback, Jr., Ted Steber and Marvin W. Worden, who are the owners in fee simple of the Real Property described below, desire to submit the Real Property to the Condominium form of ownership, to be converted, handled, and used in the manner provided by the Oregon Condominium Act.

NOW, THEREFORE,

Declaration

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

1. **Definitions.** Except as otherwise provided or modified by this Section 1, the terms contained here have the meaning set forth in the Oregon Condominium Act, ORS 100.005 et seq., and the statute and its definitions are incorporated here. As used in this Declaration and in the bylaws (the "Bylaws") of the Fircrest Village Condominiums Association (the "Association"), the following terms have the following meanings:

1.1 Association means and refers to the Fircrest Village Condominiums Association, which will be an Oregon nonprofit corporation.

1.2 Condominium means the Fircrest Village Condominiums, including the real property, all buildings and structures constructed on it and all improvements made to it, and all easements, rights, and appurtenances belonging to it, all of which are here submitted to the provisions of the Oregon Condominium Act.

1.3 Mortgage means a recorded first mortgage, first trust deed, or first contract of sale that creates a first lien against a Unit, and "Mortgage Holder" means the holder, beneficiary, or vendor of such a mortgage, trust deed, or contract of sale, but only when the holder, beneficiary, or vendor notifies the Association in writing of the existence of the mortgage and gives the Association a current name and mailing address.

1.4 Unit means the airspace encompassed by the undecorated interior surface of the perimeter walls, floors, and ceilings, which is owned in fee simple by each owner of a Condominium Unit and which is more specifically described in Section 3.2 below.

2. Real Property Description. The Real Property that is submitted here to the Oregon Condominium Act is located in McMinnville, Yamhill County, Oregon, and is more particularly described on Exhibit "A." Each owner holds fee simple title to the Unit and common elements pertaining to it when Declarant conveys the property to the owner. Before such conveyance, Declarant holds fee simple title to all Units and the appertaining common elements.

3. Name; Unit Description.

3.1 Name. The Real Property will be known as Fircrest Village Condominiums.

3.2 Boundaries of Units. Each Unit, including its attached garage, is bounded by the interior surfaces of its perimeter walls, floors, ceilings, windows and window frames, doors and door frames, and trim. The Units include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of its finished surfaces thereof shall be a part of the Unit except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. All other portions of the walls, floors, or ceilings are a part of the common elements. In addition, each Unit includes the following:

(a) All spaces, nonbearing interior partitions, windows, window frames, exterior doors and door frames (including patio and garage doors), and all other fixtures and improvements within the boundaries of the Unit; and

(b) All outlets of utility service lines, including, but not limited to, power, gas, and water within the boundaries of the Unit, but does not include any part of the lines or ducts themselves.

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

3.3 Building Description and Unit Designation. Stage I of this Condominium consists of land with three buildings thereon, with a total of 8 units. The Condominium buildings are either one-story or two-story, and are wood frame construction on concrete foundations with lap siding and composition shingle roofs. The buildings do not have basements. The designation, location, and area and square feet of each Unit are shown on Exhibit "C" and on the Plat.

3.4 Ownership. Each unit owner will own the unit as described in section 3.2, and will also own an undivided interest in the common elements of the condominium, as described in sections 4 and 5. The allocation to each unit of an undivided interest in the common elements was determined by dividing the sum of the approximate floor space (including garages) of all units into the approximate floor space of each respective unit, then making an arbitrary adjustment to the percentage of ownership of certain of the units of .01 percent or less so that the total ownership comes to exactly 100.00 percent. The ownership interest in the common elements will be held as an appurtenance to the unit and cannot be transferred separately from the unit to which it is appurtenant. The numerical designation, approximate floor space area and percentage of ownership in the common elements of each unit in Stage I are shown on the attached Exhibit "C."

3.5. Description of Staged Development. Declarant proposes to develop the Condominium in several stages, with the maximum number of units, additional common elements, minimum allocation of undivided interest in the common elements, and election dates to be as follows:

(a) The maximum number of units to be included in the Condominium development is 27.

(b) The additional general common elements to be annexed at each stage of the development includes the portion of the Condominium buildings not included within a unit or a limited common element and the land and landscaping.

(c) Declarant hereby reserves the right to construct units, the floor plans of which differ from those of units in Stage I or which have larger or smaller floor areas. However, the exterior style of the buildings must be compatible with buildings in Stage I. The method used to establish the allocation of undivided interest in the common elements of each unit is based on the square footage of each unit, expressed as a percentage of the sum of the square footage in all units in the Condominium. However, certain adjustments may be made, by arbitrarily adding or subtracting .01 percent or less for one or more units in order to make the total percentage assignments in the common elements equal 100.00 percent.

(d) Declarant has until June 30, 2005, to annex the real property in subsequent stages, except that, pursuant to ORS 100.105(3), Declarant may seek an amendment to the Declaration providing for an extension, not to exceed two years after such date, to annex additional property. All annexations shall be effected, if at all, by Declarant's executing and recording one or more supplemental condominium declarations.

(e) Nothing in this Declaration or the Bylaws requires the Declarant to develop any additional units or to annex any additional real property that it may currently plan to develop or annex to the Condominium. All references in this Declaration and the Bylaws to subsequent development are permissive, not mandatory, and no such reference constitutes a representation or warranty that such subsequent development actually will occur. Declarant reserves all rights of

ownership and control with respect to any additional property it may own, including, without limitation, the right to hold, transfer, encumber, and develop such property as Declarant may determine.

4. General Common Elements.

4.1 Definition. The general common elements consist of all portions of the Condominium that are not part of a Unit or a limited common element, including, without limitation, the following:

(a) The land, including the private drive known as Fircrest Place;

(b) The foundations, columns, girders, beams, supports, bearing and shear walls, and roofs of the buildings;

(c) The fences, and those portions of the yards and gardens that are not designated as limited common elements in Section 5;

(d) Installations of central services, such as power, gas, and water up to the outlets within any Units; and

(e) All other elements of any building or other improvements that are necessary or convenient to its existence, maintenance, and safety or that are normally in common use.

4.2 Maintenance, Repair, and Replacement of General Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the general common elements is a common expense, and the performance of such work is the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or his or her invitee, guest, tenant, or servant will be repaired by the Association at the owner's sole cost and expense. Although repair, maintenance, and replacement of exterior doors and door frames (including patio and garage doors), and windows and window frames is the responsibility of individual owners, exterior painting is the responsibility of the Association. Common expenses will be assessed and apportioned among the owners as set forth in Section 10.6 below.

5. Limited Common Elements. The following constitute limited common elements, the use of which is restricted to the Units to which they pertain:

5.1 Definitions.

(a) Each of the patios is a limited common element reserved for the Unit that it adjoins.

(b) Each driveway and front walkway are limited common elements reserved for the adjoining unit.

(c) Each front yard, side yard or back yard that adjoins a Unit is a limited common element reserved for the Unit that it adjoins.

(d) Each unit has a heat pump as a limited common element reserved for that unit, as designated in the attached Exhibit "C."

5.2 Maintenance, Repair, and Replacement of Limited Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the limited common elements will be a common expense, which shall be assessed and apportioned pursuant to Section 10.6 below, and the performance of the work will be the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or his or her invitee, guest, tenant, or servant will be repaired by the Association at the owner's sole cost and expense. Although repair, maintenance and replacement of door and door frames (including patio and garage doors), windows, and window frames are the responsibility of individual owners, exterior painting will be performed at the expense of the Association. Common expenses shall be assessed and apportioned among the owners as set forth in section 10.6 below.

6. Parking. Vehicle parking is primarily limited to each Unit's garage and driveway, on-street parking will be available on Fircrest Place.

7. Voting. There shall be one vote per Unit, regardless of the number of owners of the Unit. "Majority" or "Majority of Unit Owners" means the owners of more than 50% of the voting rights allocated to the Units by the Declaration. The calling and conducting of meetings of the Association and the exercise of voting rights is controlled by Articles 2 and 3 of the Bylaws.

8. Use of Property.

8.1 General. Each Unit may be used for residential purposes only. The common elements may be used for furnishing services and facilities to Unit owners. Every Unit owner has an easement to enjoy and use the general common elements in the manner for which they were intended. Additional restrictions and regulations are set forth in the Bylaws and rules or regulations adopted pursuant to the provisions of the Bylaws.

8.2 Age Restriction. The Condominium is intended as "housing for older persons" as that term is defined in section 659.033 of Oregon Revised Statutes. That is, the Condominium is intended and operated for occupancy by at least one person 55 years of age or older per unit. Therefore, at least one owner of each Unit in the Condominium must be 55 years of age or older.

8.3 Rules and Regulations Promulgated by the Association. The Board of Directors has the authority from time to time to promulgate such rules and regulations as the Board may deem to be in the best interests of the Association. No person may use the common elements, the Units, or any part thereof in any manner contrary to or inconsistent with the rules and regulations. Without limiting the generality of the foregoing, the Board of Directors has the right, but not the obligation, to promulgate rules and regulations limiting

the use of the common elements to the members of the Association and their respective families, guests, invitees, and servants. Such use may be conditioned on, among other things, (a) the payment by the Unit owner of assessments for common expenses and such other assessments or fees as may be established by the Association for the purpose of defraying the costs associated with the use of such common elements and the administration and operation of the Condominium Property; and (b) the observance by the Unit owner, and his or her guests, invitees, and servants, of the provisions of the Declaration, the Bylaws, and the Association rules and regulations. The Board of Directors has the authority to fine owners who are not in compliance with the rules and regulations. The amount and the procedure to impose fines must be established by Board resolution.

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

9. Contracts and Leases. All contracts or leases that are entered into before the turnover meeting (including any management contract) must be terminable without penalty by the Association or the Board of Directors on not less than 30 days' written notice to the other party by the Association, given not later than 60 days after the turnover meeting. However, any such contracting or leasing party may request the Association to affirm the continuation of any such agreement for the balance of its stated term. Affirmation by the Association after transfer of control extinguishes all termination rights of the Association under this Section.

10. Bylaws; Association; Management.

10.1 Adoption of Bylaws. On behalf of the Association, Declarant hereby adopts the Bylaws attached hereto as Exhibit "D" to govern the administration of the Condominium. The Bylaws shall be effective on the execution and recording of this Declaration.

10.2 Association; Membership. The name of the Association shall be the Fircrest Village Condominiums Association. Each owner of a Unit in the Condominium must be a member of the Association, and membership is limited to Unit owners only. The Association, which shall be organized when the Declaration and the Bylaws are recorded, serves as a means through which the Unit owners may take action with regard to the administration, management, and operation of the Condominium. The Association will be an Oregon nonprofit corporation. The Association will operate under the name the Fircrest Village Condominiums Association or as close to that name as is permitted by the Oregon Secretary of State.

10.3 Management; Board of Directors. The affairs of the Association must be governed by a Board of Directors as provided in the Bylaws. The Board of Directors shall elect officers consisting of a president, secretary, and treasurer, and such other officers as the Board of Directors deems prudent or convenient. Pursuant to the provisions of the Bylaws and the Oregon Condominium Act, the Board of Directors may adopt administrative rules and regulations governing details of the operation, maintenance, and use of the

Condominium property. The Board of Directors may contract with a professional manager or management firm to manage some or all of the affairs of the Association.

10.4 Interim Board and Officers. The Declarant has reserved control over the administration of the Association by reserving the right in the Bylaws to appoint an interim Board of Directors to manage the Condominium until the turnover meeting. The turnover meeting must be held within 90 days after the earlier of the following dates: the date on which seven years have elapsed since the date of the first conveyance of a Unit, or the date on which 75% of the total number of Units that Declarant may create or annex to the Condominium have been conveyed to persons other than the Declarant. The three members of the interim Board must also serve as the interim officers.

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

10.6 Covenant to Pay Assessments; Liability for Common Expense. Each owner hereby covenants to pay to the Association annual assessments for common expenses as more fully provided in the Bylaws. No owner may avoid liability for assessments by abandonment of his or her Unit, or by nonuse of the common elements. Except as otherwise provided in this Declaration or the Bylaws, each Unit and the owner thereof is liable for the common expense and funding of the replacement reserves, in the same percentage as the percentage of ownership in the common elements allocated to such Unit. No offset against any assessment will be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties. Assessments must be levied against all Units not later than the first day of the month next following the date when the first Unit is conveyed to a person other than Declarant.

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

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

12. Mortgage Holder. If a conflict arises between this Section 12 and other provisions of this Declaration, the provisions of this Section 12 prevail. The terms "Mortgage" and "Mortgage Holder" are defined in Section 1 above.

12.1 Notice of Action. On the written request of a Mortgage Holder, insurer, or guarantor to the Association, identifying the name and address of the person and the Unit number or address of the Unit on which a Mortgage has been placed, the Mortgage Holder, insurer, or guarantor is entitled to timely notice of the following:

(a) Any condemnation loss or casualty loss that affects either a material portion of the Condominium or any Unit securing its Mortgage;

(b) Any 60-day delinquency in the payment of assessments or charges owed by an owner of any Unit on which it holds a Mortgage;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association;

(d) Any proposed action that would require the consent of a specified percentage of eligible Mortgage holders.

12.2 Mortgage Holder Exempt from Certain Restrictions. Any Mortgage Holder that comes into possession of the Unit pursuant to the remedies provided in the Mortgage, by foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, is exempt from any "right of first refusal" or other restriction on the sale or rental of the mortgaged Unit, including, but not limited to, restrictions on the age of Unit occupants and restrictions on the posting of signs pertaining to the sale or rental of the Unit. However, Mortgage Holders are not exempt from the restriction that Units cannot be rented for periods of fewer than 30 days.

12.3 Subordination of Association Lien to Mortgage; Discharge of Lien upon Foreclosure. The lien of the Association shall be subordinate to any first Mortgage and to other liens that have priority pursuant to the applicable law except as provided in ORS 100.450. Any first Mortgage Holder that comes into possession of the Unit pursuant to the remedies provided in the Mortgage, by foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, and any purchaser at the foreclosure sale of a first Mortgage, must take the property free of any claims for unpaid assessments or charges against the mortgaged Unit that accrue before the Mortgage Holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units, including the mortgaged Unit).

12.4 Professional Management. On the written request of holders of first Mortgages that represent at least 51% of the votes of mortgaged Units in the Condominium, the Board of Directors must employ a professional manager to manage the affairs of the Association. Without the prior written approval of the holders of first Mortgages that represent at least 51% of the votes of mortgaged Units in the Condominium, the Association may not terminate professional management and assume self-management of the Condominium. Additionally, if professional management has previously been required by any Mortgage Holder, any such decision to establish self-management requires prior consent of the owners of Units to which 67% of the votes in the Association are allocated. Any agreement for professional management must provide that the management contract may be terminated for cause on 30 days' written notice.

12.5 Consent of Mortgage Holders to Change Percentage Ownership in Common Elements. The Unit owners may not reallocate the percentage of interest in the

common elements attributable to any Unit without the prior written approval of holders of first Mortgages that represent at least 51% of the votes of mortgaged Units with respect to which the percentage of ownership is proposed to be altered. Nothing in this Section 12.5 may be construed to give the owners, the Association, or the Board of Directors any specific authority to alter such percentage of ownership and, if any attempt is made to do so, full compliance must be made with the Declaration, the Association's Articles of Incorporation, the Bylaws, and the Oregon Condominium Act.

