DECLARATION
of
CONDOMINIUM OWNERSHIP
for
MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS
MADE PURSUANT TO THE OREGON CONDOMINIUM ACT
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DECLARATION

of

CONDOMINIUM OWNERSHIP

for

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT

THIS DECLARATION, to be effective upon its recording in Yamhill County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 11th day of November, 2004, by Roshun Properties, LLC, an Oregon limited liability company (hereinafter “Declarant”).

RECITALS:

Declarant owns real property located in the City of Newberg, Yamhill County, Oregon, more particularly described on Exhibit A attached hereto (the “Property”). Declarant intends to improve the Property, by constructing seven (7) buildings consisting of residential town-houses, four (4) of such buildings shall contain four (4) units each attached by party walls, and three (3) of such buildings shall contain five (5) units each attached by party walls, for a total of thirty-one (31) units. Declarant intends to create a fee title Condominium to be known as MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS as the means to permit separate ownership of the housing units. The purpose of this Declaration is to submit the Property and improvements to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions.

The following definitions apply in all Condominium Documents unless the context requires otherwise:

1.1.1 “Act” means the Oregon Condominium Act, currently contained in ORS Chapter 100, as amended from time to time.

1.1.2 “Association” means the nonprofit mutual benefit corporation responsible for the operation of the Condominium created concurrently with the recording of this Declaration and known as MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS Association.

1.1.3 “Board” means the Board of Directors of the Association.

1.1.4 “Bylaws” means the Bylaws of the Association, as amended from time to time, a copy of which is attached hereto as Exhibit B.
1.1.5 "Common Elements" means all those portions of the Condominium exclusive of the Units.

1.1.6 "Common Expenses" means all costs and expenses incurred by the Association with respect to the use, operation, maintenance, repair, and improvement of the Common Elements.

1.1.7 "Condemnation" means any taking of any interest in the Condominium by right of eminent domain or any purchase of any such interest in lieu of such taking.

1.1.8 "Condominium" means the Property that is subjected to Condominium ownership by this Declaration, all improvements constructed thereon, and all easements and rights appurtenant thereto.

1.1.9 "Condominium Documents" means this Declaration, the Articles of Incorporation of the MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS Association, its Bylaws, its Rules and Regulations, and any Exhibits to any of them.

1.1.10 "Declarant" means the original Declarant specified above and any successors and assigns specified as a successor Declarant in a written agreement between such parties.

1.1.11 "Declaration" means this Condominium Declaration and any amendments to it and any supplemental declarations annexing additional stages to the Condominium.

1.1.12 "General Common Elements" means all Common Elements other than the Limited Common Elements, as more particularly described in Section 5 below.

1.1.13 "Legal Requirements" means all applicable statues, rules, regulations, codes and other such requirements.

1.1.14 "Limited Common Elements" means all the Common Elements other than the General Common Elements, as more particularly described in Section 6 below.

1.1.15 "Mortgage" includes a mortgage, trust deed and recorded contract for the sale of real estate.

1.1.16 "Mortgagee" includes a mortgagee, trust deed beneficiary, a vendor under contract for the sale of real estate, and any insurer or guarantor of any mortgage or trust deed.

1.1.17 "Owner" means the record owner of fee simple interest in a Unit, unless there is a holder of a vendee's interest in a Unit under a recorded contract of sale or a holder of a life estate or a leasehold estate in a Unit for a term exceeding twenty (20) years, in which event the vendee or lessee, as the case may be, shall be considered the Owner. If there is more than one such vendee's or lessee's interest at any given time, then the holder of the most recent interest shall be considered the current Owner.

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1.1.18 “Person” means any individual, corporation, partnership, trust or other entity.

1.1.19 “Plat” means the Plat for the Condominium which is being recorded in the records of Yamhill County, Oregon, concurrently with this Declaration and any revisions of such Plat subsequently recorded.

1.1.20 “Rules and Regulations” means the rules and regulations adopted by the Board for the Condominium as the same may, from time to time, be amended.

1.1.21 “Unit” means that part of the Condominium designated in Section 4 herein and as shown on the Plat as such and comprises the space and improvements enclosed by its boundaries as described in Section 4 and shown on the Plat and, as the context requires, the accompanying fractional interest in the Common Elements.

1.2 Liberal Construction.

The provisions of this Declaration must be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium Association under the provisions of Oregon law. The terms used herein are intended to have the same meaning given in the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.3 Original Owner of Units.

Declarant is the original Owner of all Units and will continue to be deemed the Owner thereof except as conveyances or documents verifying the ownership of specifically described Units are filed of record.

1.4 Captions and Exhibits.

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

1.5 Severability.

Each provision of this Declaration and the Bylaws must be deemed independent and severable, and the validity or partial invalidity of any provision will not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws.
1.6 **Duration.**

These covenants, conditions and restrictions run with and bind, benefit and burden in perpetuity the Property, all Owners and occupants, and the lessees, invitees and guests of all Owners and occupants unless amended in accordance with this Declaration or terminated by the affirmative vote of 100% of those entitled to vote.

1.7 **Notices.**

All notices under this Declaration must be in writing. Any such notice will be deemed effective on the earlier of the date of delivery or, if mailed, three (3) business days following the date of mailing, if addressed to the addressee at the address, if any, designated in the Association's records. It is the responsibility of the Owners to notify the Association of any change in address or change in ownership of the Units. The Association is not be responsible for independently verifying the accuracy of its record of Owners and their addresses.

1.8 **Costs and Attorneys' Fees.**

In any proceeding arising because of an alleged default by an Owner in complying with the terms and provisions of this Declaration or the Rules and Regulations of the Association, including without limitation failure to pay assessments, the prevailing party will be entitled to recover its costs, including such reasonable attorneys' fees as may be determined by the trial court in any trial or by the appellate court in any appeal or review thereof. In addition, the Association shall be entitled to reasonable attorneys' fees associated with collection costs, regardless of whether a legal action is filed.

1.9 **Nonwaiver.**

Any failure of the Association to enforce a covenant, condition or restriction contained in this Declaration is not a waiver of the Association’s right to enforce that or any other covenant, condition or restriction contained in this Declaration.

1.10 **Miscellaneous.**

All terms and words used in this Declaration, regardless of the number or gender in which they are used, will be deemed to include any other number and any other gender that the context may require. “And/or” when applied to two or more matters or things will be construed to apply to any one or more or all thereof as the circumstances warrant at the time in question. “Herein,” “hereof” and “hereunder,” and words of similar import, must be construed to refer to this Declaration as a whole, and not to any particular Section, unless expressly so stated. The word “days” refers to calendar days unless specific reference is made to “business” days.

2. **NAME**

The name by which the portion of the Property hereby submitted is to be identified is MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS.
3. **PROPERTY SUBMITTED AND ALLOCATION OF UNDIVIDED INTEREST IN COMMON ELEMENTS.**

The portion of the Property hereby submitted to the Act is Declarant's fee simple interest in the Property. Unit Owners will be entitled to a 1/31st equal undivided interest in the Common Elements, so that the total of the interests of all Units equals 100% of the total interest in the Common Elements. Each Unit's interest in the Common Elements shall be inseparable from the Unit and any conveyance, encumbrance, judicial sale, or other transfer, voluntary or involuntary of an undivided interest in the Common Elements, shall be void unless the Unit to which that interest is allocated is also transferred.

4. **DESCRIPTION AND BOUNDARIES OF UNITS**

The Condominium consists of a total of thirty-one (31) Units consisting of three (3) two-story buildings containing five (5) Units each attached by party walls and four (4) two-story buildings containing four (4) Units each attached by party walls. Each Unit contains the square footage as indicated below. The location of each Unit is shown on the Plat. The Units have concrete foundations with concrete masonry unit stem walls. The Units are wood framed with 40-year architectural composition shingle roofs with a 20-year solid membrane at the crickets between the gables and 50-year Hardi Plank lap siding made of a concrete composite. The Units have been pre-plumbed and wired for electric air conditioning which will be installed later by the individual Unit Owners. The individual Units are heated with forced air gas furnaces and gas fireplaces. There are no basements. Each Unit will be bounded by the interior surfaces of its perimeter and load bearing walls up to the center point(s) of any party wall adjacent to any Unit, floors, ceilings, skylights, windows and window frames, doors and door frames, and trim as shown on the Plat. Each Unit includes both the horizontal and vertical interior surfaces so described (including the face of the stud wall, top of floor joists, and bottom of ceiling joists) and the air space so encompassed. All lath, furring, wallboard, plaster-board, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof shall be a part of any Unit, including the garages. All other portions of the walls, floors or ceilings shall be a part of the General Common Elements. In the event of any conflict between the Plat and this Declaration, the latter controls. The Units are designated as one (1) through thirty-one (31) and are all located at 810 E. 9th Street, Newberg, Oregon 97132 as shown below and on the Plat:

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5. GENERAL COMMON ELEMENTS

The General Common Elements will consist of all improvements and land other than the Units and Limited Common Elements. The General Common Elements include, without limitation, the main access driveway, all sidewalks, all good-neighbor fences between the Units, the lawn areas (including any trees, plants and other landscaping), all parking spots designated as guest parking, and any shared utility lines serving all the Units for use of the Owners in accordance with the provisions of this Declaration. All other portions of the walls, floors or ceilings (including the roofs and party walls) which are not part of each individual Unit shall also be a part of the General Common Elements.