12.6 Consent of Mortgage Holders Required to Terminate Project. Except with respect to termination of the Condominium as a result of destruction, damage, or condemnation, any termination of the Condominium requires the prior written approval of holders of first Mortgages that represent at least 67% of the votes of mortgaged Units in the Condominium. However, consent will be deemed given if a Mortgage Holder does not object in writing within 30 days after notice of the proposed termination. Additionally, any such terminations must be carried out by the owners pursuant to provisions of the Declaration, the Association's Articles of Incorporation, the Bylaws, and the Oregon Condominium Act, and must be carried out only after vote of the owners, as provided in such provisions.

12.7 Limited Right of Amendment. Except on the written approval of holders of first Mortgages that represent at least 51% of the votes of mortgaged Units in the Condominium, no amendment that adds to or amends any material provision that establishes, provides for, governs, or regulates any of the following may be made to the Declaration or the Bylaws:

(a) Voting rights;

(b) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens or subordination of liens, or the priority of common elements;

(c) Reductions in reserves for maintenance, repair, and replacement of common elements;

(d) Responsibility for maintenance and repairs;

(e) Reallocation of interests in the general or limited common elements, or rights to their use;

(f) Redefinition of any Unit boundaries;

(g) Convertibility of Units into common elements or vice versa;

(h) Expansion or contraction of the Condominium project, or the addition, annexation, or withdrawal of property to or from the Condominium project;

(i) Hazard or fidelity insurance requirements;

(j) Imposition of any restrictions on the leasing of Units;

(k) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(l) Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the documents; or

(m) Any provisions that expressly benefit Mortgage Holders, insurers, or guarantors.

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

12.8 Request for Approval of Mortgage Holders. Any Mortgage Holder that receives a written request to approve additions or amendments to the Declaration or the Bylaws, or any other action to be taken by the Board of Directors, the Association, or Unit owners will be deemed to have given such approval unless the Mortgage Holder delivers or posts a negative response within 30 days after receipt of the request.

12.9 Right to Examine Documents. The Association must make available to Unit owners, lenders, and Mortgage Holders, upon request, current copies of the Declaration, the Bylaws, the Articles of Incorporation, other rules concerning the Condominium, and the books, records, and financial statements of the Association. The Association has the right to impose a reasonable charge for any copies requested by owners, prospective purchasers, lenders, or Mortgage Holders.

12.10 Right to Receive Annual Reports. The holders of first Mortgages representing at least 51% of the votes of mortgaged Units in the Condominium are entitled to have an audited financial statement prepared at their expense if the statement is not otherwise available. The Association and its officers, directors, and manager (if any) must cooperate with the Mortgage Holders and their auditors to facilitate the necessary auditing and review process. The financial statement must be furnished within a reasonable time following the request.

12.11 Right to Receive Written Notice of Meetings. On a Mortgage Holder's written request, the Association must give all Mortgage Holders written notice of all meetings of the Association, and the Mortgage Holders must be permitted to designate a representative to attend all such meetings.

12.12 List of Mortgage Holders. The Association must maintain at all times a list of Mortgage Holders who have given the Association notice on any matter described in Section 12 of this Declaration, which list shall include their names, addresses, the Units and mortgagors affected, and the matters with respect to which the Mortgage Holders have requested notice, provided that the information has been furnished to the Association by the owners or their Mortgage Holders.

13. Amendments to Declaration. Except when a larger percentage of approval is required by law, this Declaration may be amended from time to time by approval of Unit owners holding 75% or more of the voting rights as otherwise set forth in this Declaration. However, this Declaration must not be amended to reduce or eliminate the rights of any Mortgage Holder without all such Mortgage Holders' prior written consent.

13.1 Declarant's Approval Required. Declarant's prior written consent is required for any amendment to this Declaration until the earlier of the following dates: the date on which 75% or more of the total number of Units that Declarant may create or annex to the Condominium have been conveyed to owners other than Declarant, or the date on which seven years have elapsed since the first conveyance of a Unit in the Condominium. However, even thereafter, no amendment may limit or reduce any of Declarant's special rights, whether reserved here or otherwise provided by law. Except with respect to permitted supplemental condominium declarations annexing additional property to the Condominium, no amendment may change the size, location, percentage of interest in the common elements, method of determining liability for common expenses, right to common profits, or voting power of any Unit unless the amendment has been approved by the owners and the Mortgage Holders of the affected Unit.

13.2 Recordation/County Assessor and Commissioner Approval Required. An amendment to the Declaration takes effect when recorded in the Deed Records of Yamhill County, Oregon, certified to by the president and secretary of the Association and approved by the County Assessor and the Real Estate Commissioner.

13.3 Supplemental Declarations. At Declarant's sole option, Declarant may execute and record one or more supplemental condominium declarations, the provisions of which are consistent with section 3.5 above, without the consent or approval of the Board of Directors, the Association, the Unit owners, or any mortgage holder.

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

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

15.1 General. The Association has the authority to execute, acknowledge, deliver, and record easements, rights-of-way, licenses, and other similar interests affecting the general common elements on behalf of Unit owners, provided that the granting of any such interest has been approved by at least 75% of the Unit owners. An instrument granting any such interest must be executed by the president and secretary of the Association, must be

acknowledged in the manner provided for acknowledgment of such instruments by such officers, and must state that the grant was approved by at least 75% of the unit owners.

15.2 Utility Easements; Dedications. Anything in this Declaration to the contrary notwithstanding, Declarant has the right to execute, deliver, and record on behalf of the Association and the Unit owners such documents as may be required to grant easements, rights-of-way, and licenses over the common elements for the installation, maintenance, and repair of public utilities serving the Condominium or adjacent property. Declarant also has the right to execute, deliver, and record on behalf of the Association and the Unit owners such deeds and other documents as may be required to convey, dedicate, or grant easements, rights-of-way, or licenses over common elements, as may be required by any government or governmental agency to complete development of the Condominium. To effect the intent of this Section 15.2, each Unit owner, by acceptance of a deed or contract to a Unit, whether or not it is expressed in the deed or contract, for the owner and the owner's successors in interest, irrevocably appoints Declarant or its nominee, as his or her lawful attorney-in-fact for the purpose of executing any and all documents required or permitted to be executed hereunder. The power of attorney and the rights under this section expire when Declarant no longer owns a Unit or three years from the date this Declaration is recorded, whichever is earlier.

15.3 Encroachments. There is an easement for any encroachment of the common elements on any Unit or an encroachment of any Unit on the common elements or another Unit arising from the original construction, reconstruction, authorized repair, shifting, settling, or other movement of any portion of the condominium improvements. Such easements exist indefinitely and may be terminated only by the voluntary act of the party who benefits from the easement.

16. Declarant's Special Rights. Declarant has the following special rights:

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

16.2 "For Sale" and "For Rent" Signs. Declarant may maintain a reasonable number of "For Sale" and/or "For Rent" signs at reasonable locations on the Condominium property.

16.3 No Capital Assessments Without Consent. Neither the Association nor the Board of Directors may make any assessments for new construction, acquisition, capital improvements, or otherwise without Declarant's prior written consent, as long as the time period for annexing Units has not expired or as long as Declarant owns the greater of two Units or 5% of the total number of Units in the Condominium. Nothing contained in this Section 16.3 shall be construed to limit Declarant's obligation to pay assessments for common expenses on Units owned by Declarant pursuant to requirements of the Oregon Condominium Act.

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

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

16.6 Declarant's Other Special Rights. The rights reserved to Declarant in this Section 16 in no way limit any other special rights that Declarant, as a declarant, may have, whether pursuant to the Oregon Condominium Act or otherwise. On the expiration of any or all such special rights, Declarant will have the same rights as any other owner in the Condominium with respect to such ownership.

16.7 Assignment of Declarant's Rights. Declarant has the right to assign any and all of its rights, including, without limitation, Declarant's special rights, as set forth in this Section 16, or to share such rights with one or more other persons exclusively, simultaneously, or consecutively.

16.8 Expiration of Declarant's Special Rights. Unless otherwise provided, Declarant's special rights, as reserved in this Section 16, expire on the conveyance by Declarant of the last Unit owned by Declarant or three years after the first conveyance of a Unit in the Condominium, whichever is earlier.

17. Right to Make Additions to Common Elements. Upon a majority vote of the unit owners, additional construction or improvements to the common elements may be made. The calling and conducting of meetings of the association of the unit owners and the exercise of voting rights shall be controlled by Articles 2 and 3 of the Bylaws.

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

18.1 Access. Declarant, for itself and its successors and assigns, reserves an easement over all roadways and driveways now existing or in the future constructed on the Stage I real property and to construct and maintain new roadways and driveways on such real property if none exist sufficient to serve as a means of ingress and egress to real property that may be annexed in the future to the Condominium all for the benefit of the real property, or any portion of it. The easement must run with the land and must continue, unless and until the benefitted real property is annexed to the Condominium. The benefitted real property is described in Exhibit "B."

18.2 Access Easement Unrestricted. The easements reserved in Section 18.1 may be used by Declarant, and its successors and assigns, as a means of ingress and egress to the

benefitted real property for any purposes, including, without limitation, access for construction and service vehicles and access by residents to Condominium Units, apartments, or single-family attached or detached homes constructed on all or part of the real property that is annexed in the future to the Condominium.

18.3 Utility Easements. Easements for utility services of all kinds now customarily available or that may become available in the future are reserved over all portions of the Stage I real property, except the portions covered by the Condominium buildings for the benefit of the real property described on Exhibit "B." Installation of utility lines must be done at the expense of the benefitted owner and must be installed, maintained, and repaired in a manner such as to interfere with the use of the Stage I real property by the owners of Units in Stage I as little as reasonably practical under the existing circumstances.

18.4 Maintenance and Repair Costs. Maintenance, repairs, and replacement costs of the roadway and driveway easements described in Section 18.1 must be apportioned among the users (including owners of Units in Stage I) in an equitable manner. If agreement on an equitable apportionment cannot be reached by the parties benefitted, the apportionment must be done equally among all the residential "living units," i.e., Condominium Units, apartments, and single-family attached or detached homes).

18.5 Repair of Damaged Property. Notwithstanding any other expense apportionment set forth in this Section 18, any party damaging any utility installation or roadway/driveway improvement within an easement area is responsible for the cost to repair such damage.

18.6 Assignments. Declarant may assign in whole or in part the reserved easements described in this Section 18 when Declarant transfers title to the real property or any part of it.

18.7 Easements Run with the Land. All easements reserved in this Section 18 run with the land and are perpetual.

18.8 No Amendment Without Declarant's Consent. As provided in Section 13.1, the easements reserved in this Section 18 must not be extinguished or restricted without the written consent of Declarant and its successors and assigns.

19. General Provisions.

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

19.2 Severability. Each provision of the Declaration, the Articles of Incorporation, and the Bylaws is independent and severable. The invalidity or partial invalidity of any provision must not affect any of the remaining portions of that or any other provision of this Declaration or the Bylaws.

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

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

19.5 Costs and Attorney Fees. In any proceeding arising because of an alleged failure of a Unit owner to comply with the terms and provisions of this Declaration (as amended, the Bylaws (as amended), the Articles of Incorporation, rules and regulations adopted under the Bylaws, or the Oregon Condominium Act, the prevailing party is entitled to recover the cost of the proceedings and such reasonable attorney fees as may be determined by the trial court in any trial or by the appellate court in any appeal. In addition, the Association is entitled to recover costs and attorney fees incurred by it to collect delinquent assessments or fines, or to enforce the terms of the Declaration, Articles of Incorporation, Bylaws or any rules or regulations promulgated thereunder whether or not any collection or foreclosure action or suit is filed.

19.6 Compliance. Each Unit owner must comply with the provisions of the Declaration, the Articles of Incorporation, and the Bylaws, and with the administrative rules and regulations adopted thereunder, and with all other applicable covenants, conditions, and restrictions of record. Failure to comply will be grounds for suit or action, maintainable by the Association or any Unit owner in addition to other sanctions that may be provided in the Bylaws or in any existing administrative rules and regulations.

19.7 Conflicting Provisions. If a conflict arises between or among the provisions of the Declaration, the Articles of Incorporation of the Association, the Bylaws, and any administrative rules and regulations, the provisions of the Declaration must be paramount to those of the Articles, the Bylaws, and the rules and regulations, and the Articles will be paramount to the Bylaws and the rules and regulations, and those of the Bylaws will be paramount to the rules and regulations. For purposes of this Section 18.7, the term "Declaration" includes all amendments to this Declaration and the term "Bylaws" includes all amendments to the Bylaws.

19.8 Section and Paragraph Captions. Section and paragraph captions shall not be deemed to be a part of this Declaration unless the context otherwise requires. In construing this Declaration, if the context so requires, the singular shall be taken to mean and to include the plural, the masculine and feminine shall be taken to mean and to include the neuter, and, generally, all grammatical changes shall be made, assumed, and implied to make

the provisions hereof apply equally to individuals, trusts, estates, personal representative, trustees, and corporations.

The undersigned Declarant of the subject property has caused this Declaration to be executed by its members on May 22, 2001.

THREE MILE DEVELOPMENT, LLC

Stephen Lindell, Member

Raymond J. Kulback, Jr., Member

Marvin L. Worden, Member

Ted Steber, Member

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Stephen Lindell, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Marvin L. Worden, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Raymond J. Kulback, Jr., member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Ted Steber, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

The undersigned owners of the Real Property hereby submit the Real Property to the Condominium form of ownership pursuant to this Condominium Declaration.

Stephen Lindell

Raymond J. Kulback, Jr.

Marvin L. Worden

Ted Steber

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Stephen Lindell, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

On this 22 day of May, 2001, personally appeared before me the above-named Marvin L. Worden, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Raymond J. Kulback, Jr., who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

STATE OF OREGON)
) ss.
County of Yamhill)

On this 22 day of May, 2001, personally appeared before me the above-named Ted Steber, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

Joely D Roberts
Notary Public for Oregon

The foregoing Declaration is approved pursuant to ORS 100.110 this 5th day of June, 2001, and, in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two years from this date.

SCOTT W. TAYLOR
Oregon Real Estate Commissioner

By: Brian DeMarco
Brian DeMarco

The foregoing Declaration is approved pursuant to ORS 100.110 on this ____ day of _____, 2001.

YAMHILL COUNTY ~~ASSESSOR~~

By: _____

CONSENT: First Federal Savings & Loan Associtaion, which currently holds a security interest in the real property being subjected to the Oregon Condominium Act by this Declaration, hereby consents to this Declaration.

By: _____
R.S. Hartzell
Senior Vice President

FIRCREST VILLAGE CONDOMINIUMS
DESCRIPTION FOR STAGE 1

APRIL 28, 2000

A TRACT OF LAND IN PARCEL TWO OF THE PARTITION PLAT OF RECORD NO. 2000-18, YAMHILL COUNTY PLAT RECORDS, IN THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 4 SOUTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, CITY OF MCMINNVILLE, YAMHILL COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 5/8 INCH ROD MARKING THE SOUTHWEST CORNER OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18, SAID 5/8 INCH IRON ROD BEING 541.83 FEET, NORTH 02°11'18" EAST OF THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26 AND 27; THENCE LEAVING THE WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18, EAST, 59.99 FEET TO A 5/8 INCH IRON ROD; THENCE NORTH, 4.00 FEET TO A 5/8 INCH IRON ROD; THENCE EAST, 50.72 FEET TO A 5/8 INCH IRON ROD; THENCE SOUTH 39.91 FEET TO A 5/8 INCH IRON ROD; THENCE SOUTH 45°00'00" EAST, 15.56 FEET TO A 5/8 INCH IRON ROD; THENCE EAST, 68.88 FEET; THENCE ALONG THE ARC OF A 65.00 FOOT RADIUS CURVE TO THE LEFT (LONG CHORD BEARS 83.61 FEET, SOUTH 50°13'28" EAST) A DISTANCE OF 90.82 FEET; THENCE NORTH 89°45'00" EAST, 10.00 FEET TO A 5/8 INCH IRON ROD ON THE WEST LINE OF FIRCREST DRIVE, A DEEDED 30.00 FOOT RIGHT OF WAY, RECORDED IN YAMHILL COUNTY DEED RECORDS, INSTRUMENT NUMBER 199918241; THENCE ALONG SAID RIGHT OF WAY LINE, NORTH 00°15'00" WEST, 17.47 FEET TO A 5/8 INCH IRON ROD; THENCE ALONG THE ARC OF A 35.00 FOOT RADIUS CURVE TO THE RIGHT (LONG CHORD BEARS 45.83 FEET, NORTH 40°38'36" EAST) A DISTANCE OF 49.96 FEET TO A 5/8 INCH IRON ROD ON THE EAST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18; THENCE ALONG SAID EAST LINE, NORTH 00°15'00" WEST, 115.87 FEET; THENCE LEAVING SAID EAST LINE OF SAID PARCEL 2, WEST, 92.50 FEET; THENCE NORTH 00°15'00" WEST, 31.87 FEET; THENCE WEST, 201.56 FEET TO A POINT ON THE WEST LINE OF SAID PARCEL 2; THENCE ALONG SAID WEST LINE, SOUTH 00°02'59" EAST, 99.62 FEET TO A 5/8 INCH IRON ROD AND THE POINT OF BEGINNING OF THIS DESCRIPTION.
CONTAINING 0.88 ACRES OF LAND, MORE OR LESS.

FIRCREST VILLAGE CONDOMINIUMS
DESCRIPTION FOR CROSS-EASEMENTS

A TRACT OF LAND IN PARCEL TWO OF THE PARTITION PLAT OF RECORD NO. 2000-18, YAMHILL COUNTY PLAT RECORDS, IN THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 4 SOUTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, CITY OF MCMINNVILLE, YAMHILL COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18, SAID POINT BEING 99.62 FEET, NORTH 00°02'59" WEST AND 541.83 FEET, NORTH 02°11'18" EAST OF THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26, AND 27; THENCE LEAVING SAID WEST LINE OF SAID PARCEL 2, 201.56 FEET; THENCE SOUTH 00°15'00" EAST, 31.87 FEET; THENCE EAST, 92.50 FEET TO A POINT ON THE EAST LINE OF SAID PARCEL 2, THENCE ALONG SAID EAST LINE, NORTH 00°15'00" WEST, 134.14 FEET; THENCE LEAVING SAID EAST LINE OF SAID PARCEL 2, SOUTH 74°37'50" WEST, 95.02 FEET; THENCE NORTH 50°46'15" WEST, 261.04 FEET TO A POINT ON SAID WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18; THENCE ALONG SAID WEST LINE, SOUTH 00°02'59" EAST, 242.17 FEET TO THE POINT OF BEGINNING OF THE DESCRIPTION.
CONTAINING 1.00 ACRES OF LAND, MORE OR LESS.

FIRCREST VILLAGE CONDOMINIUMS
DESCRIPTION FOR CROSS-EASEMENTS

A TRACT OF LAND IN PARCEL TWO OF THE PARTITION PLAT OF RECORD NO. 2000-18, YAMHILL COUNTY PLAT RECORDS, IN THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 4 SOUTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, CITY OF MCMINNVILLE, YAMHILL COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18, SAID POINT BEING 341.79 FEET, NORTH 00°02'59" WEST AND 541.83 FEET, NORTH 02°11'18" EAST OF THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26, AND 27; THENCE LEAVING SAID WEST LINE, SOUTH 50°46'15" EAST, 261.04 FEET; THENCE NORTH 74°37'50" EAST, 95.02 FEET TO POINT ON THE EAST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18; THENCE ALONG SAID EAST LINE, NORTH 00°15'00" WEST, 32.35 FEET TO A 1 INCH IRON PIPE; THENCE NORTH 50°38'28" WEST, 274.80 FEET TO A 1 INCH IRON PIPE; THENCE NORTH 88°31'59" EAST, 159.37 FEET TO AN 8 INCH BY 8 INCH BY 12 INCH STONE WITH A CROSS MARK ON TOP; THENCE NORTH 45°52'59" WEST, 335.42 FEET TO A 5/8 INCH IRON ROD; THENCE SOUTH 00°02'59" EAST, 304.29 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION.
CONTAINING 1.38 ACRES OF LAND, MORE OR LESS.

EXHIBIT "C"

UNIT INFORMATION

Unit Number	Street Address	Square Footage	Stage I Allocation of Ownership in Common Elements	LCE Heat Pump Designation on Plat
1	300 NE Fircrest Place	1349	10.10	1 H
2	318 NE Fircrest Place	1792	13.42	2 H
3	330 NE Fircrest Place	1349	10.10	3 H
23	347 NE Fircrest Place	1745	13.07	23 H
24	335 NE Fircrest Place	1753	13.13	24 H
25	323 NE Fircrest Place	1824	13.67 *	25 H
26	311 NE Fircrest Place	1745	13.07	26 H
27	305 NE Fircrest Place	1795	13.44	27 H
			100.00	

* This percentage was arbitrarily adjusted for computation purposes, as stated in Section 3.4.

OFFICIAL YAMHILL COUNTY RECORDS
CHARLES STERN, COUNTY CLERK
200215279

$91.00

00096586200200152790140149
07/31/2002 03:15:56 PM
PR-DECPR Cnt=1 Stn=2 ANITA
$70.00 $10.00 $11.00

After Recording, Return to:
Three Mile Development, LLC
735 N. Adams Street
McMinnville, OR 97128

SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR FIRCREST VILLAGE CONDOMINIUMS

(STAGE II)

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SUPPLEMENTAL CONDOMINIUM DECLARATION
FOR
FIRCREST VILLAGE CONDOMINIUMS
(STAGE II)

This Declaration submits to the provisions, restrictions, and limitations of the Oregon Condominium Act real property here described (the "Real Property") and all improvements now existing or to be constructed on such real property, to be known as FIRCREST VILLAGE CONDOMINIUMS.

Recitals, Intent, and Purpose

A. Three Mile Development, LLC (hereinafter referred to as "Declarant") and Stephen Lindell, Raymond J. Kulback, Jr., Ted Steber and Marvin W. Worden, who are the owners in fee simple of the Real Property described below, desire to submit the Real Property to the Condominium form of ownership, to be converted, handled, and used in the manner provided by the Oregon Condominium Act.

B. This Supplemental Condominium Declaration is intended to annex additional property to the Fircrest Village Condominiums. The initial condominium declaration for Stage I of Fircrest Village Condominiums, together with Bylaws, were recorded on June 5, 2001 as Instrument No. 200108867 and Instrument No. 200108868, respectively, in the Official Records of Yamhill County, Oregon.

NOW, THEREFORE,

Declaration

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

1. **Definitions.** Except as otherwise provided or modified by this Section 1, the terms contained here have the meaning set forth in the Oregon Condominium Act, ORS 100.005 et seq., and the statute and its definitions are incorporated here. As used in this Declaration and in the bylaws (the "Bylaws") of the Fircrest Village Condominiums Association (the "Association"), the following terms have the following meanings:

1.1 **Association** means and refers to the Fircrest Village Condominiums Association, which will be an Oregon nonprofit corporation.

1.2 **Condominium** means the Fircrest Village Condominiums, including the real property, all buildings and structures constructed on it and all improvements made to it, and all easements, rights, and appurtenances belonging to it, all of which are here submitted to the provisions of the Oregon Condominium Act.

1.3 **Mortgage** means a recorded first mortgage, first trust deed, or first contract of sale that creates a first lien against a Unit, and "Mortgage Holder" means the holder,

beneficiary, or vendor of such a mortgage, trust deed, or contract of sale, but only when the holder, beneficiary, or vendor notifies the Association in writing of the existence of the mortgage and gives the Association a current name and mailing address.

1.4 **Unit** means the airspace encompassed by the undecorated interior surface of the perimeter walls, floors, and ceilings, which is owned in fee simple by each owner of a Condominium Unit and which is more specifically described in Section 3.2 below.

1.5 **Supplemental Declaration** means this document, the purpose of which is to annex additional property to the Fircrest Village Condominiums.

2. **Real Property Description.** The Real Property that is submitted here to the Oregon Condominium Act is located in McMinnville, Yamhill County, Oregon, and is more particularly described on Exhibit "A." Each owner holds fee simple title to the Unit and common elements pertaining to it when Declarant conveys the property to the owner. Before such conveyance, Declarant holds fee simple title to all Units and the appertaining common elements.

3. **Name; Unit Description.**

3.1 **Name.** The Real Property will be known as Fircrest Village Condominiums.

3.2 **Boundaries of Units.** Each Unit, including its attached garage, is bounded by the interior surfaces of its perimeter walls, floors, ceilings, windows and window frames, doors and door frames, and trim. The Units include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of its finished surfaces thereof shall be a part of the Unit except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. All other portions of the walls, floors, or ceilings are a part of the common elements. In addition, each Unit includes the following:

(a) All spaces, nonbearing interior partitions, windows, window frames, exterior doors and door frames (including patio and garage doors), and all other fixtures and improvements within the boundaries of the Unit; and

(b) All outlets of utility service lines, including, but not limited to, power, gas, and water within the boundaries of the Unit, but does not include any part of the lines or ducts themselves.

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

3.3 **Building Description and Unit Designation.** Stage II of this Condominium consists of land with three buildings thereon, with a total of 9 units. The Condominium

buildings are one-story wood frame construction on concrete foundations with lap siding and composition shingle roofs. The buildings do not have basements. The designation, location, and area in square feet of each Unit are shown on Exhibit "C" and on the Plat.

3.4 Ownership. Each unit owner will own the unit as described in section 3.2, and will also own an undivided interest in the common elements of the condominium, as described in sections 4 and 5. The allocation to each unit of an undivided interest in the common elements was determined by dividing the sum of the approximate floor space (including garages) of all units into the approximate floor space of each respective unit, then making an arbitrary adjustment to the percentage of ownership of certain of the units of .01 percent or less so that the total ownership comes to exactly 100.00 percent. The ownership interest in the common elements will be held as an appurtenance to the unit and cannot be transferred separately from the unit to which it is appurtenant. The numerical designation, approximate floor space area and percentage of ownership in the common elements of each unit in Stage I and Stage II are shown on the attached Exhibit "C."

3.5. Description of Staged Development. Declarant proposes to develop the Condominium in several stages, with the maximum number of units, additional common elements, minimum allocation of undivided interest in the common elements, and election dates to be as follows:

(a) The maximum number of units to be included in the Condominium development is 27.

(b) The additional general common elements to be annexed at each stage of the development includes the portion of the Condominium buildings not included within a unit or a limited common element and the land and landscaping.

(c) Declarant hereby reserves the right to construct units, the floor plans of which differ from those of units in Stage I or Stage II, or which have larger or smaller floor areas. However, the exterior style of the buildings must be compatible with buildings in Stage I. The method used to establish the allocation of undivided interest in the common elements of each unit is based on the square footage of each unit, expressed as a percentage of the sum of the square footage in all units in the Condominium. However, certain adjustments may be made, by arbitrarily adding or subtracting .01 percent or less for one or more units in order to make the total percentage assignments in the common elements equal 100.00 percent.

(d) Declarant has until June 30, 2005, to annex the real property in subsequent stages, except that, pursuant to ORS 100.105(3), Declarant may seek an amendment to the Declaration providing for an extension, not to exceed two years after such date, to annex additional property. All annexations shall be effected, if at all, by Declarant's executing and recording one or more supplemental condominium declarations.

(e) Nothing in this Declaration or the Bylaws requires the Declarant to develop any additional units or to annex any additional real property that it may

currently plan to develop or annex to the Condominium. All references in this Declaration and the Bylaws to subsequent development are permissive, not mandatory, and no such reference constitutes a representation or warranty that such subsequent development actually will occur. Declarant reserves all rights of ownership and control with respect to any additional property it may own, including, without limitation, the right to hold, transfer, encumber, and develop such property as Declarant may determine.

4. General Common Elements.

4.1 Definition. The general common elements consist of all portions of the Condominium that are not part of a Unit or a limited common element, including, without limitation, the following:

(a) The land, including the private drive known as Fircrest Place;

(b) The foundations, columns, girders, beams, supports, bearing and shear walls, and roofs of the buildings;

(c) The fences, and those portions of the yards and gardens that are not designated as limited common elements in Section 5;

(d) Installations of central services, such as power, gas, and water up to the outlets within any Units; and

(e) All other elements of any building or other improvements that are necessary or convenient to its existence, maintenance, and safety or that are normally in common use.

4.2 Maintenance, Repair, and Replacement of General Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the general common elements is a common expense, and the performance of such work is the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or his or her invitee, guest, tenant, or servant will be repaired by the Association at the owner's sole cost and expense. Although repair, maintenance, and replacement of exterior doors and door frames (including patio and garage doors), and windows and window frames is the responsibility of individual owners, exterior painting is the responsibility of the Association. Common expenses will be assessed and apportioned among the owners as set forth in Section 10.6 of the Stage I Declaration.

5. Limited Common Elements. The following constitute limited common elements, the use of which is restricted to the Units to which they pertain:

5.1 Definitions.

(a) Each of the patios is a limited common element reserved for the Unit that it adjoins.

(b) Each driveway and front walkway are limited common elements reserved for the adjoining unit.

(c) Each front yard, side yard or back yard that adjoins a Unit is a limited common element reserved for the Unit that it adjoins.

(d) Each unit has a heat pump as a limited common element reserved for that unit, as designated in the attached Exhibit "C."

5.2 Maintenance, Repair, and Replacement of Limited Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the limited common elements will be a common expense, which shall be assessed and apportioned pursuant to Section 10.6 of the Stage I Declaration, and the performance of the work will be the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or his or her invitee, guest, tenant, or servant will be repaired by the Association at the owner's sole cost and expense. Although repair, maintenance and replacement of door and door frames (including patio and garage doors), windows, and window frames are the responsibility of individual owners, exterior painting will be performed at the expense of the Association. Common expenses shall be assessed and apportioned among the owners as set forth in section 10.6 of the Stage I Declaration.

6. Parking. Vehicle parking is primarily limited to each Unit's garage and driveway, on-street parking will be available on Fircrest Place.

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

7.1 Access. Declarant, for itself and its successors and assigns, reserves an easement over all roadways and driveways now existing or in the future constructed on the Stage II real property and to construct and maintain new roadways and driveways on such real property if none exist sufficient to serve as a means of ingress and egress to real property that may be annexed in the future to the Condominium all for the benefit of the real property, or any portion of it. The easement must run with the land and must continue, unless and until the benefitted real property is annexed to the Condominium. The benefitted real property is described in Exhibit "B."