6. LIMITED COMMON ELEMENTS

The Limited Common Elements are those Common Elements designated as reserved for the use of a specific Unit or Units to the exclusion of all other Units. Each front concrete walkway and driveway parking space and each rear cedar deck shall constitute a non-transferable Limited Common Element for the benefit of the applicable Unit, whose doors provide access thereto, as shown on the Plat, the use of which shall be reserved to the Owner of the adjacent Unit. The yard space adjacent to the rear cedar deck on Building F and Building G shall constitute a non-transferable Limited Common Element for the benefit of the applicable Unit, whose doors provide access thereto, as shown on the Plat, the use of which shall be reserved to the Owner of the adjacent Unit.

7. DESCRIPTION OF UTILITIES

All Units are separately metered for electricity, gas service and cable. All water and sewer service to the Units share one common meter, which shall be separately sub-metered by the Association, the costs of which shall be allocated to each Unit in the monthly Association assessments. The lawn areas share one common meter for common irrigation, the costs of which shall be allocated equally to each Unit in the monthly Association assessments.

8. OCCUPATION, USE AND TRANSFER

The Condominium is intended solely for residential use. The Units may be used only in a manner appropriate to maintain the Condominium’s status as a residential condominium on an ownership, rental, or lease basis, and for social, recreational, or other reasonable purposes.
normally incidental to residential use. Units may be used for accessory home businesses subject to Board approval of the business as compatible with the residential character of the Condominium, such approval to not be unreasonably withheld, conditioned or delayed. Units may be used for operating the Association and for management of the Condominium. Units may only be leased in accordance with and to the extent allowed by Section 7 of the Bylaws.

9. MAINTENANCE

9.1 Common Elements

The necessary work to maintain, repair or replace all the Common Elements (including both limited and general) shall be carried out by the Association. No Owner may alter the Common Elements without first obtaining the consent of the Association. All work will be specially assessed to the benefited units if the work pertains to less than all of the Units in the Condominium. For example if the roof of a single building needs repaired then the cost will be specially assessed only to the Unit Owners of the affected Building. Any such special assessment to the benefited units shall be as reasonably and uniformly determined by the Association Board.

9.2 Individual Units

Except as otherwise provided in the Bylaws, each Owner is responsible for all maintenance and repairs to their respective Unit. Each Owner must keep their Unit in good order, condition, and repair.

10. EASEMENTS

10.1 In General.

Each Owner has an easement for reasonable access and use of, in and through the Common Elements, for all utility lines, wiring, heat, plumbing, and other service elements, and for reasonable access required to effectuate and continue proper operation of the Condominium. Each Unit and all the Common Elements are specifically subject to the foregoing easement for access and use as required for the utility lines serving each Unit. The specific mention or reservation of any easement for access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act. Each Unit Owner has an easement over the Common Elements for reasonable ingress to and egress from the Owner’s Unit. Such easement will be perpetual and appurtenant to the Unit.

10.2 Rights Created by Association.

The Association has the authority, pursuant to ORS 100.405(5) of the Act, to create, on behalf of the Unit Owners, leases, easements, rights of way, licenses and other similar interests affecting the Common Elements and consent to vacation of roadways within and adjacent to the condominium as provided in ORS 100.405(5); provided, however, no such interest may be granted with regard to a Limited Common Element unless the Owner and any Mortgagees of the Units having the right to use such Limited Common Elements consent to the creation of such an
interest. The granting of a lease in excess of two (2) years duration, or any other interest or consent pursuant to this Section, shall be done only after the prior approval of the Owners of at least seventy five percent (75%) of the Units. Nothing in this Section may be deemed to empower the Association to revoke, alter, modify or terminate any leases, easements, rights of way, license and similar interest of record on the date this Declaration is recorded.

10.3 Right of Entry.

The Board, acting on behalf of the Association, or any other Person authorized by the Board, may enter any Owner’s Unit in the case of any emergency originating in or threatening such Unit or any other Unit or the Condominium, or requiring repairs in such Unit to protect public safety, whether or not the Owner is present at the time. Each Owner must also permit such persons to enter the Owner’s Unit for the purpose of performing installations, alterations, or repairs to any Common Element, preventing damage to the Common Elements or the other Units, or inspecting the Unit to verify that the Owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the Association Rules and Regulations, provided that (i) reasonable notice is given to the Owner, and (ii) except in the case of an emergency, entry is made at a time or times reasonably convenient to the Owner and in a manner that minimizes interference with such Owner’s use or enjoyment of their Unit.

10.4 Special Easement and Rights for Declarant.

During the period of sale and construction of the Units, Declarant and its agents, successors and assigns have an easement for access and use of, over and upon the Common Elements for the purpose of completing or making repairs to the Condominium and carrying out marketing activities reasonably necessary for the sale of Units, including, without limitation, the right to post signs on the Common Elements, use the Units owned by the Declarant as model Units and the right to use such model Unit(s) for real estate marketing with respect to the Units or other property. If the Declarant causes damage to the Common Elements in the exercise of the easement granted in this Section 9.4, then Declarant must restore the Common Elements, ordinary wear and tear excepted. The Declarant and its agents, contractors or employees may maintain daily hours of exterior Unit construction work from 7:30 A.M. until 5 P.M., Monday through Saturday. The Declarant and its agents, contractors or employees may do interior Unit construction work from 7:30 A.M. until 9:00 P.M, on any day. The Association has no approval right or other power by amendment, rules or otherwise to control, limit, regulate or affect Declarant’s design, construction or marketing of Units, which is in Declarant’s sole discretion. Declarant in its sole discretion may remove trees and other vegetation for the construction of the Units and any improvements to the Common Elements and burn or chip such vegetation within the Property.

11. COMMON INCOME AND EXPENSES; VOTING

11.1 Allocation of Income and Expenses.

The common income, if any, derived from and the common expenses of the Common Elements and any other common expenses must be allocated between all Condominium Units
and charged to the Owner of each Unit according to each Owner’s percentage interest in the Common Elements as provided in Section 3.

11.2 **Votes.**

Each Owner is entitled to one (1) vote for each Unit owned. In the event of co-Owners there will be only one (1) vote for the Unit.

12. **SERVICE OF PROCESS**

The name of the person designated to receive service of process in cases provided in ORS 100.550(1) is named in the Condominium Information Report which has been filed with the Real Estate Agency in accordance with ORS 100.250(1)(a).

13. **ENCROACHMENTS**

13.1 **Easement for Encroachments.**

Each Owner has a right of use over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the Building, or any other similar cause, and any encroachment due to building overhang or projection. There is a valid easement for the maintenance of the encroaching Units and Common Elements so long as the encroachment exists, and the rights and obligations of Owners are not be altered in any way by the encroachment.

13.2 **Limitation.**

The easement described under section 12.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve the Declarant or any contractor, subcontractor or vendor of liability for failure to adhere to the plans.

13.3 **Effect of Marketability.**

The encroachments described in Section 12.1 of this Section 12 may not be construed to be encumbrances affecting the marketability of title to any Unit.

14. **MORTGAGEE PROTECTION**

14.1 **Controlling Over Other Sections.**

In the event of a conflict between this Section and other sections of this Declaration, the provisions of this Section control.
14.2 **Notice of Action.**

Upon written request to the Association identifying the name and address of any Mortgagor with respect to a Unit and the address of such Unit, the Mortgagor will be entitled to receive written notice of: (a) all meetings of the Association and will be permitted to designate a representative to attend all such meetings; (b) any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a Mortgage; (c) any delinquency in the payment of assessments or charges owed by an Owner of a Unit on which there is a mortgage which remains uncured for a period of sixty (60) days; (d) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association at least ten (10) days before such occurs; and (e) any proposed action which would require the consent of the specified percentage of Mortgagors under the Declaration or Bylaws.