7.2 Access Easement Unrestricted. The easements reserved in Section 7.1 may be used by Declarant, and its successors and assigns, as a means of ingress and egress to the benefitted real property for any purposes, including, without limitation, access for construction and service vehicles and access by residents to Condominium Units, apartments,

or single-family attached or detached homes constructed on all or part of the real property that is annexed in the future to the Condominium.

7.3 Utility Easements. Easements for utility services of all kinds now customarily available or that may become available in the future are reserved over all portions of the Stage II real property, except the portions covered by the Condominium buildings for the benefit of the real property described on Exhibit "B." Installation of utility lines must be done at the expense of the benefitted owner and must be installed, maintained, and repaired in a manner such as to interfere with the use of the Stage II real property by the owners of Units in Stage II as little as reasonably practical under the existing circumstances.

7.4 Maintenance and Repair Costs. Maintenance, repairs, and replacement costs of the roadway and driveway easements described in Section 7.1 must be apportioned among the users (including owners of Units in Stage I and Stage II) in an equitable manner. If agreement on an equitable apportionment cannot be reached by the parties benefitted, the apportionment must be done equally among all the residential "living units," i.e., Condominium Units, apartments, and single-family attached or detached homes).

7.5 Repair of Damaged Property. Notwithstanding any other expense apportionment set forth in this Section 7, any party damaging any utility installation or roadway/driveway improvement within an easement area is responsible for the cost to repair such damage.

7.6 Assignments. Declarant may assign in whole or in part the reserved easements described in this Section 7 when Declarant transfers title to the real property or any part of it.

7.7 Easements Run with the Land. All easements reserved in this Section 7 run with the land and are perpetual.

7.8 No Amendment Without Declarant's Consent. As provided in Section 13.1 of the Stage I Declaration, the easements reserved in this Section 7 must not be extinguished or restricted without the written consent of Declarant and its successors and assigns.

8. Incorporation. Except as set forth above, the Declarant hereby incorporates by reference all provisions of the initial Condominium Declaration for Stage I of the Fircrest Village Condominiums.

The undersigned Declarant of the subject property has caused this Declaration to be executed by its members on July 26, 2002.

THREE MILE DEVELOPMENT, LLC

Stephen Lindell, Member

Raymond J. Kulback, Jr., Member

Marvin L. Worden, Member

Ted Steber, Member

STATE OF OREGON)
) ss.
County of Yamhill)

On this 26 day of July, 2002, personally appeared before me the above-named Stephen Lindell, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Marvin L. Worden, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Raymond J. Kulback, Jr., member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Ted Steber, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

The undersigned owners of the Real Property hereby submit the Real Property to the Condominium form of ownership pursuant to this Condominium Declaration.

Stephen Lindell

Raymond J. Kulback, Jr.

Marvin L. Worden

Ted Steber

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Stephen Lindell, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Marvin L. Worden, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Raymond J. Kulback, Jr., who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC - OREGON
COMMISSION NO. 354959
MY COMMISSION EXPIRES MARCH 13, 2006

On this 26 day of July, 2002, personally appeared before me the above-named Ted Steber, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

Joely D Roberts
Notary Public for Oregon

The foregoing Declaration is approved pursuant to ORS 100.110 this 31st day of July, 2002, and, in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two years from this date.

SCOTT W. TAYLOR
Oregon Real Estate Commissioner

By: _____
Brian DeMarco

The foregoing Declaration is approved pursuant to ORS 100.110 on this 29th day of July, 2002.

YAMHILL COUNTY ASSESSOR

By: _____

CONSENT: First Federal Savings & Loan Associtaion, which currently holds a security interest in the real property being subjected to the Oregon Condominium Act by this Declaration, hereby consents to this Declaration.

By: _____
R.S. Hartzell
Senior Vice President

FIRCREST VILLAGE CONDOMINIUMS
DESCRIPTION FOR STAGE II

A TRACT OF LAND IN PARCEL TWO OF THE PARTITION PLAT OF RECORD NO. 2000-18, YAMHILL COUNTY PLAT RECORDS, IN THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 4 SOUTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, CITY OF MCMINNVILLE, YAMHILL COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18, SAID POINT BEING 99.62 FEET, NORTH 00°02'59" WEST AND 541.83 FEET, NORTH 02°11'18" EAST OF THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26, AND 27; THENCE LEAVING SAID WEST LINE OF SAID PARCEL 2, 201.56 FEET; THENCE SOUTH 00°15'00" EAST, 31.87 FEET; THENCE EAST, 92.50 FEET TO A POINT ON THE EAST LINE OF SAID PARCEL 2, THENCE ALONG SAID EAST LINE, NORTH 00°15'00" WEST, 134.14 FEET; THENCE LEAVING SAID EAST LINE OF SAID PARCEL 2, SOUTH 74°37'50" WEST, 95.02 FEET; THENCE NORTH 50°46'15" WEST, 261.04 FEET TO A POINT ON SAID WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18; THENCE ALONG SAID WEST LINE, SOUTH 00°02'59" EAST, 242.17 FEET TO THE POINT OF BEGINNING OF THE DESCRIPTION.
CONTAINING 1.00 ACRES OF LAND, MORE OR LESS.

Exhibit "A"

FIRCREST VILLAGE CONDOMINIUMS
DESCRIPTION FOR CROSS-EASEMENTS

A TRACT OF LAND IN PARCEL TWO OF THE PARTITION PLAT OF RECORD NO. 2000-18, YAMHILL COUNTY PLAT RECORDS, IN THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 4 SOUTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, CITY OF MCMINNVILLE, YAMHILL COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18, SAID POINT BEING 341.79 FEET, NORTH 00°02'59" WEST AND 541.83 FEET, NORTH 02°11'18" EAST OF THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26, AND 27; THENCE LEAVING SAID WEST LINE, SOUTH 50°46'15" EAST, 261.04 FEET; THENCE NORTH 74°37'50" EAST, 95.02 FEET TO POINT ON THE EAST LINE OF SAID PARCEL 2 OF SAID PARTITION PLAT NO. 2000-18; THENCE ALONG SAID EAST LINE, NORTH 00°15'00" WEST, 32.35 FEET TO A 1 INCH IRON PIPE; THENCE NORTH 50°38'28" WEST, 274.80 FEET TO A 1 INCH IRON PIPE; THENCE NORTH 88°31'59" EAST, 159.37 FEET TO AN 8 INCH BY 8 INCH BY 12 INCH STONE WITH A CROSS MARK ON TOP; THENCE NORTH 45°52'59" WEST, 335.42 FEET TO A 5/8 INCH IRON ROD; THENCE SOUTH 00°02'59" EAST, 304.29 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION.
CONTAINING 1.38 ACRES OF LAND, MORE OR LESS.

Exhibit "B"

EXHIBIT "C"

UNIT INFORMATION

	Unit Number	Street Address	Square Footage	Allocation of Ownership in Common Elements *	LCE Heat Pump Designation on Plat
STAGE I UNITS:	1	300 NE Fircrest Place	1349	4.94	1 H
	2	318 NE Fircrest Place	1792	6.57	2 H
	3	330 NE Fircrest Place	1349	4.94	3 H
	23	347 NE Fircrest Place	1745	6.40	23 H
	24	335 NE Fircrest Place	1753	6.43	24 H
	25	323 NE Fircrest Place	1824	6.69	25 H
	26	311 NE Fircrest Place	1745	6.40	26 H
	27	305 NE Fircrest Place	1795	6.58	27 H
STAGE II UNITS:	4	352 NE Fircrest Place	1356	4.97	4 H
	5	378 NE Fircrest Place	1568	5.74	5 H
	6	396 NE Fircrest Place	1372	5.03	6 H
	17	431 NE Fircrest Place	1358	4.98	17 H
	18	411 NE Fircrest Place	1359	4.98	18 H
	19	395 NE Fircrest Place	1776	6.51	19 H
	20	383 NE Fircrest Place	1792	6.57	20 H
	21	371 NE Fircrest Place	1571	5.75	21 H
	22	359 NE Fircrest Place	1779	6.52	22 H
				100.00	

*** This shows the percentage of ownership of each unit after the annexation of Stage II.**

OFFICIAL YAMHILL COUNTY RECORDS
JAN COLEMAN, COUNTY CLERK
200402094

$81.00

00156437200400020940120124
02/05/2004 09:31:44 AM
PR-DECPR Cnt=1 Stn=2 ANITA
$60.00 $10.00 $11.00

After Recording, Return to:
Three Mile Development, LLC
735 N. Adams Street
McMinnville, OR 97128

SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR FIRCREST VILLAGE CONDOMINIUMS

(STAGE III)

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SUPPLEMENTAL CONDOMINIUM DECLARATION
FOR
FIRCREST VILLAGE CONDOMINIUMS
(STAGE III)

This Declaration submits to the provisions, restrictions, and limitations of the Oregon Condominium Act real property here described (the "Real Property") and all improvements now existing or to be constructed on such real property, to be known as FIRCREST VILLAGE CONDOMINIUMS.

Recitals, Intent, and Purpose

A. Three Mile Development, LLC (hereinafter referred to as "Declarant") and Stephen Lindell, Raymond J. Kulback, Jr., Ted Steber and Marvin W. Worden, who are the owners in fee simple of the Real Property described below, desire to submit the Real Property to the Condominium form of ownership, to be converted, handled, and used in the manner provided by the Oregon Condominium Act.

B. This Supplemental Condominium Declaration is intended to annex additional property to the Fircrest Village Condominiums. The initial condominium declaration for Stage I of Fircrest Village Condominiums, together with Bylaws, were recorded on June 5, 2001 as Instrument No. 200108867 and Instrument No. 200108868, respectively, in the Official Records of Yamhill County, Oregon. The Supplemental Condominium Declaration for Stage II of the Fircrest Village Condominiums was recorded on July 31, 2002 as Instrument No. 200215279 in the Official Records of Yamhill County, Oregon.

NOW, THEREFORE,

Declaration

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

1. **Definitions.** Except as otherwise provided or modified by this Section 1, the terms contained here have the meaning set forth in the Oregon Condominium Act, ORS 100.005 et seq., and the statute and its definitions are incorporated here. As used in this Declaration and in the bylaws (the "Bylaws") of the Fircrest Village Condominiums Association (the "Association"), the following terms have the following meanings:

1.1 **Association** means and refers to the Fircrest Village Condominiums Association, which will be an Oregon nonprofit corporation.

1.2 **Condominium** means the Fircrest Village Condominiums, including the real property, all buildings and structures constructed on it and all improvements made to it, and

all easements, rights, and appurtenances belonging to it, all of which are here submitted to the provisions of the Oregon Condominium Act.

1.3 Mortgage means a recorded first mortgage, first trust deed, or first contract of sale that creates a first lien against a Unit, and "Mortgage Holder" means the holder, beneficiary, or vendor of such a mortgage, trust deed, or contract of sale, but only when the holder, beneficiary, or vendor notifies the Association in writing of the existence of the mortgage and gives the Association a current name and mailing address.

1.4 Unit means the airspace encompassed by the undecorated interior surface of the perimeter walls, floors, and ceilings, which is owned in fee simple by each owner of a Condominium Unit and which is more specifically described in Section 3.2 below.

1.5 Supplemental Declaration means this document, the purpose of which is to annex additional property to the Fircrest Village Condominiums.

2. Real Property Description. The Real Property that is submitted here to the Oregon Condominium Act is located in McMinnville, Yamhill County, Oregon, and is more particularly described on Exhibit "A." Each owner holds fee simple title to the Unit and common elements pertaining to it when Declarant conveys the property to the owner. Before such conveyance, Declarant holds fee simple title to all Units and the appertaining common elements.

3. Name; Unit Description.

3.1 Name. The Real Property will be known as Fircrest Village Condominiums.

3.2 Boundaries of Units. Each Unit, including its attached garage, is bounded by the interior surfaces of its perimeter walls, floors, ceilings, windows and window frames, doors and door frames, and trim. The Units include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of its finished surfaces thereof shall be a part of the Unit except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. All other portions of the walls, floors, or ceilings are a part of the common elements. In addition, each Unit includes the following:

(a) All spaces, nonbearing interior partitions, windows, window frames, exterior doors and door frames (including patio and garage doors), and all other fixtures and improvements within the boundaries of the Unit; and

(b) All outlets of utility service lines, including, but not limited to, power, gas, and water within the boundaries of the Unit, but does not include any part of the lines or ducts themselves.

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

3.3 Building Description and Unit Designation. Stage III of this Condominium consists of land with four buildings thereon, with a total of 10 units. The Condominium buildings are one-story wood frame construction on concrete foundations with lap siding and composition shingle roofs. Three of the buildings do not have basements. The fourth building, comprising four units, has basements in each of the units. The designation, location, and area in square feet of each Unit are shown on Exhibit "B" and on the Plat.

3.4 Ownership. Each unit owner will own the unit as described in section 3.2, and will also own an undivided interest in the common elements of the condominium, as described in sections 4 and 5. The allocation to each unit of an undivided interest in the common elements was determined by dividing the sum of the approximate floor space (including garages, but *not* including basements) of all units into the approximate floor space of each respective unit, then making an arbitrary adjustment to the percentage of ownership of certain of the units of .01 percent or less so that the total ownership comes to exactly 100.00 percent. The ownership interest in the common elements will be held as an appurtenance to the unit and cannot be transferred separately from the unit to which it is appurtenant. The numerical designation, approximate floor space area and percentage of ownership in the common elements of each unit in Stage I, Stage II and Stage III are shown on the attached Exhibit "B."

3.5. Description of Staged Development. Declarant proposes to develop the Condominium in several stages, with the maximum number of units, additional common elements, minimum allocation of undivided interest in the common elements, and election dates to be as follows:

(a) The maximum number of units to be included in the Condominium development is 27.

(b) The additional general common elements to be annexed at each stage of the development includes the portion of the Condominium buildings not included within a unit or a limited common element and the land and landscaping.

(c) Declarant hereby reserves the right to construct units, the floor plans of which differ from those of units in Stage I or Stage II, or which have larger or smaller floor areas. However, the exterior style of the buildings must be compatible with buildings in Stage I. The method used to establish the allocation of undivided interest in the common elements of each unit is based on the square footage of each unit (including garages, but *not* including basements), expressed as a percentage of

the sum of the square footage in all units in the Condominium. However, certain adjustments may be made, by arbitrarily adding or subtracting .01 percent or less for one or more units in order to make the total percentage assignments in the common elements equal 100.00 percent.

(d) Declarant has until June 30, 2005, to annex the real property in subsequent stages, except that, pursuant to ORS 100.105(3), Declarant may seek an amendment to the Declaration providing for an extension, not to exceed two years after such date, to annex additional property. All annexations shall be effected, if at all, by Declarant's executing and recording one or more supplemental condominium declarations.

(e) Nothing in this Declaration or the Bylaws requires the Declarant to develop any additional units or to annex any additional real property that it may currently plan to develop or annex to the Condominium. All references in this Declaration and the Bylaws to subsequent development are permissive, not mandatory, and no such reference constitutes a representation or warranty that such subsequent development actually will occur. Declarant reserves all rights of ownership and control with respect to any additional property it may own, including, without limitation, the right to hold, transfer, encumber, and develop such property as Declarant may determine.