14.3 **Mortgagor Approval.**

For purposes of determining the percentage of Mortgagors approving a proposed decision or course of action in cases where a Mortgagor holds first Mortgages on more than one Unit, such Mortgagor will be deemed a separate Mortgagor as to each such Unit.

14.4 **Mortgagor’s Consent to Abandon Condominium.**

Except with respect to termination of the Condominium as a result of destruction, damage, or condemnation, any termination of the Condominium requires the approval of Mortgagors holding Mortgages on Units having at least sixty-seven percent (67%) of the votes of Units in the Condominium which are subject to Mortgages. Any such termination of the Condominium must be carried out by the Owners pursuant to the provisions of the Declaration, Bylaws, and the Act and only after a vote of the Owners as required herein.

14.5 **Amendment of Condominium Declaration or Bylaws.**

Subject to any contrary provisions of the Act, except upon the approval of Mortgagors holding Mortgages on Units which have at least fifty-one percent (51%) of the votes of Units in the Condominium which are subject to Mortgages, no amendments may be made to the Declaration or Bylaws which add to or amend any material provision of the Declaration or Bylaws which establish, provide for, govern, or regulate any of the following: (a) voting; (b) assessment, assessment lien, or subordination of liens; (c) percentage ownership in Common Elements, including, but not limited to, the reallocation of interests in the Common Elements after a partial condemnation or partial destruction of the Property; (d) reserves for maintenance, repair, and replacement of the Common Elements; (e) insurance or fidelity bonds; (f) easements of access and use of the Common Elements; (g) responsibility for maintenance and repair of the several portions of the Condominium; (h) expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of real property to or from the Condominium; (i) boundaries of any Unit or the exclusive easement rights appurtenant thereto; (j) conversion of Units into Common Elements or of Elements into Units; (k) leasing of Units; (l) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey such Owners’ Unit; (m) any provisions which are for the express benefit of Mortgagors; (n) the
purposes to which any Unit or the Common Elements are restricted; and (o) establishment of self-management by the Association.

14.6 Limitation.

The provisions of Section 14.5 are intended only to be a limitation on the right of the Owners to amend the Declaration and Bylaws. Any such amendments to the Declaration or Bylaws may be made only upon full compliance with the provisions of such relating to the procedure and percentage of votes required for such amendment in addition to Section 14.5.

14.7 Deemed Approval by Mortgagees.

Any Mortgagee who receives a written request to approve an amendment to the Declaration or Bylaws or any other action to be taken by the Board, Association, or Owners will be deemed to have given such approval unless such Mortgagee’s written objection to such action is delivered to the Association within thirty (30) days after the date of the written request.

14.8 Mortgagee’s Proxy.

If the Mortgagee of any Unit determines that the Association is not providing an adequate maintenance, repair and replacement program for the Common Elements, then such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within ninety (90) days subsequent to receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights hereunder, has the right to attend succeeding annual or special meetings of the Association and to cast the vote(s) for each Unit on which it holds a mortgage on all business coming before such meeting, which proxy rights will continue until the defects listed on the notice are corrected.

15. OPERATING ENTITY

15.1 Formation and Authority.

The Meridian Heights Town Home Condominiums Association has been organized as a nonprofit mutual benefit corporation to administer the operation and management of the Condominium and to undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, this Declaration and Bylaws. A copy of the Bylaws are attached hereto as Exhibit B. Each Owner is entitled to vote in the manner prescribed in the Articles of Incorporation and Bylaws of the Association.

15.2 Duties and Powers of the Association.

The Association has all requisite power, duty and authority to perform its obligations under this Declaration, including without limitation the power, duty and authority to enforce the provisions of this Declaration and to acquire and pay for, from funds provided by assessments of
the Units, all goods and services necessary or appropriate for the proper functioning of the Association in accordance with this Declaration. Without limiting the generality of the foregoing or the other provisions of this Declaration, the Association has the power, duty and authority, subject to other provisions of this Declaration and the Bylaws, to undertake the following actions: (a) determine the amounts necessary or appropriate for the performance by the Association of its powers and duties under this Declaration; (b) impose and collect annual and special assessments from the Owners; (c) maintain bank accounts on behalf of the Association and designate the signatories for those accounts; (d) file all required income tax returns; (e) enforce by legal means the provisions of this Declaration; (f) maintain and repair the Common Elements and the improvements thereon and establish a reserve fund for such purposes; (g) promulgate, modify, and rescind rules and regulations governing use of the Common Elements and all improvements on the foregoing, as well as the Condominium generally; (h) obtain such policies of insurance as the Board may from time to time deem appropriate for the protection of the Association, the Common Elements and the improvements thereon; (i) contract for such services (including without limitation legal and accounting services) as may be necessary or appropriate to manage the affairs of the Association properly and in accordance with this Declaration, whether the personnel performing such services are employed directly by the Association or by a manager or management firm or agent retained by the Association; (j) appoint such committees as the Board may determine from time to time to be appropriate to assist in the conduct of the affairs of the Association and delegate to any such committee such authority as the Board may deem appropriate, subject in all cases to the provisions of the Declaration. Except to the extent expressly stated otherwise in this Declaration or the Bylaws, the Association has the powers set forth in the Act at ORS 100.405(4).

15.3 Rules and Regulations.

The Association may, by a majority vote of the Board, from time to time, adopt, amend, enforce and repeal Rules and Regulations as the Board determines to be necessary or proper for the operation of the Association. The Rules and Regulations will govern use of the Units and Common Elements by any Owner, occupant, family member or invitee of an Owner or occupant. Provided, however, that the rules and regulations may not discriminate among Owners and may not be inconsistent with this Declaration, the Association Articles or Bylaws. A copy of the Rules and Regulations as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, the rules and regulations shall have the same force and effect as if set forth in and a part of this Declaration. The Association Rules and Regulations shall not materially change the rights, preferences or privileges of any person, or the restrictions on any Unit as herein set forth.

15.4 Control of Association.

The Condominium will be governed by the Meridian Heights Town Home Condominiums Association, an Oregon nonprofit corporation. As provided in ORS 100.200(1) and (2), the Declarant may retain administrative control of the Association for a period not exceeding the earlier of: (a) three (3) years from the date of conveyance of the first Unit; (b) the date of conveyance to persons other than Declarant of 75% of the Units in the Condominium
which may be created under ORS 100.150; or (c) the date on which Declarant elects to relinquish permanently its control, whichever date first occurs. Administrative control of the Association by the Declarant is more particularly set forth in the Bylaws.

15.5 **Membership.**

Each Owner, by virtue of being an Owner and as long as such Owner continues in that capacity, shall be a member of the Association. The membership of an Owner terminates automatically upon an Owner being divested of its ownership interest in a Unit and Common Elements. Each membership in the Association is appurtenant to the Unit owned by an Owner and may not be transferred in any manner whatsoever except upon a transfer of title to such Unit and then only to the transferee of such title. Any attempt to make a prohibited transfer of a membership is void.

15.6 **Voting.**

Each Owner is entitled to one (1) vote per Unit owned in the manner prescribed in the Articles of Incorporation and Bylaws of the Association. In the event of co-Owners, there remains only one (1) vote per Unit. Except as otherwise provided in Section 13.7, no person, firm or corporation holding any lien, mortgage or other encumbrance upon any Unit is entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the Association, or to any of the rights or privileges of such membership.

15.7 **Enforcement Powers.**

In addition to any other enforcement rights described in this Declaration and the Bylaws or authorized by law, and subject to any restrictions on the Association's enforcement rights, including any due process requirements imposed by this Declaration, the Bylaws or by law, the Association may take any of the following actions against any person or entity whose act or failure to act violates or threatens to violate any provision of this Declaration, the Bylaws, or Association Rules: (a) impose monetary fines of no more than $100 for the first violation, $500 for the second violation and $1,000 for the third violation of the same type; (b) suspend or revoke the qualification of any Occupant for use of the Unit and/or Common Elements; and (c) commence a legal action for damages, injunctive relief, or both. Any remedies specifically provided herein are nonexclusive and cumulative and are in addition to all other legal or equitable remedies available to the Association.

15.8 **Enforcement Actions.**

The determination of whether to impose any of the foregoing sanctions is within the sole discretion of the Association. The Association may take more than one of the foregoing enforcement actions against any violation or threatened violation. The Association, in its sole discretion, may resolve or settle any dispute, including any legal action, under such terms and conditions as it considers appropriate.
15.9 **Mediation and Arbitration.**

Except with respect to any action by the Association to foreclose an existing lien or execute on an existing judgment, every Owner and the Association has the right to submit any dispute regarding enforcement of this Declaration, the Bylaws or the Association Rules and Regulations to nonbinding mediation, and if the mediation is unsuccessful, to binding and final arbitration according to the rules of the Arbitration Service of Portland, Inc.

If any action is brought by one or more but less than all Owners on behalf of the Association and recovery is had, the expenses of these Owners shall be a Common Expense. However, if such action is brought against the Owners or against the Board, Officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff’s expenses, including attorneys’ fees, shall not be charged to or borne by the other Owners, as a Common Expense or otherwise.

Complaints brought against the Association, the Board or the officers, employees, or agents thereof, in their respective capacities as such or the Condominium as a whole, must be directed to the Board, which must promptly give written notice thereof to the Owners and any Mortgagees. Such complaints must be defended by the Board, and the Owners and Mortgagees have no right to participate in such defense other than through the Board. Complaints against one or more, but less than all Owners, must be directed to such Owners, who must promptly give written notice thereof to the Board and to the Mortgagees affecting such Units, and must be defended by such Owners.

15.10 **Suspension of Sanctions.**

Except in the event of an emergency threatening the health or safety of the other occupants of the Condominium, the sanctions described above in Section 15.7 may not be imposed until the subject of the sanction has first been given ten (10) days prior notice and opportunity to cure the violation complained of and to be heard orally or in writing by the Board. The notice may be given in any manner reasonably intended to provide actual notice to the subject of the sanctions. The imposition of the sanctions described above in Section 15.7 may be suspended during the pendency of any mediation and arbitration.

16. **MANAGING AGENT**

16.1 **Professional Management.**

The Association must be professionally managed by a licensed property manager. If the Association assumes self-management at any time by the agreement of the Owners, thereafter the Association must resume professional management and appoint a managing agent upon the request of any two (2) Owners. If the Board fails to appoint a managing agent within thirty (30) days of such a request then the managing agent must be a licensed property management firm appointed by and under the supervision of the presiding judge of the Yamhill County Circuit Court until the Board appoints another qualified managing agent. At least thirty (30) days’ notice
of any contemplated change in the managing agent must be given to any Mortgagee which has requested notice.

16.2 **Initial Managing Agent.**

Subject to the rights of the Association or the Board to terminate the managing agent without penalty upon not less than thirty (30) days written notice to the other party given not later than sixty (60) days after the Turnover Meeting specified in the Bylaws of the Association, Johnisee Properties, LLC will act as the initial agent to manage the Condominium for a term not to exceed seven (7) years.

16.3 **Scope of Managing Agent Duties.**

The Board may delegate to the managing agent responsibility for the following items in addition to any others the Board chooses to delegate:

16.3.1 Operation, care, upkeep and maintenance of the portions of the Condominium that are the responsibility of the Association such as the General Common Elements, roofs and party walls;

16.3.2 Recommendation to the Board of the amounts required for operation, maintenance and other affairs of the Association, and the preparation of annual budgets for approval by the Board;

16.3.3 Collection of Common Expenses from the Owners;

16.3.4 Purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium which are consistent with Board-approved budgets or specially approved by the Board;

16.3.5 Subject to Board approval, maintain bank accounts on behalf of the Association;

16.3.6 The acquisition of any and all goods and services necessary for the operation of the Condominium or for enforcement of the Declaration and these Bylaws consistent with Board-approved budgets or specially approved by the Board;

16.3.7 Subject to Board approval, maintenance and repair of any Unit, its appurtenances and/or its improvements when such maintenance or repair is reasonably necessary in the opinion of the managing agent to protect the Common Elements or preserve the appearance and value of the Condominium development and the Owner or Owners of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner or Owners;
16.3.8 Subject to Board approval, the Association will act as attorney-in-fact for the Unit Owners for the purpose of purchasing and maintaining bonds and insurance the Board deems necessary for fire or other hazard, liability for personal injury and property damage, Fidelity of Association officers’ and other employees, and Directors’ and Officer’s liability, for the Association and the Condominium, including the Units, pursuant to the provisions of the Declaration or Bylaws;

16.3.9 Preparation of financial statements, all appropriate income tax returns and the Annual Report to be filed with the Oregon Real Estate Agency; and

16.3.10 Subject to Board review and approval, enforcement by legal means of the provisions of the Act, the Declaration, Bylaws and any Association Rules and Regulations adopted hereunder.

17. AMENDMENT

17.1 Approval Required.

Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by the Owners of at least seventy-five percent (75%) of the Units. Except as otherwise provided in the Act, no amendment may change the size, location, allocation of undivided interest in the Common Elements, method for determining liability for Common Expenses, right to common income or voting rights of any Unit unless such amendment has been approved by the Owners of the affected Units and the holders of any Mortgages on such Units.

For as long as Declarant own any unsold Units, the Bylaws, Association Rules and Regulations, and this Declaration may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to Declarant or its designee, or otherwise adversely affect Declarant or such designee, without Declarant’ or such designee’s consent.

17.2 Recordation.

The amendment will be effective upon recording by the Yamhill County Clerk of the Declaration (as amended) or of the amendment thereto, certified by the President and Secretary of the Association and (if required by law) approved by the Yamhill County Assessor and the Oregon Real Estate Commissioner.
IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this day of __________ 2004.

ROSHUN PROPERTIES, LLC,
an Oregon limited liability company

By: its sole Member

Habib Shekarriz, Trustee, under the Shekarriz Living Trust, dated April 19, 2002 and any amendments thereto.

STATE OF OREGON )
 )ss
COUNTY OF YAMHILL )

The foregoing instrument was acknowledged before me this __ day of November 2004, by Habib Shekarriz, Trustee under the Shekarriz Living Trust, dated April 29, 2002, as sole Member of ROSHUN PROPERTIES, LLC, an Oregon limited liability company.

NOTARY PUBLIC FOR OREGON
My Commission Expires: ____________

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

Oregon Real Estate Commissioner

The foregoing Declaration is approved this __ day of December 2004.

ASSessor AND tax collector
FOR YAMHILL COUNTY

By: ____________
Assessor

By: ____________
Tax Collector

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS DECLARATION
PDX 1075260v8 61728-1
Page 17 of 17
EXHIBIT A

Legal Description of Property


BYLAWS

of the

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS ASSOCIATION

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT
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BYLAWS

OF THE

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS ASSOCIATION

THese BYLAWS, to be effective upon their recording in Yamhill County, Oregon, pursuant to the provisions of the Oregon Condominium Act, are made and executed this [illegible] day of November, 2004, by Meridian Heights Town Home Condominiums Association, a nonprofit mutual benefit corporation organized under the laws of the State of Oregon (hereinafter “Association”).

1. GENERAL PROVISIONS

1.1 Identity.

These are the Bylaws of the Association. The Articles of Organization for the Association (the “Articles”) were filed with the Oregon Secretary of State on November 6, 2003. The Association has been organized for the purpose of administering the operation and management of Meridian Heights Town Home Condominiums (the “Condominium”). The Condominium was established by Roshun Properties, LLC, an Oregon limited liability company (the “Declarant”). The Condominium was established in accordance with the provisions of ORS Chapter 100 (the “Act”). The Condominium is located upon property in Yamhill County, Oregon, the location of which is described in the Meridian Heights Town Home Condominiums Declaration (the “Declaration”) to which these Bylaws are attached as Exhibit A.

1.2 Bylaws Subject to Other Documents.

The provisions of these Bylaws are applicable to said Condominium, and are expressly subject to the terms, provisions and conditions contained in the Articles of Incorporation of the Association, and subject to the terms, provisions and conditions contained in the Declaration of Meridian Heights Town Home Condominiums, which is being recorded simultaneously herewith in the records of Yamhill County, Oregon.

1.3 Applicability.

Declarant, its successors and assigns, all Owners, tenants and occupants, their agents, invitees, licensees and employees that use the Condominium, or any part thereof, are subject to these Bylaws, and all Association Rules there under as promulgated from time to time.

1.4 Office.

The office of the Association shall be at the offices of Johnisee Properties, LLC, 1839 Willamette Falls Dr., West Linn, OR 97068, or at any other place designated by the Association.
1.5 Definitions.

Unless otherwise specified, all terms shall have the same meaning in these Bylaws as such terms have in the Declaration.

2. MEETINGS OF OWNERS

2.1 Initial Meeting.

The initial meeting of the Association shall be held within sixty (60) days after the recording of these Bylaws. The Declarant shall call the meeting by written notice to each of the Owners stating the exact time and place of the initial meeting and the purpose thereof. The notice shall be in accordance with the requirements of Section 2.7 of these Bylaws, except that the Declarant shall fulfill the role of President or Secretary.