4. General Common Elements.

4.1 Definition. The general common elements consist of all portions of the Condominium that are not part of a Unit or a limited common element, including, without limitation, the following:

(a) The land, including the private drive known as Fircrest Place;

(b) The foundations, columns, girders, beams, supports, bearing and shear walls, and roofs of the buildings;

(c) The fences, and those portions of the yards and gardens that are not designated as limited common elements in Section 5;

(d) Installations of central services, such as power, gas, and water up to the outlets within any Units; and

(e) All other elements of any building or other improvements that are necessary or convenient to its existence, maintenance, and safety or that are normally in common use.

4.2 Maintenance, Repair, and Replacement of General Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the general common elements is a common expense, and the performance of such work is the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or his or her invitee, guest, tenant, or servant will be repaired by the Association at the owner's sole cost and expense. Although repair, maintenance, and replacement of exterior doors and door frames (including patio and garage doors), and windows and window frames is the responsibility of individual owners, exterior painting is the responsibility of the Association. Common expenses will be assessed and apportioned among the owners as set forth in Section 10.6 of the Stage I Declaration.

5. Limited Common Elements. The following constitute limited common elements, the use of which is restricted to the Units to which they pertain:

5.1 Definitions.

(a) Each patio and each desk is a limited common element reserved for the Unit that it adjoins.

(b) Each driveway and front walkway are limited common elements reserved for the adjoining unit.

(c) Each front yard, side yard or back yard that adjoins a Unit is a limited common element reserved for the Unit that it adjoins.

(d) Each unit has a heat pump as a limited common element reserved for that unit, as designated in the attached Exhibit "B."

5.2 Maintenance, Repair, and Replacement of Limited Common Elements; Liability for Common Expense. Except as otherwise specifically provided in this Declaration, the cost of maintenance, repair, and replacement of the limited common elements will be a common expense, which shall be assessed and apportioned pursuant to Section 10.6 of the Stage I Declaration, and the performance of the work will be the responsibility of the Association, except that any damage caused by the negligence or intentional act of an owner or his or her invitee, guest, tenant, or servant will be repaired by the Association at the owner's sole cost and expense. Repair, maintenance and replacement of the decks which are limited common elements for units 13, 14, 15 and 16 shall be the responsibility of individual owners. Although repair, maintenance and replacement of door and door frames (including patio and garage doors), windows, and window frames are the responsibility of individual owners, exterior painting will be performed at the expense of the Association. Common expenses shall be assessed and apportioned among the owners as set forth in section 10.6 of the Stage I Declaration.

6. **Parking.** Vehicle parking is primarily limited to each Unit's garage and driveway, on-street parking will be available on Fircrest Place.

7. **Incorporation.** Except as set forth above, the Declarant hereby incorporates by reference all provisions of the initial Condominium Declaration for Stage I of the Fircrest Village Condominiums.

The undersigned Declarant of the subject property has caused this Declaration to be executed by its members on JANUARY 21, 2004.

THREE MILE DEVELOPMENT, LLC

Stephen Lindell, Member

Raymond J. Kulback, Jr., Member

Marvin L. Worden, Member

Ted Steber, Member

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Stephen Lindell, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Marvin L. Worden, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Raymond J. Kulback, Jr., member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Ted Steber, member, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

The undersigned owners of the Real Property hereby submit the Real Property to the Condominium form of ownership pursuant to this Condominium Declaration.

Stephen Lindell

Raymond J. Kulback, Jr.

Marvin L. Worden

Ted Steber

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Stephen Lindell, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Marvin L. Worden, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Raymond J. Kulback, Jr., who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Yamhill)

On this 21ST day of JANUARY, 2004, personally appeared before me the above-named Ted Steber, who, being duly sworn, acknowledged the signature of this instrument to be his voluntary act and deed.

OFFICIAL SEAL
S LUTZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 353690
MY COMMISSION EXPIRES FEB. 6, 2006

Notary Public for Oregon

The foregoing Declaration is approved pursuant to ORS 100.110 this 2nd day of February, 2004, and, in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two years from this date.

Oregon Real Estate Commissioner

By: _____
Brian DeMarco

The foregoing Declaration is approved pursuant to ORS 100.110 on this 28th day of January, 2004.

YAMHILL COUNTY ASSESSOR

By: _____

CONSENT: First Federal Savings & Loan Associtaion, which currently holds a security interest in the real property being subjected to the Oregon Condominium Act by this Declaration, hereby consents to this Declaration.

By: _____
R.S. Hartzell
Senior Vice President

FIRCREST VILLAGE CONDOMINIUMS
DESCRIPTION FOR STAGE III

EXHIBIT "A"

A tract of land located in Parcel 2 Partition Plat 2000-18 in the Southwest 1/4 of Section 23, Township 4 South, Range 4 West, Willamette Meridian, City of McMinnville, Yamhill County, Oregon, being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod, said rod marks the Southwest corner of Parcel 2 of Partition Plat 2000-18 and also being North 02°11'18" East, 541.83 feet of a brass cap common to Sections 22, 23, 26, and 27, Township 4 South, Range 4 West, Willamette Meridian; thence North 00°02'59" West, 341.79 feet to a 5/8 inch iron rod, said rod marks the Northwest corner of Stage II of Fircrest Village Condominiums and is the TRUE POINT OF BEGINNING of this description; thence North 00°02'59" West, 304.29 feet along the West line of said Parcel 2 to a 5/8 inch iron rod; thence South 45°52'59" East, 335.42 feet along the boundary of said Parcel 2 to a 8 inch by 8 inch by 12 inch stone, with cross mark; thence South 88°31'59" West, 159.37 feet along the boundary of said Parcel 2 to a 1 inch iron pipe; thence 50°38' 28" East, 274.80 feet along the boundary of said Parcel 2 to a 1 inch iron pipe; thence South 00°15' 00" East, 32.35 feet along the boundary of said Parcel 2 to a 5/8 inch iron rod, said rod marks the most Easterly North corner of Stage II of Fircrest Village Condominiums; thence South 74°37' 50" West, 95.02 feet along the boundary of said Stage II to a 5/8 inch iron rod; thence North 50°46' 15" West, 261.04 feet along the boundary of said Stage II to a 5/8 inch iron rod, said rod being the TRUE POINT OF BEGINNING of this description.

EXHIBIT "B"

UNIT INFORMATION

	Unit Number	Street Address	Square Footage	Allocation of Ownership in Common Elements *	LCE Heat Pump Designation on Plat
STAGE I UNITS:	1	300 NE Fircrest Place	1349	3.04	1 H
	2	318 NE Fircrest Place	1792	4.04	2 H
	3	330 NE Fircrest Place	1349	3.04	3 H
	23	347 NE Fircrest Place	1745	3.93	23 H
	24	335 NE Fircrest Place	1753	3.95	24 H
	25	323 NE Fircrest Place	1824	4.11	25 H
	26	311 NE Fircrest Place	1745	3.93	26 H
	27	305 NE Fircrest Place	1795	4.04	27 H
STAGE II UNITS:	4	352 NE Fircrest Place	1356	3.06	4 H
	5	378 NE Fircrest Place	1568	3.53	5 H
	6	396 NE Fircrest Place	1372	3.09	6 H
	17	431 NE Fircrest Place	1358	3.06	17 H
	18	411 NE Fircrest Place	1359	3.06	18 H
	19	395 NE Fircrest Place	1776	4.00	19 H
	20	383 NE Fircrest Place	1792	4.04	20 H
	21	371 NE Fircrest Place	1571	3.54	21 H
	22	359 NE Fircrest Place	1779	4.01	22 H
STAGE III UNITS:	7	406 NE Fircrest Place	2050	4.62	7 H
	8	412 NE Fircrest Place	1847	4.16	8 H
	9	424 NE Fircrest Place	1855	4.17	9 H
	10	436 NE Fircrest Place	1359	3.06	10 H
	11	448 NE Fircrest Place	1575	3.55	11 H
	12	460 NE Fircrest Place	1362	3.07	12 H
	13	468 NE Fircrest Place	2041 **	4.60	13 H
	14	478 NE Fircrest Place	1584 **	3.57	14 H
	15	486 NE Fircrest Place	1588 **	3.58	15 H
	16	498 NE Fircrest Place	1841 **	4.15	16 H
				100.00	

* **This shows the percentage of ownership of each unit after the annexation of Stage III.**

** **Does not include square footage of basements.**

12/12

OFFICIAL YAMHILL COUNTY RECORDS
CHARLES STERN, COUNTY CLERK
00058868200100088680320328 $181.00
200108868 4:42:41 PM 6/05/2001
PR-BYLAWPR Cnt=1 Stn=3 SUSAN
$160.00 $10.00 $11.00

After Recording, Return to:
Three Mile Development, LLC
735 North Adams
McMinnville, OR 97128

BYLAWS OF FIRCREST VILLAGE CONDOMINIUMS
Exhibit D to Declaration of Fircrest Village Condominiums

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BYLAWS
OF
FIRCREST VILLAGE CONDOMINIUMS
Exhibit D to Declaration of Fircrest Village Condominiums
("the Declaration")

ARTICLE 1
PLAN OF UNIT OWNERSHIP

1.1 ***Unit Ownership.*** The condominium, located in the City of McMinnville, County of Yamhill, State of Oregon, known as Fircrest Village Condominiums, is submitted to the provisions of ORS 100.005 et seq., the Oregon Condominium Act, by the Declaration and these Bylaws.

1.2 ***Bylaws Applicability.*** The provisions of these Bylaws are applicable to the Fircrest Village Condominiums Association ("Association"), the entire management structure thereof, and Declarant and its successors and assigns. (The term "Condominium" as used here includes the land.)

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

1.4 ***Definitions.*** Except as otherwise provided below, the terms herein shall have the meaning set forth in the Oregon Condominium Act, ORS 100.005 et seq., as supplemented by the Declaration, and those statutes and definitions are incorporated herein by this reference.

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

2.1 ***Membership in the Association.*** On recording a conveyance or contract to convey a Unit, the grantee or purchaser named in the conveyance or contract automatically is a member of the Association and remains a member of the Association until the person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Condominium, Unit ownership is determined on the basis of the records maintained by the Association. The record must be established by the Unit owner filing with the Association a copy of the deed to or land sale contract for his or her Unit, to which must be affixed the certificate of the recording officer of the County of Yamhill, Oregon, showing the date and place of recording of the deed or contract. No person may be recognized as a Unit owner unless a copy of the deed or contract showing him or her to be the current owner or contract purchaser of a Unit has been filed with the Association as provided above. Notwithstanding the foregoing, Declarant is the owner of all previously unsold Units, although no deed or land sale contract, with respect to such Units, has been filed with the Association.

2.2 ***Voting.*** There shall be one vote per Unit, regardless of the number of owners of the Unit. The calling and conducting of meetings of the Association and the exercise of voting rights are controlled by Articles 2 and 3 of the Bylaws.

2.3 ***Majority of Owners.*** As used in these Bylaws, the term "majority of owners" means the owners holding over 50% of the voting rights allocated to the Unit owners in accordance with the Declaration and Section 2.2 above. "Majority of owners present" means owners holding over 50% of the votes present at any legal meeting as defined in Section 2.8 hereof.

2.4 ***Quorum.*** Except as otherwise provided in these Bylaws, the presence in person, by proxy, or by ballot of owners holding 40% or more of the outstanding votes in the Condominium, as defined in Section 2.2, constitutes a quorum. However, the quorum at any adjourned meeting, as described in Section 3.8, must be reduced to 25% of the outstanding votes in the Condominium.

2.5 ***Proxies; Ballots.*** Votes may be cast in person, by proxy, or by written ballot. Proxies must be filed with the secretary of the Association ("Secretary") before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. In the sole discretion of the Board of Directors, a meeting of the Association may be held by ballot rather than at a formal gathering. Ballots for the meeting must be properly executed and returned in sufficient quantity to constitute a quorum and/or to pass the proposal specifically propounded on the ballot. Unless withdrawn, a proxy given to another person to vote at a specific meeting also must be valid at an adjourned meeting called under the provisions of Section 3.8.

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

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

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

ARTICLE 3
ADMINISTRATION

3.1 ***Association Responsibilities.*** The owners of the Units constitute the members of the Association, which has the responsibility of administering the project, approving the annual budget, establishing and collecting assessments, and arranging for the operation, management, and maintenance of the Condominium, including negotiating and contracting with and supervising any person, persons, or business entity with respect to such matters. The Association must be incorporated as an Oregon nonprofit corporation under the name Fircrest Village Condominiums Association.

3.2 ***Place of Meetings.*** Formal meetings of the Association will be held at the principal office of the Condominium or such other place that is convenient to the owners as may be designated by the Board of Directors. The outcome of a ballot meeting must be determined by the Board of Directors within 48 hours of the deadline for return of ballots or, if the ballot return date is postponed, within 48 hours of the postponed date. Each Unit owner must be notified within 10 days after the ballots have been counted, by mail or other delivery of written notice, of the results of the ballot meeting or that a quorum of ballots was not returned.

3.3 ***Turnover Meeting.*** The turnover meeting (which constitutes the initial organizational meeting) must be held within 90 days after the earlier of the following: the date on which 75% of the Units that Declarant has reserved the right to create have been conveyed to persons other than the Declarant or the date on which seven years have elapsed since the first conveyance of a Unit. The turnover meeting must be called by notice to all Unit owners of the time, place, and purpose thereof not less than seven, nor more than 50, days before the meeting. If Declarant does not call the meeting within the time specified, the meeting may be called and notice given by a Unit owner.

At the turnover meeting, Declarant must relinquish control of the administration of the Association and the Unit owners must assume control and elect a board of directors ("Board of Directors") in accordance with the provisions of Article 4 of these Bylaws. Additionally, Declarant must deliver to the Association the items specified in the Oregon Condominium Act (ORS 100.210(5)) to be turned over by Declarant at the turnover meeting. To facilitate an orderly transition, during the three-month period following the turnover meeting, Declarant or an informed representative must be available to meet with the Board of Directors on at least three mutually acceptable dates to review the documents delivered to the Association as required by the Oregon Condominium Act and as referred to above.

3.4 ***Transitional Committee.*** Within 60 days of conveyance to persons other than Declarant of 50% of the Units in the total number of units which the Declarant may create or annex to Condominium (unless the turnover meeting has been held), Declarant must call a meeting of the Unit owners for the purpose of forming a transitional committee in accordance with the Oregon Condominium Act and these Bylaws. The transitional committee must be advisory only and must consist of two or more members selected by Unit owners other than Declarant and may include not more than one representative of Declarant. The members must serve until the turnover meeting.

The function of the transitional committee is to ease transition from control of the administration of the Association by Declarant to control by the Unit owners. The committee must

have access to the information, documents, and records that Declarant must turn over to the Unit owners under the Oregon Condominium Act and Section 3.3 of these Bylaws.

Declarant must give notice of the meeting required under this Section 3.4 to each Unit owner at least seven, but not more than 50 days before the meeting. The notice must state the purpose of the meeting and the time and place where it is to be held. If Declarant does not call the meeting within the time specified, the meeting may be called and notice given by a Unit owner. If the owners, other than Declarant, do not select members for the committee under this Section 3.4, Declarant has no further responsibility to form the committee.