2.2 Turnover Meeting.

A turnover meeting shall be called by the Declarant within ninety (90) days from the earlier of (a) three (3) years from the date of conveyance of the first Unit; (b) the date of conveyance to persons other than Declarant of 75% of the Units in the Condominium which may be created under 100.150; or (c) the date on which Declarant elects to relinquish permanently its control, whichever date first occurs. The Declarant shall give notice (as provided in Section 2.7) of the turnover meeting to each Owner at least seven (7) but not more than fifty (50) days prior to the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If the meeting is not called by Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the turnover meeting, the Declarant shall relinquish control of the Association to the Owners and the latter shall assume control. The Owners shall elect a Board of Directors as set forth in these Bylaws and Declarant shall deliver to the Association the items specified in ORS 100.210. During the three (3) month period following the turnover meeting, a representative of the Declarant shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered, pursuant to ORS 100.210.

2.3 Annual Meetings.

In the first quarter of the calendar year following the calendar year in which the turnover meeting is held, the first annual meeting of Owners shall be held. At such meeting, the incumbent directors elected at the turnover meeting to serve until the first annual meeting shall resign and new directors shall be elected by the Owners as provided herein. Thereafter, annual meetings shall be held in the same month or in the month following, at such hour and on such date as the Board may designate, or if they should fail to designate such date by the last day of the first month in which the meeting may be held, then the meeting shall be held on the second Wednesday of the second month in which the meeting may be held, unless such day shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day. At such meetings, the Owners shall elect directors to fill vacancies or to succeed retiring directors as
provided in Section 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

2.4 Place of Meetings.

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

2.5 Special Meetings.

Special meetings of the Association may be called at any time by the President, a majority of the Board of Directors or thirty percent (30%) of Owners for the purpose of considering matters which, by the terms of the Act, the Declaration or these Bylaws, require the approval of all or some of the Owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the President, by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by the Owners of not less than thirty percent (30%) of the Units stating the purpose of the meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

2.6 Notice.

The President or Secretary shall give written notice of each Owners' meeting at least ten (10) days but not more than fifty (50) days prior to the date set for such meeting. The notice shall state the purpose thereof and the time and place where it is to be held. Notice shall be given to each Owner of record, and to any first Mortgagee of record requesting such notice, at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the President or Secretary, at least ten (10) days prior to the giving of such notice of meeting. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery, shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after the meeting. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.7 Voting.

2.7.1 The total voting power of all Owners is one hundred percent (100%). Each Owner is entitled to one (1) vote per Unit owned. An Owner's votes must be voted in single block and may not be split.

2.7.2 In accordance with ORS 100.525(b), co-Owners of a Unit will have only one vote per Unit owned. In the absence of protest by a co-Owner, the vote may be exercised by any one of the co-Owners present at a meeting. In the event of a disagreement among co-Owners, the vote of the Unit or Units owned will be disregarded completely in determining the
proportion of votes given with respect to the matter at issue, unless a valid court order establishes the authority of a co-Owner to vote.

2.7.3 The designation of a voting representative may be revoked and changed at any time by actual written notice to the Board from a party having an ownership interest in a Unit, or by actual written notice of the death or judicially-declared incompetence of any party with an ownership interest in the Unit.

2.7.4 The power of designation and revocation may be exercised by the trustee, receiver, guardian, or conservator of an Owner and the administrator or executor of an Owner’s estate.

2.7.5 The Declarant is entitled to vote as the Owner of any Units it owns at the time of the election, and the Board is entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board may not vote such Units in any election of directors.

2.7.6 Any person, on becoming an Owner, must furnish to the managing agent or Board a photocopy of the certified copy of the recorded instrument by which ownership of the Unit was obtained, which instrument will remain in the files of the Association. An Owner will not be deemed to be in good standing nor will an Owner be entitled to vote at any annual or special meeting of Owners unless this requirement is first met.

2.8 Proxies.

A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed by such Owner, shall run to a person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Unit by its Owner. An Owner may pledge or assign voting rights to a Mortgagor. In such case, the Mortgagor or its designated representative shall be entitled to receive all notices to which the Owner is entitled and to exercise the Owner’s voting rights from and after the time that the Mortgagor shall give written notice of such pledge or assignment to the Board. Any first Mortgagor may designate a representative to attend all or any meetings of the Association.

2.9 Fiduciary and Corporate Owners.

An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Unit owned or held in such capacity, whether or not the same has been transferred to such person’s name; provided, however, that such person must satisfy the Secretary that the person is the executor, administrator, conservator, guardian or trustee, holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or other entity must provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof.
2.10 Voting by Mail.

The Board may elect to hold any election or vote by mail in accordance with the following procedure:

2.10.1 In the case of an election of Board members by written ballot, then in addition to the other requirements set forth in this Section 2.11, the following procedures must be followed:

2.10.1.1 the existing Board members must advise the Secretary in writing of the names of proposed Board members sufficient to constitute a full board and of a date at least fifty (50) days after such advice is given by which all votes are to be received;

2.10.1.2 the Secretary, within five (5) days after such advice is given, must give written notice of the number of Board members to be elected and of the names of the nominees to all Owners;

2.10.1.3 the notice must state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of Board members to be elected, by giving written notice of such nomination to the Secretary on or before a specified date which must be fifteen (15) days from the date after the notice was given by the Secretary; and

2.10.1.4 five (5) days after such specified date, the Secretary must give written notice to all Owners, stating the number of Board members to be elected, stating the names of all persons nominated by the Board and by the Owners on or before the deadline, stating that each Owner may cast a vote by mail and stating the deadline established by the Board by which such votes must be received by the Secretary at the address of the principal office of the Association (which must be specified in the notice) and that votes received after that date will not be effective.

2.10.2 Any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association member that is entitled to vote on the matter.

2.10.2.1 A written ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

2.10.2.2 The Board must provide owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered.

2.10.2.3 If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for
marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

2.10.3 Matters that may be voted on by written ballot will be deemed approved or rejected as follows:

2.10.3.1 If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be approved when the date for return of ballots has passed, a quorum of unit owners has voted, and the required percentage of approving votes has been received. Otherwise, the proposal will be deemed to be rejected.

2.10.3.2 If approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal will be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage.

2.10.4 All solicitations for votes by written ballot must state the following:

2.10.4.1 If approval of the proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to meet such quorum requirement;

2.10.4.2 If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval; and

2.10.4.3 If the matter being voted on is the election of directors to the Board, the additional items set forth in Section 2.11.1.

2.10.5 All solicitations for votes by written ballot must specify the period during which the Association will accept written ballots for counting, and a date certain on which all ballots must be returned to be counted.

2.11 Quorum.

At any meeting of the Association, the presence, in person or by proxy, of Owners representing a majority of the votes shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.
2.12 **Binding Vote.**

The vote of more than fifty percent (50%) of the total votes of the Owners present, in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

2.13 **Order of Business.**

(a) The order of business at annual meetings of the Association shall be.

(b) Calling of the roll and certifying of proxies;

(c) Proof of notice of meeting or waiver of notice;

(d) Reading of minutes of preceding meeting;

(e) Reports of officers;

(f) Reports of committees, if any;

(g) Election of directors;

(h) Unfinished business;

(i) New business; and

(j) Adjournment.

3. **BOARD OF DIRECTORS**

3.1 **Number, Term and Qualification.**

The affairs of the Association shall be governed by the Board, which shall consist of three (3) persons as determined from time to time by the Owners. Until the turnover meeting (as provided for in Section 2.3 of these Bylaws) shall have been held, the Board shall consist of the directors named in the Articles of the Association. The Declarant shall have the power to remove and replace directors until the turnover meeting. At the turnover meeting, if three (3) directors are elected, one (1) director shall be elected for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years. At the expiration of the initial term of office of each director, the successor shall be elected to serve for a term of three (3) years. The director shall hold office for the term herein fixed and until the director’s successors have been qualified and elected. There shall be no limit on the number of successive terms a director may serve on the Board, if elected as herein provided. After the turnover meeting, all directors shall be Owners except for the Declarant. Subsequent to the turnover meeting, no director shall continue to serve on the Board after ceasing to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustees of any trust, or the partners of any partnership that owns a Unit shall be considered co-Owners of any such Unit.
3.2 **Powers and Duties.**

The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts except such acts which by law, the Declaration, or these Bylaws may not be delegated to the Board by the Owners. Such powers and duties of the Board shall include, without limitation (except as limited elsewhere herein) the following.

3.2.1 Operation, care, upkeep and maintenance of the portions of the Condominium that are the responsibility of the Association such as all the Common Elements (including both general and limited).