3.5 ***Annual Meetings.*** The first annual meeting of the Association must be held during the calendar year following the calendar year during which the turnover meeting is held, and its date must be set by action of the Board of Directors. This meeting, the date of which may be changed from time to time, at the discretion of the Board of Directors, must be held annually under the rules and regulations as set out in the Bylaws. At such meetings, new members of the Board of Directors must be elected by the owners in accordance with the requirements of Section 4.6 of these Bylaws, to replace directors whose terms have expired. The owners may also transact such other business of the Association as may properly come before them.

3.6 ***Special Meetings.*** Special meetings of the Association may be called by the president of the Association ("President"), a majority of the Board of Directors or on the presentation to the secretary of a petition signed by 10% or more of the owners. All meetings called because of petition of Unit owners must be held at a formal gathering and not by ballot, and must be held within 60 days after receipt of the petition. The notice of any special meeting must state the time and place of the meeting and its purpose. No business, except as stated in the notice, may be transacted at a special meeting unless by consent of all the owners of the Units or as otherwise set out in these Bylaws.

3.7 ***Notice of Meetings.*** The Secretary must mail by first-class or certified mail, or must hand-deliver, a notice of each annual or special meeting, stating its purpose and the time and place where it is to be held, to each owner of record at least ten, but not more than 50, days before the meeting or the date when ballots for a ballot meeting must be returned. The Secretary must hand-deliver or mail by first-class or certified mail written ballots for ballot meetings to each owner of record not less than 20 days before the date on which the ballots must be received by the Association in order to be counted. The mailing must be to the owner's address last given to the Secretary in writing by the Unit owner or his or her vendee. If Unit ownership is split or the Unit has been sold on a contract, notice must be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given to the Secretary in writing, then mailing to the Condominium Unit will be sufficient. The mailing of a notice in the manner provided in this Section will be considered notice served.

3.8 ***Adjourned Meetings.*** If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours nor more than 20 days from the time the original meeting was called. The Board of Directors may postpone the date for counting the ballots of a ballot meeting, in one or more postponements, for up to 90 days after the originally scheduled ballot return date if a quorum of ballots has not been returned and/or for matters on which a certain percentage

approval is required and that vote has not been received nor have sufficient votes in opposition been received to negate such approval.

3.9 ***Ballot Meetings.*** Unless prohibited or limited by the Articles of Incorporation of the Association, any action that may be taken at any annual or special meeting of the Unit owners may be taken without a meeting if the Association delivers a written ballot to every Unit owner entitled to vote on the matter. The ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action is deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.10 ***Order of Business.*** The order of business at all meetings of the owners of Units must be as follows unless the Board of Directors sets a different agenda:

(a) Roll call.
(b) Proof of notice of meeting or waiver of notice.
(c) Reading of minutes of the preceding meeting.
(d) Reports of officers.
(e) Reports of committees.
(f) Election of inspectors of election.
(g) Election of directors.
(h) Unfinished business.
(i) New business.

ARTICLE 4
BOARD OF DIRECTORS

4.1 ***Number and Qualification.*** The affairs of the Association must be governed by a Board of Directors composed of five persons, each of whom must be an owner or a co-owner of a Unit. However, if a Unit is owned by more than one owner, only one owner of that Unit may serve on the Board of Directors at any one time. However, the interim Board of Directors shall be composed of three persons, as stated in section 4.5. An officer or employee of a corporation, a trustee of a trust, a personal representative of an estate, or an employee of a trust or estate may serve on the Board of Directors if the corporation, trust, or estate owns a Unit.

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

4.3 ***Other Duties.*** In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors has authority to carry out and is responsible for the following matters:

4.3.1 Caring for, maintaining, and supervising the management of the Condominium and the general common elements, the limited common elements and

Association property for which the Association has maintenance responsibilities, and assigning, supervising assignments, or approving any assignment of the use of any common element, general or limited, as may be required by the Declaration.

4.3.2 Establishing and maintaining replacement reserve accounts and other reserves, as required by the Oregon Condominium Act or these Bylaws, and such other reserve accounts as are permitted by these Bylaws.

4.3.3 Designating and collecting regular and special assessments from the owners, in accordance with these Bylaws, the Declaration, and the Oregon Condominium Act.

4.3.4 Establishing a budget for payment of all common expenses of the Association and instituting and maintaining a system for such payment as may be reasonably necessary to prevent any misuse of Association funds. All assessments shall be deposited in a separate bank account in the name of the Association. All expenses of the Association shall be paid from the Association bank account.

4.3.5 Obtaining and maintaining insurance policies and paying premiums out of the common expense funds with respect to both the common elements and individual Units as more specifically provided in Article 8 of these Bylaws.

4.3.6 Designating and dismissing the personnel necessary for the maintenance and operation of the Condominium, the general common elements, and the limited common elements, if any.

4.3.7 Causing the preparation and distribution of annual financial statements of the Condominium to each of the Unit owners as more specifically provided in Article 12 of these Bylaws.

4.3.8 Adopting and amending administrative rules and regulations governing the details of operation and use of the common elements, including a fine structure for violations of these Bylaws, the Declaration, or any rules or regulations promulgated thereunder. However, any such rules or regulations always must be subject to rescission or amendment by the Association on a majority vote of owners present at any properly called meeting at which a quorum is present.

4.3.9 Causing the Association to comply with ORS 100.480 relating to maintenance of documents delivered to the Association by Declarant and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association.

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

4.3.11 Complying with the notice provisions of ORS 100.490 in connection with any litigation or administrative proceeding to recover damages from a third party.

4.3.12 Causing the Association to file necessary income tax returns.

4.4 ***Management Agent.*** The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board must authorize, including, but not limited to, the duties listed in Section 4.3 above. Any such management contract must be cancelable without penalty on 90 days' written notice. Any management contract entered into by Declarant before the turnover meeting may be canceled by the Board of Directors elected at the turnover meeting on 30 days' written notice given not later than 60 days after the turnover meeting.

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

4.6 ***Election and Term of Office.*** At the turnover meeting, on agreement by vote of the owners, the Board of Directors may be elected by a single ballot, with each owner permitted to vote for five nominees. In such event, the two nominees receiving the highest number of votes will be Directors serving a two-year term and the three nominees receiving the next highest number of votes will be Directors serving a one-year term. At the expiration of the initial term of office of each respective Director, his or her successor must be elected to serve a term of two years. The Directors must hold office until their successors have been elected and hold their first meeting. The number of Directors shall be five. The Association may increase or decrease the number of Directors and length of terms for which each is elected on amendment of this Section 4.6. If additional Directors are elected, the same sequential election terms apply as nearly as is practicable.

4.7 ***Vacancies.*** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association must be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected must be a Director until his or her successor is elected on expiration of the term for which the person was elected by the other Directors to serve.

4.8 ***Removal of Directors.*** At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause by a majority vote of owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners must be given an opportunity to be heard at the meeting. Any Director who fails to attend three successive meetings of the Board of Directors that have been properly called, or who has failed to attend more than one-third of the Board of Directors meetings during a 12-month period that have been properly called may be removed by a majority of the remaining Directors.

4.9 ***Organizational Meeting.*** The first meeting of a newly elected Board of Directors must be held within 10 days after its election at such place as must be fixed by the Directors at the meeting at which the Directors were elected, and no notice need be given to the newly elected Directors to hold such meeting legally, providing that a majority of the newly elected Directors are present.

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

4.11 ***Special Meetings.*** Special meetings of the Board of Directors may be called by the Chairperson or Secretary or on the written request of at least three Directors. Special meetings of the Board of Directors may be called on three days' notice to each Director, given personally or by mail, telephone, facsimile, or telegraph, which notice must state the time, place (as provided above) and purpose of the meeting.

4.12 ***Waiver of Notice to Directors.*** Before, at, or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and the waiver will be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board must be a waiver of notice by him or her of the time and place of the meeting. If all the Directors are present at any meeting of the Board, no notice to Directors is required and any business may be transacted at the meeting.

4.13 ***Board of Directors' Quorum.*** At all meetings of the Board of Directors, a majority of the existing Directors constitutes a quorum for the transaction of business, and the acts of a majority of the Directors are the acts of the Board of Directors. A majority of those present may adjourn a meeting of the Board of Directors at which less than a quorum is present. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.14 ***Board of Directors' Meetings Open to All Association Members.*** All meetings of the Board of Directors must be open to all members of the Association, except that, in the discretion of the Board of Directors, the following matters may be considered in executive session:

(a) Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters;

(b) Personnel matters, including salary negotiations and employee discipline; and

(c) The negotiation of contracts with third parties.

No Association member has a right to participate in the Board of Directors' meetings unless the member is also a member of the Board of Directors. The Chairperson has authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

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

4.16 ***Telephonic Meetings.*** In an emergency, telephonic meetings may be held by the Board of Directors. Such telephonic meetings must be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors must keep telephone numbers on file with the Chairperson to be used for telephonic meetings. No notice to either Directors or Association members is required for a telephonic meeting of the Board of Directors to be held for any emergency action. However, no such telephonic meeting may occur unless at least 75% of the Board of Directors participate in the same and after an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

4.17 ***Compensation of Directors.*** No Director may be compensated in any manner, except for out-of-pocket expenses, unless the compensation is approved by a majority vote of the Unit owners.

4.18 ***Annual Reserve Study.*** The Board of Directors annually shall conduct a reserve study, or review and update an existing study, of the common elements to determine the reserve account requirements. A reserve account shall be established for those items of the common elements all or part of which will normally require replacement in more than three and less than thirty years, for exterior painting if the common elements include exterior painted surfaces, and for the maintenance, repair or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include:

(a) Identification of all items for which reserves are to be established;

(b) The estimated remaining useful life of each item as of the date of the reserve study;

(c) An estimated cost of the maintenance, repair or replacement of each item at the end of its useful life; and

(d) A 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacments schedule.

ARTICLE 5
OFFICERS

5.1 ***Designation.*** The principal officers of the Association must be a president, a

secretary, and a treasurer, all of whom must be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary and any such other officers as in their judgment may be necessary.

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

5.3 ***Removal of Officers.*** On an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor must be elected at any regular or special meeting of the Board of Directors.

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

5.5 ***Secretary.*** The Secretary must keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he or she must have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of secretary.

5.6 ***Treasurer.*** The treasurer of the Association ("Treasurer") must have responsibility for Association funds and securities not otherwise held by the managing agent, and must be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The treasurer must be responsible for the deposit of all money and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

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

ARTICLE 6
OBLIGATIONS OF THE OWNERS

6.1 ***Assessments.*** All owners shall pay annual assessments imposed by the Association to meet all the Condominium's common expenses, which shall include premiums for insurance required or permitted under Article 8 of these Bylaws. In the discretion of the Board of Directors, the assessments may be made payable semiannually, quarterly, or monthly. An annual assessment must be charged beginning when Declarant first conveys a Unit to a Unit owner. Before that time, Declarant must pay all operating expenses of the Condominium. All of the reserve accounts set up pursuant to these Bylaws shall be funded by allocation and payment from the assessment of Unit owners. The assessment of all Unit owners who may be benefited by expenditure of reserve funds may be increased as necessary, so the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established.

Except as otherwise provided in the Declaration or these Bylaws, each Unit must be liable for the common expense in the same percentage as the percentage of ownership in the common elements allocated to such Unit.

The assessment of Units must include the following items, which must be common expenses:

6.1.1 ***Expense Items:***

(a) Expenses of administration.
(b) Expenses of maintenance, repair, or replacement of the common elements.
(c) Any deficit in common expenses for any prior period.
(d) The costs of utilities for the common elements and other utilities that have a common meter or that are commonly billed, such as water and sewer.
(e) The cost of insurance or bonds obtained in accordance with these Bylaws.
(f) The cost of any professional management, if required by mortgage holders or desired by the Board of Directors.
(g) Legal, accounting, and other professional fees.
(h) Any other items that are properly chargeable as an expense of the Association.

6.1.2 ***Reserve Items:***

(a) *Reserve Account.* A reserve account must be established for the purpose of effecting replacements of structural elements, mechanical equipment, exterior painting and other common elements of the Condominium that will normally require replacement in more than three years and less than 30 years. Payment into this account is deemed a contribution to capital improvement as and when made. Pursuant to provisions of the Oregon Condominium Act, Declarant has established a reserve account for maintenance, repair and replacement of such common elements. The reserve accounts for maintenance, repair and replacement must be funded by assessment against the same Units that are assessed for the maintenance of the items for which the reserve account is established. Accordingly, the reserve account for maintenance, repair and replacement of those general common elements and limited common elements, the maintenance of which is provided by assessment against all owners, must be created by assessment against all owners. The reserve account for maintenance, repair and replacement of those limited common elements, the maintenance of which is provided by assessment of fewer than all Units, shall be created by assessment only against the specific Units responsible for the maintenance of such limited common elements.

The Board of Directors must prepare a schedule of the common elements having a remaining useful life of more than three and less than 30 years, together with the current replacement cost of such common elements. The amount of the periodic payments to the reserve account must be adjusted at regular intervals to recognize changes in remaining useful lives and replacement costs over time. Except as otherwise provided in the Oregon Condominium Act, the reserve account must be used only for maintenance, repair and replacement of common elements for which reserves have been established and must be kept separate from other funds.

(b) *General Operating Reserve.* The Board of Directors must create and maintain a general operating reserve account by allocation and payment thereto monthly of an amount determined by the Board of Directors. This account must be used to pay expenses that exceed budgeted amounts. The initial working capital required by Section 6.2.1 must be deposited into operating reserve account.

(c) *Special Reserves.* Such other special reserve funds may be set up by the Directors by special assessments of the Unit owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate.

Each reserve account must be established in the name of the Association, kept in an account with a safe and responsible depository, accounted for separately and, if invested, the obligation or security must be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Units. However, nothing contained here prevents sellers of Units from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Unit owner has any individual rights in any of these reserves, although it is understood that the value of their respective Units may increase in proportion to each Unit's right to receive repair, maintenance, and replacement therefrom.

6.2 ***Initial Assessment.*** The amount of the initial assessment due from Unit owners other than Declarant must be determined by Declarant. The amount of the annual assessment thereafter must be subject to review and modification by the Board of Directors. Except as otherwise provided below, the assessment for all Units must be payable from the date on which the Declaration is recorded.

6.2.1 ***Contribution to Working Capital.*** At closing, each purchaser must contribute to the Association a sum equal to one-sixth of the annual assessments, with respect to the Unit being purchased, as a one-time contribution to the working capital of the Association. Within 60 days after the first conveyance by Declarant of the first Unit in the Condominium, Declarant must make such contribution with respect to all Units in the Condominium that have not yet been conveyed to a purchaser. If Declarant has made such contribution, no further contribution must be required to the Association, but each purchaser must reimburse Declarant at closing for the amount of the contribution made by Declarant with respect to the Unit conveyed to the purchaser. If the amount of assessments is reduced pursuant to the authority granted to Declarant here, the initial deposit to the Association budget, equal to one-sixth of the annual assessment, must be based on the projected amount of the annual assessments after substantial or full occupancy of the Units rather than on the reduced amount. The working capital contribution must be allocated to the general operating reserve provided in Section 6.1.2(b) above. The working capital contribution is in addition to regular assessments and must not be used as a prepayment of assessments by any Owner. Declarant may not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while Declarant is in control of the

Association. All working capital contributions must be disbursed to the Association at or before the turnover meeting and must be credited to the operating reserve account.