3.2.2 Determine amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

3.2.3 Collect Common Expenses from Owners.

3.2.4 Provide for the designation, hiring and removal of employees and other personnel, including lawyers and accountants, to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

3.2.5 Adoption and amendment of reasonable Association Rules pursuant to Section 7.10 of these Bylaws.

3.2.6 Maintain all Association funds in bank accounts within the State of Oregon on behalf of the Association and designate required signatories.

3.2.7 The acquisition of any and all goods and services necessary for the operation of the Condominium or for enforcement of the Declaration and these Bylaws consistent with Board-approved budgets or specially approved by the Board.

3.2.8 Pay any amount necessary to discharge any lien or encumbrance which is claimed to or may, in the opinion of the Board, constitute a lien or encumbrance against the Common Elements as opposed to a particular Owner’s Unit. Where one or more Owners are responsible for the existence of such a lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorneys’ fees, both at trial and on appeal) be specially assessed against the Owners and the Units responsible, to the extent of their responsibility.

3.2.9 Subject to Board approval, obtain and review bonds and insurance the Board deems necessary such as liability for personal injury and property damage, fidelity of Association officers’ and other employees, and Directors’ and Officer’s liability, for the Association and the Condominium, including the Units, pursuant to the provisions of the Declaration or Bylaws.

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3.2.10 Subject to the limitations set forth in Section 3.4, make repairs, replacements, additions and improvements to, or alterations of, both the General and Limited Common Elements and repairs to and restoration of the Common Elements in accordance with the Declaration or Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof; provided, that if for any reasons such repairs or restorations are provided for the Limited Common Elements appurtenant to any particular Unit, or otherwise for the benefit of particular Units or their Owners, the cost thereof shall be specially assessed against the Owners of such Units.

3.2.11 Subject to the limitations set forth in Section 3.4, borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements (including both the general and limited); provided, however, that no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Owner of such Unit. The Association shall have no power to encumber the Common Elements to secure repayment of borrowed funds without the written consent of all the Owners.

3.2.12 Subject to the limitations contained in Section 9.4 of these Bylaws, adjust and settle claims under insurance policies and execute and deliver releases on settlement of such claims on behalf of all Owners, all holders of Mortgages or other liens on the Units and all Owners of any other interest in the Condominium.

3.2.13 File all appropriate income tax returns and the Annual Report with the Oregon Real Estate Agency.

3.2.14 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Association Rules adopted hereunder.

3.3 Activities for Profit Prohibited.

Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

3.4 Limitation.

The Board's powers enumerated in these Bylaws shall be limited in that the Board shall have no authority to, (1) acquire and pay for out of the maintenance fund any structural alterations, capital additions to, or capital improvements of the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding three percent (3%) of the estimated total budget of the Association for such calendar year, or (2) enter into agreements not to be performed within two (2) years, except agreements specifically authorized in these Bylaws, without in each case the prior approval of Owners representing more than fifty percent (50%) of the votes of the Owners, present in person or by proxy at a duly called meeting for such purpose at which a quorum is constituted.
3.5 **Organizational Meeting.**

Within fourteen (14) days following the annual meeting of the Association, or following any meeting at which an election of Directors has been held, the Board shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.6 **Regular and Special Meetings.**

Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board may be called by the President and must be called by the Secretary at the written request of at least one Director. Notice of any special meeting shall be given to each Director, personally or by mail, telephone or other generally accepted means of communication at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board shall be open to Owners. Such meetings may be conducted by telephonic communication, except that if a majority of the Units are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each Board meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (b) only emergency meetings of the Board may be conducted by telephonic communication. Although all meetings of the Board of Directors of the Association shall be open to Unit Owners, in the discretion of the board 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. Except in cases of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The meeting and notice requirements hereof may not be circumvented by chance or social meetings or by any other means.

3.7 **Waiver of Notice.**

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

At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board present at a meeting at which a quorum is present shall constitute the act of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.9 Removal.

At any regular or special meeting of Owners, any one or more of the Board members may be removed with or without cause by a majority of the Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.10 Resignation.

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

3.11 Vacancies.

Vacancies in the Board caused by any reason other than the removal of a member thereof by a vote of the Owners shall be filled by vote of a majority of the remaining members at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board for the remainder of the term of the member creating such vacancy and until a successor shall be elected at the next annual meeting of the Owners.

3.12 Compensation.

No Director shall receive any compensation from the Association for acting as such, but shall be reimbursed for reasonable out-of-pocket expenses.

3.13 Liability and Indemnification of Directors, Officers, Manager or Managing Agent.

The Directors and officers shall not be liable to the Association or the Owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each
director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of their duties. As to any manager or managing agent this Section shall only be applicable to third party tort claims up to the amount of the Association's liability insurance coverage and shall not in any way apply to contractual liability or obligations under the management contract.

3.14 Fidelity Bonds.

The Board shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, shall furnish a fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

3.15 Insurance.

The Board of Directors shall comply with the insurance requirements in Section 9 of these Bylaws. In addition, the Board, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, Board or Owners. Not less frequently than once every two (2) years, the Board must cause the managing agent to conduct a full insurance review, estimate the full replacement value of the improvements contained in the Condominium, and modify the insurance coverage, as needed, if it has been more than twelve (12) months since the last such review.

3.16 Special Committees.

The Board by resolution may designate one or more special committees, each committee to consist of two (2) or more Owners which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committees must keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the President. The Board or the President may appoint Owners to fill vacancies on each of said special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

4. OFFICERS

4.1 Designation.

The principal officers of the Association shall be the President, Secretary, and Treasurer, each of whom shall be elected by the Board. Only the President need be an Owner, or members of their family, fiduciaries, beneficiaries or Mortgagees (and in the case of Units owned by
corporations or partnerships, the offices may be held by directors, officers, shareholders, partners or employees of such organizations).

4.2 **Election.**

The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office shall become vacant, the Board shall elect a successor to fill the unexpired term at any regular Board meeting, or at any special meeting of the Board called for such purpose.

4.3 **Removal.**

Upon the affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and a successor may be elected at any regular Board meeting or at any special Board meeting called for such purpose.

4.4 **President.**

The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Owners and of the Board and shall have all of the general powers and duties which are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from time to time as may, in the President’s discretion, be appropriate to assist in the conduct of the affairs of the Association.

4.5 **Secretary.**

The Secretary shall keep minutes of all proceedings of the Board and minutes of all Association meetings. The Secretary shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. Association records shall be kept by the Secretary, except for those of the Treasurer. The Secretary shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the President. In addition, the Secretary shall act as Vice President, taking the place of the President and performing such duties whenever the President is absent or unable to act, unless the directors have appointed another Vice President.

4.6 **Treasurer.**

The Treasurer shall be responsible for Association funds and securities and shall be responsible for supervising the managing agent and causing the same to keep full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial statements. The Treasurer shall review the reports and statements provided by the managing agent with respect to the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, and the disbursement of Association funds in accordance with the approved Association budget and any special authorizations from the Board for unbudgeted items. The Treasurer shall in general perform all other duties incident to the office of treasurer of an association and such other duties
as may be assigned by the Board. All assessments must be deposited in a separate bank account in the name of the Association. All expenses of the Association must be paid from the Association bank account.

4.7 Execution of Instruments.

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks may be signed by the managing agent or any duly elected officer of the Association.

4.8 Compensation of Officers.

No officer who is a member of the Board, other than the Secretary and Treasurer, shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners. The Board may fix any reasonable compensation to be paid to the Secretary, Treasurer and any officers who are not also directors.

5. BUDGET, EXPENSES AND ASSESSMENTS

5.1 Budget.

The Board shall from time to time, but in no event less frequently than once every twelve (12) months, prepare a budget for the Association, estimate the Common Expenses expected to be incurred, less any previous over-assessment, and assess the Common Expenses to each Owner in the method as set forth below. The budget shall reflect comparable figures for the prior year as to all items therein. Except as otherwise provided herein, the Board shall advise each Owner in writing of the amount of Common Expenses payable by that Owner, and furnish copies of each budget and amended budget on which such Common Expenses are based to all Owners and, if requested, to their Mortgagees, at least fourteen (14) days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. Nothing herein contained shall be construed as restricting the right of the Board to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

5.2 Determination of Common Expenses.

Except as otherwise provided herein, Common Expenses shall include but not be limited to.

5.2.1 Expenses of administration.

5.2.2 Cost of insurance or bonds obtained in accordance with these Bylaws.
5.2.3 A general operating reserve fund ("Operating Fund").

5.2.4 A reserve for replacement of General Common Elements as required by the Oregon Condominium Act and as more fully described in Section 5.3.2 of these Bylaws ("Reserve Fund").