6.2.2 ***Procedures.*** If Declarant or any other person pays all the operating expenses of the Condominium or subsidizes the expenses, the assessment must be reduced by that amount, but must not be reduced to a sum less than the total amount of the replacement reserve items. With respect to Units not yet conveyed by Declarant, Declarant may accrue the replacement reserve items. At the time of conveyance of the Unit for which the replacement reserve has been accrued, the accrued reserves must be paid to the Association.

Declarant, or such other person paying all operating expenses or subsidizing such expenses, shall give 10 days' written notice to individual Unit owners before their obligation to pay the full assessment begins. Thereafter, each owner, including Declarant or such other person, must pay the assessments to the Association. If Declarant has collected initial assessments from Unit purchasers at closing and thereafter elects to pay or subsidize the operating expenses, thereby causing the amount of the assessment to be reduced, the one-time initial contribution collected from Unit purchasers must be held by Declarant in a separate Association account. On the date that Unit owners are required to pay full assessments, the aggregate sums held in such separate account must be deposited to the Association's general account to be used as working capital.

6.2.3 ***Temporary Reduction of Assessment Amount.*** If the Association expenses are temporarily less than projected by Declarant because some or most of the Units are not yet sold or occupied, Declarant has the authority to reduce temporarily the amount of the assessment to reflect the lower expenses of the project.

6.2.4 ***Initial Assessment of Units in Future Stages.*** The initial assessment for owners of Units in stages annexed to the Condominium after the submission of Units in Stage I to Unit ownership must be an amount equal to one-sixth of the annual assessment then in effect for similar Units in the Condominium, plus a prorated portion of the assessment for the assessment installment period during which the Units in such stages are annexed to the Condominium. Thereafter, the owners of Units in such stage must be assessed directly by the Association. The initial assessment equal to one-sixth of the current annual assessment must be a one-time contribution to the budget of the Condominium. The total initial assessment of Units in subsequent stages must be collected by Declarant and delivered to the Association within 30 days after the date on which Units in each stage are annexed to the Condominium. On the annexation of additional Units to the Condominium in future stages, the Board of Directors must promptly prepare a new budget reflecting the addition to the Condominium and must recompute any previous assessment covering any period after the annexation.

6.3 ***Special Assessments.*** The Board of Directors has the power to levy special assessments against an owner or all owners for the following purposes and in the following manner:

(a) To correct a deficit in the operating budget by vote of a majority of the Board;

(b) To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

(c) To make repairs or renovations to the common elements if sufficient funds are not available from the operating budget or replacement reserve accounts by vote of a majority of the Board; or

(d) To make capital acquisitions, additions, or improvements costing less than $2,500; or

(e) To make capital acquisitions, additions, or improvements costing $2,500 or more by vote of at least 75% of all votes allocated to Units in the Condominium.

6.4 ***Payment of Assessments.*** Subject to the provisions of Sections 6.2 and 6.3, from the date of conveyance of the first unit, Declarant must:

(a) Pay assessments due for operating expenses on all unsold Units; and

(b) Pay assessments due for reserves on all unsold Units or, at Declarant's option, pay or require the Unit owner to pay all accrued reserve assessments against the Unit at the time of the initial sale to the Unit owner. However, such reserve accrual must not be for a period longer than two years after the Declaration is recorded.

6.5 ***Adoption of Budget; Determination of Fiscal Year; Filing of Income Tax Returns.***

6.5.1 ***Adoption of Budget.*** At least 60 days before the beginning of each fiscal year, the Board of Directors must adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement of the common elements and those parts of the Units for which the Association is responsible for maintaining, repairing, and replacing, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be common expenses pursuant to the Oregon Condominium Act, the Condominium instruments, or a resolution of the Association and that will be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the Condominium and the rendering to the Unit owners of all related services.

The budget also must include such reasonable amounts as the Board of Directors considers necessary to provide working capital and such general operating reserve accounts, contingency, and other reserve accounts as the Board determines. The amount designated for replacement reserves must be adjusted annually to reflect current replacement cost and remaining useful life. At least 30 days before the beginning of each fiscal year, the Board of Directors must send to each Unit owner a copy of the budget in a reasonably itemized form that sets forth the amount of the common expenses and any special assessment payable by each Unit owner. The budget must constitute the basis for determining each Unit owner's assessment for the common expenses of the Condominium.

6.5.2 ***Failure to Prepare Budget.*** The failure of the Board of Directors to timely prepare and/or to present a budget to the Unit owners is not cause for any owner to fail or refuse to pay assessments. Assessments must continue, based on the last adopted or accepted

budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board of Directors to make up for any deficiency.

6.5.3 ***Failure to Adopt Budget.*** If the Board of Directors fails to adopt, in a timely manner, a budget for a new fiscal year, Unit owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Unit owners. and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, Unit owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, the amount of assessments due from Unit owners must be based on the budget as so amended until a new budget is adopted in accordance with this Section 6.5.

6.5.4 ***Determination of Fiscal Year.*** The fiscal year of the Association must be the calendar year unless otherwise determined by the Board of Directors.

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

6.6 ***Default.*** The failure of an owner to pay any assessment of the Association is a default by that owner of his of her obligations pursuant to these Bylaws and the Oregon Condominium Act and, in addition to the Association's other remedies provided in the Declaration, these Bylaws entitle the Association to declare the balance of the owner's annual assessment otherwise being paid in installments to be immediately due and payable in full. Interest must be charged on delinquent assessments at the rate set by the Board of Directors from time to time, not to exceed the lower of 18% per annum or the highest rate permitted by applicable law. Before the imposition of or a change in the interest rate charged on delinquent assessments, the Board of Directors must give 30 days' written notice to all owners. An owner may not claim an offset against an assessment for failure of the Association to perform its obligations.

In addition, the Board of Directors, at its option, may impose a late-charge penalty on any assessment that is delinquent for 10 or more days. The penalty must not exceed the sum of 25% of the delinquent assessment and must be imposed only once on each regular or special assessment or installment of such assessments.

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

6.7 ***Maintenance and Repair.***

6.7.1 ***Owner's Duty to Maintain.*** Every owner must perform promptly all maintenance and repair work that is needed within his or her own Unit to prevent any negative effect on the common elements of the Condominium or a part thereof belonging to other owners, and every owner must be responsible for the damages and liabilities that his or her failure to maintain and repair may cause, including, but not limited to, damage caused by plugged toilets and bath drains, overloaded electrical outlets, and clothes washer and dishwasher overflow.

6.7.2 ***Owner's Expenses.*** All repairs of internal installations of each Unit, such as water, lights, gas, power, sewage, telephones, air conditioners, heaters, and sanitary installations, doors, windows, lamps, and all other accessories and appliances belonging to the Unit area, must be at the sole expense of the owner of the Unit.

6.7.3 ***Reimbursement of Association.*** An owner must reimburse the Association for any expenditures incurred in repairing or replacing any common elements and/or facility that was damaged through the owner's fault and that is not otherwise covered by insurance policies carried by the owner or the Association for the owner's and the Association's benefit. In such circumstances, the insurance obtained by the owner is deemed to be the primary coverage.

6.8 ***Right of Entry; Easement for Maintenance; Encroachments.***

6.8.1 ***Association Right of Entry.*** In case of an emergency originating in or threatening his or her Unit, an owner must grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether or not the owner is present at the time.

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

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

ARTICLE 7
USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

The failure of an owner (his or her family, invitees, or tenants) to comply with the rules of conduct and restrictions set forth here, in the Declaration, or others promulgated by the Board of Directors, is cause for which the Board of Directors may deny or restrict the owner's right to use any common element facility with respect to which the owner otherwise had a right of use.

7.1 ***Age Restriction.*** The Condominium is intended as "housing for older persons" as that term is defined in section 659.033 of Oregon Revised Statutes. That is, the Condominium is intended and operated for occupancy by at least one person 55 years of age or older per unit. Therefore, at least one owner of each Unit in the Condominium must be 55 years of age or older.

7.2 ***Use as Private Dwelling Only.*** Each of the Units must be occupied as a single-family private dwelling by its owner or his or her tenants, visitors, and guests, and for no other purpose. Subject to compliance with applicable local ordinances and other restrictions of record, an owner may use his or her Unit as a "home office" if clients, customers, vendors, and employees do not regularly visit the "home office." All common elements must be used in a manner conducive to such purpose. No Unit owner is permitted to lease his or her Unit for a period of less than 30 days. No Unit owner may lease less than the entire Unit. Any agreement to lease a Unit must provide that the terms of the lease are subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the tenant to comply with the terms of those documents is a default under the lease. Leasing of units is governed by Section 7.12 of these Bylaws.

7.3 ***Restriction on Alteration to Unit.*** No owner may make structural alterations or installations in his or her Unit without previously notifying the Association in writing by certified mail to the management agent, if any, or to the President of the Association, if no management agent is employed. The Association must answer within 30 days of receipt of such notice, and failure to do so within the stipulated time means that it does not object to the proposed alteration or installation. However, nothing contained here waives or limits an owner's obligation to comply with the provisions of ORS 100.535.

7.4 ***Use of the Common Elements.*** No owner may place or cause to be placed in the lobbies, vestibules, or stairways or on the patios, decks, ramps, or other common elements of the Condominium of a similar nature, any furniture, packages, or objects of any kind, except that suitable furniture may be placed on the decks and patios without the prior written consent of the Board of Directors. Such areas must not be used for any purpose that is not appropriate, customary and acceptable to the Board of Directors.

7.5 ***Pets.*** No pets except dogs and cats are permitted on the condominium property and no more than a total of two pets are permitted. No owner may keep a pet in his or her Unit without the prior written consent of the Board of Directors. Any Unit owner who is given such authorization and who maintains any pet on any portion of the Condominium is deemed to have indemnified and agreed to hold the Association, each of its members, and Declarant, free and harmless from any loss, claim, or liability of any kind or character whatever arising by reason of keeping or maintaining the pet within the Condominium. All pets must be registered with the Board of Directors and must be

licensed and inoculated as required by law. Furthermore, the owner must abide by the Municipal Sanitary Regulations, leash laws, and rules or regulations of the Association created by the Board of Directors. The Board of Directors has the power to require any owner or occupant whose pet is a nuisance to remove the pet from the premises.

7.6 ***Appearance of Condominium Buildings.*** No Unit owner may cause anything to be hung, displayed, or placed on the walls, railings, doors, windows, walkways, patios, fences, ceilings of walkways, or roof of the Condominium building or any other common element or otherwise change the appearance of any portion of the common elements without the prior written consent of the Board of Directors. Each Unit owner must provide draperies, mini-blinds or other window coverings at all windows, which window coverings must be lined with white materials, sufficiently opaque so as to not disclose the color of the interior portion of the window coverings. No clothes lines or similar devices and no "For Sale" or "For Rent" signs will be allowed on any part of the Condominium property without the prior written consent of the Board of Directors, except that Declarant may post reasonable signs advertising any unit for sale or rent in reasonable places on the Condominium property.

7.7 ***Nuisances.*** No nuisances or any use or practice that is the source of annoyance to residents or that interferes with the peaceful possession and proper use of the property by its residents is allowed on the Condominium property. Residents must exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions, and amplifiers that may disturb other residents. All parts of the Condominium must be kept in a clean and sanitary condition; no rubbish, refuse, or garbage is allowed to accumulate; and no fire or environmental hazard is allowed to exist. All garbage and trash must be placed inside disposal containers. No Unit owner may make or permit any use of his or her Unit or make any use of the common elements that would increase the cost of insurance on the Condominium property.

No owner may hang garments, towels, rugs, or similar items from any window, facade, deck, patio, fence, railing, balcony, or terrace of the Condominium or hang or shake dust rags, mops, or similar items from any window, porch, terrace, or patio, or clean such items by beating them on an exterior part of the Condominium.

7.8 ***Improper, Offensive, or Unlawful Use.*** No improper, offensive, or unlawful use be made of the Condominium property or any part of it; all valid laws, zoning ordinances, and regulations of governmental bodies having jurisdiction must be observed. The responsibility for meeting the requirements of governmental bodies for maintenance, modification, or repair of the Condominium property must be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

7.9 ***Restriction on Exterior Installations.*** No owner, resident, or tenant may install wiring for electrical or telephone installation, exterior antennas, satellite dishes, machines, air conditioning units, or similar devices on the exterior of the Condominium building or cause them to protrude through the walls or the roof of the Condominium except as authorized by the Board of Directors. No exterior window guards, awnings, or shades may be installed without the prior consent of the Board of Directors.

7.10 ***Parking.*** The Board of Directors may make such rules as may be necessary to designate and govern the use of any general common element areas for vehicle parking for owners and their guests, by which all owners and other users will be bound, including a fine schedule for violation of these Bylaws, the Declaration, or any rules and regulations promulgated thereunder that shall be adopted by resolution of the Board of Directors.

7.11 ***Vehicle Restrictions.*** The speed of vehicular traffic on Condominium property may be limited, as a safety precaution, by a rule adopted by the Board of Directors. This speed limit must apply to bicycles, motor scooters, motorcycles, automobiles, and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, commercial vehicles, vehicles in disrepair, or similar things may be parked or kept on Condominium property without the prior written consent of the Board of Directors, except that such recreation equipment may be kept in a garage unit, if it is fully enclosed and the garage unit door is kept closed, except when the recreation equipment is being removed or returned to the garage.

7.12 ***Leasing/Renting Units.*** Subject to approval by the Board of Directors, a Unit owner may rent or lease his or her entire Unit for a period of not less than 30 days, provided that the occupancy is only by the tenant, his or her visitors, and guests. No rooms may be rented and no transient tenants may be accommodated. Before entering into any such agreements, a Unit owner must notify the Board of Directors of his or her intent, the name and address of the proposed tenant, and the circumstances of the proposed arrangement. If the Board of Directors finds that the proposed tenancy is not detrimental to the Association, the well-being of the Condominium, or the enjoyment by other Unit owners of their Units and the common elements, it must approve such tenancy. However, tenants must always be under the control of and subject to the Declaration, the Bylaws, and the rules and regulations of the Association and the Board of Directors. At any time during the tenancy, the Board of Directors may cause its termination and evict the tenant for cause with or without joining the Unit owner of such Unit in any such action. All such leases must be in writing.

7.13 ***Enforcement of Restrictions on Adjacent Property.*** Pursuant to section 8.13 of the Condominium Declaration for Fircrest Commons Condominiums, the Board of Directors of the Fircrest Village Condominiums shall have the right to enforce the use and occupancy restrictions and rules of conduct as set forth in the Bylaws of the Fircrest Commons Condominiums, which is located adjacent to the Fircrest Village Condominiums. This right to enforce said restrictions and rules shall be provided for in the Condominium Declaration and the Bylaws for the Fircrest Commons Condominiums. The purpose of granting this right shall be to allow the Fircrest Village Condominiums to protect the use and enjoyment of the Fircrest Village Condominiums property, including the property value, for the Unit owners. The rights granted herein shall be exercised by the Fircrest Village Condominiums Board of Directors, which shall, in its discretion, notify the Board of Directors of the Fircrest Commons Condominiums in the event of a violation of said restrictions and rules of the latter's Bylaws. If the violation is not promptly remedied, the Fircrest Village Condominiums Board of Directors shall have the right to bring legal action to enforce the terms of the Fircrest Commons Condominiums Bylaws, and to recover its reasonable attorney fees therein and in any appeal therefrom.