5.2.5 Any deficit in Common Expenses for any prior period, and any accrued interest or late charges thereon.

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

5.2.7 Expenses, if any, of any services of any person or firm to act on behalf of the Owners in connection with any matter where the respective interests of the Owners are deemed by the Board to be similar and non-adverse to each other.

5.2.8 Fees for professional management services.

5.2.9 Cost of work on the roofs or party walls of the Units, which shall be specially assessed against the Owners of the affected Units in accordance with the Declaration.

5.2.10 Cost of maintenance, repair and replacement of all the Common Elements (including both general and limited), provided that if such repairs, maintenance, or replacement are for the benefit of particular Units or their Owners, the cost thereof shall be specially assessed against the Owners of such benefited Units as reasonably and uniformly determined by the Board. The Board will have the exclusive right and duty to acquire the same for the Common Elements.

5.2.11 Any other materials, supplies, labor, services, maintenance, repairs, alterations or assessments which the Board is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium or for the enforcement of these restrictions, and which the Board determines should be assessed to the Owners under Section 5.3.

5.2.12 The discharge of any lien or encumbrance against the Common Elements, as opposed to a particular Owner's Unit. Where one or more Owners are responsible for the existence of such lien or encumbrance, they shall be jointly and severally liable for the cost of discharging it, which cost shall be specifically assessed to the responsible Owners.

5.2.13 Any other items properly chargeable as an expense of the Association.

5.3 Assessment of Common Expenses.

All Owners shall be obliged to pay on a monthly basis in advance Common Expenses assessed to them by the Board on behalf of the Association pursuant to these Bylaws and the Declaration including assessments applicable to any Reserve Fund described in these Bylaws. Assessments may not be waived due to limited or nonuse of Condominium Common Elements.
The Declarant shall be assessed as the Owner of any unsold Unit from the date of conveyance of the first Unit except with respect to Units created or annexed by supplemental declaration thereafter in which case the assessment shall accrue from the date of the supplemental declaration. The Declarant's assessment obligations shall be prorated to the date of sale of each Unit. The Declarant shall be allowed to accrue the portion of any such assessments applicable to the reserve fund described below with respect to each Unit until the earlier of (a) the date the Unit is conveyed, (b) the date of the turnover meeting, or (c) the date when the Owners other than the Declarant assume administrative control of the Association. The Declarant shall maintain a record of the amount it owes for such accrued reserve assessments as a part of the financial books and records of the Association. Assessments shall commence upon closing of the first sale of a Unit in the Condominium. At the time of closing of the initial sale of each Unit, the purchaser shall make the initial contribution to the Operating Fund and the Reserve Fund (described below) of the Association equal to two (2) months of Association expense assessments for the Unit. In addition, the Declarant shall pay all accrued assessments for the Reserve Fund, if any. As provided in the Act, the Declarant may elect to defer commencement of all or part of the Common Expense assessments (other than for required Reserve Fund assessments) as to all Units and pay the Common Expenses directly as they accrue to the Condominium until the date of the turnover meeting or ten (10) days after notice from the Declarant that assessments will commence, whichever is first to occur. The Board, on behalf of the Association, shall assess the Common Expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any Common Expense due which remains unpaid by an Owner for more than thirty (30) days from the due date for its payments except as provided otherwise with respect to reserve assessments on Units owned by the Declarant. A Unit Owner shall be personally liable for all assessments imposed on the Unit Owner or assessed against the Unit by the Association. Multiple Owners shall have joint and several liability for all assessments.

5.4 Reserve Funds.

5.4.1 Declarant may establish, in the name of the Association, a reserve fund for major repairs and replacements of General Common Elements (including roofs and party walls) and assets of the Association. As required by ORS 100.175, a Reserve Fund shall be established for the replacement of any Common Elements, all or part of which will normally require replacement in more than three (3) and less than thirty (30) years.

5.4.2 The determination of Common Expenses under Section 5.2 will be calculated on the basis of expected repair and replacement costs and the life expectancy of the items comprising the Common Elements and the assets of the Association such that the amount of the reserve fund is reasonably calculated to provide sufficient funds for major repair and replacement of the Common Elements and assets of the Association. The Association must administer the Reserve Fund and the amount of the payments in the reserve fund must be adjusted at regular intervals, but in no event less frequently than annually to recognize changes in current replacement costs over time.

5.4.3 The Board must conduct a reserve study, or review and update an existing study of the Common Elements at regular intervals, but in no event less frequently than annually...
to determine the reserve fund requirements. The reserve study must 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 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 replacement schedule.

5.4.4 Assessments paid into the Reserve Fund are the property of the Association and are not refundable to the Owner or Owners of a Unit upon the sale of any Unit owned by them.

5.4.5 Following the second year after the turnover meeting, the Association may, on an annual basis, elect not to fund the Reserve Fund by unanimous vote of the Owners, or elect to reduce or increase future assessments for the reserve fund by an affirmative vote of at least 75% of the Owners.

5.4.6 Any funds set up for any of the purposes mentioned in this Section will be deemed to be a reserve fund notwithstanding that may not be so designated by the Board. The amount of the Reserve Fund must be distributed to the Owners on termination of the Condominium and the Association.

5.4.7 The Reserve Fund is to be used only for maintenance, repair and replacement of Common Elements for which reserves have been established and is to be kept separate from other funds. However, after the turnover meeting, the Board may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other temporary expenses that will later be paid from special assessments or maintenance fees.

5.5 **Contingency Fund.**

The Board may also build up and maintain a reasonable reserve for contingencies and replacements not covered by subparagraph 5.4.2 above. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including non-payment of any Owner’s assessment, the Board may at any time levy a further assessment of common expenses. The Board shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefore, and such further assessments shall be effective with the first quarterly assessment of common expenses which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

5.6 **Special Assessments.**

The expense of any action by the Association to enforce and fulfill the requirements of these Bylaws or the Declaration with respect to any Unit and its associated Limited Common Elements, shall be charged to said Owner as a special assessment. Any such special assessment
shall be a lien against the Owner’s Unit with the same force and effect as if the charge were a part of the ordinary assessments of Common Expenses attributable to the Owner’s Unit.

5.7 Default in Payment of Common Expenses.

5.7.1 In the event of delinquency or default by any Owner in paying to the Association the assessed Common Expenses (including but not limited to reserve assessments or any special assessments), such Owner will be obligated to pay interest on such Common Expenses from the due date thereof, at the rate of eighteen percent (18%) per annum or the maximum legal rate of interest permitted by Oregon law, whichever is less, together with all expenses, including attorneys' fees, whether or not legal proceedings are commenced and both at trial and on appeal incurred by the Association in collecting such unpaid expenses together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, no interest or late charges will be assessed on delinquent Common Expenses paid within fifteen (15) days after the due date thereof.

5.7.2 The Board may also establish and impose charges for late payments of assessments, attorney fees for collection of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Association Rules, provided that any such charge or fine is based on a schedule set forth in resolution adopted by the Board or the Association that is delivered to each Unit or mailed to each owner and the address designated by each owner for the receipt of any notice with respect to the Condominium.

5.7.3 The Board has the right and duty to recover for the Association such Common Expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien upon the Unit granted by the Act. The Board must notify the holder of any first mortgage upon a Unit of any default not cured within thirty (30) days of the date of notice of default.

5.8 Foreclosure of Liens for Unpaid Common Expenses.

In any action brought by the Association to foreclose a lien on a Unit because of unpaid Common Expenses, the Owner shall be required to pay a reasonable rental for the use of the Unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board, acting on behalf of the Association, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same. The remedies provided herein are cumulative, and the Association may pursue any of them, as well as any other remedies which may be available under law, although not expressed herein.
5.9 **Statement of Common Expenses.**

In accordance with ORS 100.480(4), the Board must within ten (10) days of an Owner’s written request provide any Owner a written statement of that Owner’s due and unpaid assessments as of the time the request was received including but not limited to (a) regular and special assessments, (b) fines and other charges, (c) accrued interest and the method used to calculate it, and (d) late payment charges and the method used to calculate it. The Association need not provide such a statement if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

5.10 **Lien Priority.**

Any lien of the Association against a Unit for Common Expenses shall have the priority provided in the Act in relation to other tax and assessment liens, and any prior Mortgage or Trust Deed of record.