7.14 ***Additional Rules.*** Rules and regulations concerning other use of the Condominium property, including a fine schedule for violation thereof, may be made and amended from time to

time by the Association or the Board of Directors. Copies of such rules and regulations must be furnished to all Unit owners and residents of the Condominium on request.

7.15 ***Covenants, Conditions, Restrictions, and Easements in Other Documents.*** In addition to the provisions of the Declaration, the Articles of Incorporation, the Bylaws, and any rules or regulations promulgated thereunder, each owner of a Unit in the Condominium is subject to the terms of the Private Reciprocal Driveway Access Easement, as set forth in Partition Plat No. 2000-18, a re-plat of partition plat of record 1999-44, City of McMinnville Docket No. 12-99.

ARTICLE 8
INSURANCE

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

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

8.1.1 **Property.** A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the full insurable replacement value, if available, of all Units and common elements, and such other fire and casualty insurance as the Board of Directors determines, to give substantially equal or greater protection to the owners and their mortgagees, as their respective interests appear, which policy or policies must provide for a separate loss payable endorsement in favor of the mortgage holder, if any, of each Unit. For the purposes of any policy or policies of fire insurance, the term "building" includes fixtures, installations, or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of the individual Condominium Units initially installed or replacement thereof, in accordance with the original Condominium plans and specifications, or installed by or at the expense of any Unit owner or owners.

8.1.2 **Liability.** A policy or policies insuring the Association, its Board of Directors, the Unit owners individually, and the manager against any liability to the public or the owners of Units and their invitees or tenants, incident to the ownership, supervision, control, or use of the Condominium property. Limits of liability under such insurance must be not less than $1 million per occurrence for bodily injuries and property damage. Such limit and coverage must be reviewed at least annually by the Board of Directors, which, in its discretion, may increase either. The policy or policies must be issued on a comprehensive liability basis and provide cross-liability endorsements wherein the rights of a named insured under the policy or policies must not be prejudiced with respect to his or her action against another named insured.

8.1.3 **Workers' Compensation.** Workers' compensation insurance to the extent necessary to comply with any applicable laws.

8.1.4 **Fidelity Bond.** A fidelity bond naming such persons as may be designated by the Board of Directors as principals and the Association and the owners as obligees, for the amount determined by the Board of Directors. However, the Board of Directors must require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds must be paid by the Association.

The Association will **NOT** be responsible for any loss or damage to personal property of any owner, whether stored on the common elements or in the owner's Unit; nor will the Association maintain any insurance coverage for such loss.

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

8.3 ***Authority to Adjust Losses.*** All losses under policies in force regarding the property must be settled exclusively with the Board of Directors or its authorized representative. However, when a first mortgage holder has been designated as a loss payee by a Unit owner and the first mortgage holder has requested the opportunity to exercise the rights provided by this Article 8, the mortgage holder must be entitled to settle losses as to the mortgaged Unit, provided that the loss that occurs is severable. Releases and proofs of loss must be executed by at least two directors.

8.4 ***Value of Owner Improvements.*** Each owner must inform the Board of Directors of the value of improvements made to his or her Unit in excess of $1,000 so that the Board of Directors may make any desired adjustments in insurance coverage. Nothing in this paragraph permits an owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Article 7.

8.5 ***Provisions in Insurance Policies.*** The Board of Directors must make every effort to secure insurance policies that provide for the following:

8.5.1 A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the Unit owners, and their respective servants, agents, and guests.

8.5.2 A provision that the master policy on the Condominium cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual owners.

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

8.5.4 A provision that any "no other insurance" clause in the master policy exclude individual owners' policies and not otherwise prevent such individual policies from providing coverage for damage to Units or common elements.

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

8.7 ***Insurance Deductible/Owner and Tenant Insurance.*** The Board of Directors must determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this Article 8. In determining the deductible under the policies, the Board must take into consideration, among other factors, the availability, cost, and loss experience of the Association. In this regard, as in other Board responsibilities, the Board members must exercise their reasonable business judgment.

The Association has no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for (a) damage to a Unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsements); or (b) for any damage or loss to the owner's or tenant's personal property. Owners must be responsible for purchasing insurance policies insuring their units and appurtenant limited common elements for the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Proof of such insurance coverage must be provided to the Association's Secretary by the Unit owner. Tenants must be responsible for insuring their own personal property for any loss or damage. The Board of Directors must notify all owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Board of Directors must give at least 30 days' notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all Units must procure and maintain comprehensive liability policies having combined limits of not less than $50,000 for each occurrence. Such insurance must provide coverage for, without limitation, the negligent acts of the owner and tenant and their guests or other occupants of the Unit for damage to the general and limited common elements and other Units and the personal property of others located therein.

8.8 ***Review of Insurance Policies.*** At least annually, the Board of Directors must review all insurance carried by the Association, which review must include a consultation with a representative of the insurance carrier writing the master policy.

8.9 ***Duplicate Coverage.*** In the event of duplicate insurance coverage, the insurance policy obtained by the owners is deemed to be the primary coverage.

ARTICLE 9
DAMAGE AND DESTRUCTION

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

9.2 ***Insurance Proceeds Insufficient to Cover Loss.*** If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to or destruction of the buildings must be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on the buildings for that purpose and all the Unit owners must be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by the owner. However, if three-fourths or more in value of all the buildings is destroyed or substantially damaged, and if the owners of at least 60% of the Units so vote, and on written approval of holders of first mortgages that represent at least 51% of the votes of mortgaged Units in the Condominium, the manager or Board of Directors must record with the County Recorder a notice setting forth such facts, and on the recording of the notice:

9.2.1 The Condominium property is deemed to be owned in common by the owners.

9.2.2 The respective interest of each Unit owner in the property must be determined by the provisions of ORS 100.610 that are in effect on the date that the Condominium Declaration is recorded.

9.2.3 Any liens affecting any of the Units must be deemed to be transferred in accordance with the existing priorities to the undivided interests of the owners in the project.

9.2.4 The Condominium must be subject to an action for partition at the suit of any owner. If a decree of partition orders the sale of the Condominium property, the net proceeds of sale, together with the net proceeds of the policies of insurance on the Condominium, if any, must be considered as one fund and must be divided among all of the owners in proportion to their respective undivided interests, after first paying, out of the respective shares of the owners, to the extent such share is sufficient for the purpose, all liens on the undivided interest in the project owned by each owner.

9.3 ***Architectural Changes After Damage or Destruction.*** Reconstruction of the damaged or destroyed building as used in this Article means restoring the building to substantially the same condition in which it existed before the fire, casualty, or disaster, and must be performed substantially in accordance with the Declaration and the original plans and specifications unless other action is approved in writing by holders of first mortgages that represent at least 51% of the votes of mortgaged Units in the Condominium. Reconstruction must be accomplished under the direction of the manager or the Board of Directors. Notwithstanding all other provisions here, the owners may, by an affirmative vote of sufficient owners, amend these Bylaws, cause an amendment to be made to the Condominium documents to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction

of the Condominium, or any buildings thereof, by fire, casualty, or any other disaster is great enough to require the substantial reconstruction of the whole of the Condominium, or the buildings, and on written approval by holders of first mortgages that represent at least 51% of the votes of mortgaged Units in the Condominium. However, any amendment of the Condominium documents is valid only on (1) compliance with all applicable provisions of the Oregon Condominium Act; (2) approval by the Oregon Real Estate Commissioner; (3) recording with the recording officer of Yamhill County; and (4) recording with that recording officer of the approval thereof of each mortgage holder and each other lienholder of record having a lien against any part of the project, or building, affected by the amendment.

9.4 ***Reallocation of Percentage Interest.*** If the Condominium buildings or Units are partially destroyed, the Unit owners may not reallocate percentages of interest in the common elements without the prior approval of the mortgage holders of all the remaining Units, whether existing in whole or in part. Any such reallocation must also comply with the Oregon Condominium Act and other provisions of the Declaration, any applicable Supplemental Condominium Declaration, and the Bylaws.

ARTICLE 10
CONDEMNATION

The Board of Directors has the sole authority to negotiate with any public or private body or person having the power of eminent domain, and to sue or defend in any litigation involving those bodies or persons with respect to the common elements of the Condominium, and must assist any Unit owner whose Unit or a part thereof is the subject of any condemnation or eminent domain proceeding. However, nothing in this or any document or agreement relating to the Condominium may be construed to give a Unit owner or any party priority over the rights of the first mortgage holders of any Condominium Units in the case of a distribution to the Unit owner of any such condemnation awards for losses to or a taking of a Unit and/or the common elements. If a condemning authority takes or acquires part or all of the common elements, the award or proceeds of settlement must be payable to the Association, or any trustee, for the use and benefit of the Unit owners and their mortgage holders as their interest may appear. The Board of Directors must distribute the proceeds of any such award or settlement on a reasonable and equitable basis among the Unit owners.

ARTICLE 11
AMENDMENTS TO BYLAWS

These Bylaws may be amended by the owners holding a majority of the total voting rights allocated to the Units in a duly constituted meeting or ballot meeting called for such purpose, and no amendment takes effect unless approved by owners holding a majority of the voting rights as otherwise set forth in the Declaration. Any amendments adopted must be reduced to writing and certified by the President and Secretary of the Association to be the amendment so adopted by the Association. The amendment so certified must be recorded in the Deed Records of Yamhill County, Oregon. However, no amendment of these Bylaws reducing or eliminating the right of any first mortgagee may be made without the prior written consent of such first mortgagees, and no amendment of these Bylaws may be made without the consent of the Declarant as long Declarant owns any Unit in the Condominium. No such consent shall be required after conveyance to owners

other than Declarant of 75% of the Units or three years after the first conveyance of a Unit in the Condominium, whichever is earlier, provided, however, that even thereafter, no amendment may limit Declarant's special rights, whether reserved in the Declaration, these Bylaws, or as otherwise provided by law. ANY AMENDMENTS TO THESE BYLAWS MADE WITHIN FIVE YEARS OF THE RECORDING DATE MUST BE APPROVED BY THE OREGON REAL ESTATE COMMISSIONER BEFORE RECORDING.

ARTICLE 12
RECORDS AND AUDITS

12.1 ***General Records.*** The Board of Directors and the managing agent or manager, if any, must 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. The Board of Directors must maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgage holders of Units insofar as those names have been provided to the Board by the owner or mortgage holder.

12.2 ***Records of Receipts and Expenditures.*** The Board of Directors or its designee must 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. The records and the vouchers authorizing the payments must be available for examination by the Unit owners and mortgage holders during convenient weekday hours. The Association may charge a reasonable fee for furnishing copies of any documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.

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

12.4 ***Payment of Common Expenses.*** The Board of Directors must authorize the Treasurer, the management agent, or another specified party, to pay all legitimate expenses of the Association. The payments must be made pursuant to the payment system instituted by the Board of Directors as described in Section 4.3.4 above.

12.5 ***Reports and Audits.*** The Board of Directors must prepare or cause to be prepared an annual report of the receipts and expenditures of the Association and a balance sheet and income and expense statement setting forth the financial condition of the Association as of the end of each year. The report must be prepared according to generally accepted accounting procedures and must be distributed to all Unit owners within 90 days after the end of each fiscal year. At any time and at his or her own expense, any owner or mortgage holder may cause an audit or inspection to be made of the books and records of the Association.

12.6 ***Notice of Sale, Mortgage, Rental, or Lease.*** Immediately on the sale, mortgage, rental or lease of any Unit, the Unit owner must promptly inform the Secretary or manager of the name and address of the purchaser, mortgage holder, or tenant. This obligation is in addition to those set forth in Section 7.11.

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

ARTICLE 13
COMPLIANCE

These Bylaws are intended to comply with the provisions of the Oregon Condominium Act, which are incorporated herein and to supplement the provisions of the Condominium Declaration. If any of the provisions here conflict with the provisions of the statutes, the statutory provisions apply. If any of the provisions here conflict with the provisions of the Declaration, the provisions of the Declaration apply.

ARTICLE 14
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

The Association must indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the act that he or she is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the suit, action, or proceeding if he or she acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, does not of itself create a presumption that a person did not act in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his or her conduct was unlawful. Payment under this clause may be made while the claim, action, suit, or proceeding is pending subject only to the right of the Association to be reimbursed, should it be proved at a later time that the person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent have a right of contribution over and against all other Directors, officers, employees, or agents and members of the Association who participated with or benefited from the acts that created said liability.

ARTICLE 15
ASSESSMENT AND FINE COLLECTION COSTS; SUITS AND ACTIONS

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

If a suit or action is commenced by the Directors to collect any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Bylaws or of the Oregon Condominium Act, the owner or owners, jointly and severally, will in addition to all other obligations, pay the costs of that suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by the court.

ARTICLE 16
MISCELLANEOUS

16.1 ***Notices.*** All notices to the Association or to the Board of Directors must be sent in care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may designate from time to time. All notices to any Unit owner must be sent to the address designated by the owner from time to time, in writing, to the Board of Directors or, if no address has been designated, then to the owner's Unit.

16.2 ***Waiver.*** No restriction, condition, obligation, or provision contained in these Bylaws will 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 that may occur.

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

It is hereby certified that these Bylaws have been adopted by the Declarant of Fircrest Village Condominiums, and will be recorded in the Deed Records of Yamhill County, together with the Condominium Declaration for the Condominium, after the Declaration and Bylaws are approved.

The undersigned Declarant of the subject property has caused these Bylaws to be executed by its members on May 22, 2001.

THREE MILE DEVELOPMENT, LLC

By: _____
Stephen Lindell, Member

By: _____
Raymond J. Kulback, Jr., Member

By: _____
Marvin L. Worden, Member

By: _____
Ted Steber, Member

STATE OF OREGON, County of Yamhill) ss.

On this 22 day of May, 2001, personally appeared before me the above-named Stephen Lindell, who, being duly sworn, did say that he is the member of Three Mile Development, LLC, and that said instrument was signed on behalf of that Limited Liability Company by authority of its management; and he acknowledged that instrument to be its voluntary act and deed.

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

_____
Notary Public for Oregon

STATE OF OREGON, County of Yamhill) ss.

On this 22 day of May, 2001, personally appeared before me the above-named Marvin L. Worden, who, being duly sworn, did say that he is the member of Three Mile Development, LLC, and that said instrument was signed on behalf of that Limited Liability Company by authority of its management; and he acknowledged that instrument to be its voluntary act and deed.

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

_____
Notary Public for Oregon

STATE OF OREGON, County of Yamhill) ss.

On this 22 day of May, 2001, personally appeared before me the above-named Raymond J. Kulback, Jr., who, being duly sworn, did say that he is the member of Three Mile Development, LLC, and that said instrument was signed on behalf of that Limited Liability Company by authority of its management; and he acknowledged that instrument to be its voluntary act and deed.

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

_____
Notary Public for Oregon

STATE OF OREGON, County of Yamhill) ss.

On this 22 day of May, 2001, personally appeared before me the above-named Ted Steber, who, being duly sworn, did say that he is the member of Three Mile Development, LLC, and that said instrument was signed on behalf of that Limited Liability Company by authority of its management; and he acknowledged that instrument to be its voluntary act and deed.

OFFICIAL SEAL
JOELY D ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO.308152
MY COMMISSION EXPIRES MAR 13, 2002

_____
Notary Public for Oregon