5.11 **Violation by Owners; Remedies.**

Subject to any limitations contained in the Declaration, the violation of any rule or regulation adopted by the Board, or the breach of any covenant or provision contained in the Declaration or the Bylaws shall give the Board the rights set forth in the Declaration and the right: (1) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board or its agents shall not thereby be deemed guilty in any manner of trespass and (2) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. All expenses of the Board in connection with such violation and such action or proceedings, including engineering, architectural and other professional fees and costs, court costs and attorneys’ fees and any other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon until paid at the rate provided in Section 5.5 of these Bylaws, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of that Owner’s respective share of the Common Expenses. The Board shall have a lien for all of the same upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto and upon all personal property in that Owner’s Unit or located elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. Any violations by an Owner of the Declaration, Bylaws, or Association Rules which are deemed by the Board to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner’s Unit with the same force and effect as if the charge was a part of the normal Common Expenses attributable to such Unit. Any violation or breach by an Owner’s tenant, occupant, agent, invitee, licensee or employee shall be deemed a violation or breach of the owner.
5.12 Liability of Owners.

An Owner shall be liable for the expenses of any Common Element maintenance, repair or replacement rendered necessary by that Owner’s act, neglect or carelessness or by that of any member of the Owner’s family, or the Owner’s guests, employees, invitees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation. The expense of any maintenance, repair or replacement required, as provided herein, shall be charged to said Owner as a specific item, which shall be a lien against such Owner’s Unit with the same force and effect as if the charge was a part of the normal Common Expenses attributable to such Owner’s Unit.

5.13 No Waiver.

The failure of the Association or of an Owner to enforce any right, provisions, covenant or condition, which may be granted by any of the provisions of the Declaration, the Bylaws, or any Association Rules shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future. The receipt by the Board of payment of any assessment from an Owner, with knowledge of any such violation or breach, shall not be deemed a waiver of such violation or breach; and no waiver by the Board or any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board. This Section also extends to the Declarant or Declarant’s managing agent exercising the power of the Board during the initial period of operation of the Association and the Condominium.

6. RECORDS AND AUDITS

6.1 General Records.

The Board and managing agent shall keep detailed records of the actions of the Board and managing agent and minutes of Board and Association meetings. The Board shall maintain a list of Owners entitled to vote at Association meetings and a list of all Mortgagees of Units.

6.2 Records of Receipts and Expenditures.

The Board or its designee shall keep detailed, accurate records in chronological order of receipts and expenditures affecting the Common Elements, itemizing maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the budgets authorizing the payments shall be available for examination by the Owners and Mortgagees during normal business hours.

6.3 Assessment Roll.

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

6.4 Common Expense Payment Records.

The managing agent shall pay all budgeted Common Expenses without further authorization by the Association. Any unbudgeted Common Expenses shall require the President’s signature on a written authorization voucher to the managing agent before payment of the same by the managing agent. Unless requested more frequently, the managing agent shall be required to provide quarterly reports of the payments made by it on behalf of the Association.

6.5 Annual Reports and Audits.

An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board and delivered to all Owners and to all Mortgagees of Units who have requested the same, within ninety (90) days after the end of each fiscal year. The Treasurer of the Association shall file required state and federal tax returns based upon the annual financial statements. An Annual Report shall be filed each year with the Oregon Real Estate Agency as required under ORS 100.415(13), 100.250(b) and 100.260(2). At any time any Owner or Mortgagee may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

6.6 Notice of Sale, Mortgage, Rental or Lease.

Immediately upon the closing of any sale, mortgage, rental or lease of any Unit, the Owner shall promptly inform the Secretary or managing agent of the name and address of the purchaser, mortgagee, lessee, or tenant. The foregoing notification requirement is in addition to that set forth in Section ___ of the Declaration regarding notification to the Board of any contemplated sale or lease of a Unit.

6.7 Association Documents.

The Board shall maintain, at the office of the Association, a copy suitable for duplication of the following: the Declaration, the Bylaws, any Association Rules and any amendments thereto, the most recent annual financial statement of the Association, the current operating budget of the Association, and any other documents required by the Act to be so maintained. Such documents shall be made reasonably available for inspection and duplication by Owners, Mortgagees, and prospective purchasers of Units upon written request therefrom. All Association documents and records shall be maintained within the State of Oregon at all times.

7. OCCUPATION AND USE

7.1 Generally.

The Condominium is intended solely for residential use. The Units may be used only in a manner appropriate to maintain the Condominium’s status as a residential condominium on an
ownership, rental, or lease basis, and for social, recreational, or other reasonable purposes normally incidental to residential use. Units may be used for accessory home businesses subject to Board approval of the business as compatible with the residential character of the Condominium, such approval to not be unreasonably withheld, conditioned or delayed. Units may be used for operating the Association and for management of the Condominium. Units may only be leased in accordance with and to the extent allowed by Section 7.2 of the Bylaws.

7.2 Leasing or Renting of Units.

7.2.1 No Unit may be rented or leased for transient or motel or hotel lodging purposes which is defined as occupancy that has any of the following characteristics: (a) occupancy is charged on a daily, weekly or other less than monthly periodic basis except for Occasional Vacation Rentals permitted hereunder; (b) any service normally offered by hotels or motels, including but not limited to, regular maid and linen service, a front desk located within or without the Condominium, telephone switchboard service or other telephone service which is part of a system serving more than one Unit or is networked with other Units or lodging facilities within or without the Condominium; and (c) occupancy is available through a third party property management agent or other person who is responsible for reservation arrangements and other duties relating to the renting or leasing of a Unit or by any other means that constitutes an invitation to the general public to seek occupancy for lodging that has any characteristics specified in (a) and (b) of this Section.

7.2.2 For purposes of these Bylaws, the term “leasing” or “renting” a Unit means the granting of a right to use or occupy a Unit, for a specified term (including any renewal or extension options not to exceed twenty (20) years) or an indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value), but does not mean or include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other form of co-ownership.

7.2.3 No Unit may be rented or leased for less than thirty (30) consecutive days except for occasional vacation rentals by an Owner (“Occasional Vacation Rentals”). Nothing in this subsection is intended to prohibit an Owner from occasionally renting such Owner’s Unit provided such rental is not: (a) for transient or motel or hotel lodging in violation of this Section, or (b) part of a continuing pattern of business operation. The Board may, by resolution, adopt reasonable rules to govern Occasional Vacation Rentals.

7.2.4 No Unit may be rented or leased for a term of more than thirty (30) consecutive days if such rental or lease results in more than thirty percent (30%) of the Units, excluding Occasional Vacation Rentals, (“Rental-Lease Ratio”) being occupied by non-Owners. No reduction of the Rental-Lease Ratio may affect any rights of any occupant of a Unit under an existing lease or rental agreement. Except for lease renewal or sublease, an Owner must apply to the Board for permission in accordance with this Section 7 prior to renting or leasing his or her Unit for other than for a permitted Occasional Vacation Rental. The Rental-Lease Ratio leasing restriction shall not apply to any Units owned by the Declarant. That is, the Declarant may rent or lease any number of the Units owned by Declarant at any time, without applying to the Board for permission and without the need to comply with the Rental-Lease Ratio. Until such time as
the Declarant no longer owns any Units, the Board shall not consider any of the Units owned by Declarant in determining the Rental-Lease Ratio.

7.2.5 Except as provided in this subsection, no trade, craft, business, profession, commercial or similar activities of any kind may be conducted in any Unit or in any other portion of the Condominium without the written consent of the Board, pursuant to rules and regulations adopted consistent with the provisions of this Section. Nothing in this Section may be construed so as to prevent or prohibit: (a) subject to this Section 7.2, activities relating to the rental, lease or sale of Units; (b) an Owner from maintaining his or her professional personal library, keeping his or her personal business or professional records or accounts, handling his or her personal business or professional telephone calls, or conferring with business or professional associates, clients, or customers, in such Owner’s Unit; or (c) use of a Unit as a “home office.”

7.2.6 If any tenant or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the Association Rules, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the tenant or occupant of the Unit to forthwith cease such violations; and if the violation is thereafter repeated, the Board will have the authority, on behalf of and at the expense of the Owner, to evict the tenant or occupant. The Board will have no liability to an Owner or tenant for any eviction made in good faith. The Association will have a lien against the Owner’s Unit for any costs for any costs incurred by it in connection with such eviction, including reasonable attorney’s fees, which may be collected and foreclosed by the Association in the same manner as assessments are collected and foreclosed under Section 5. As used herein, the term “lease” includes any lease, rental agreement or other occupancy arrangement, however denominated. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

7.2.7 Application for Permission to Lease or Rent Procedure.

7.2.7.1 Except as otherwise expressly provided herein and subject to Section 7.2.1 and 7.2.4 prior to renting or leasing his or her Unit for other than Occasional Vacation Rental permitted hereunder or, an Owner (other than the Declarant) must apply to the Board for permission.

7.2.7.2 Applications for permission to rent or lease for other than Occasional Vacation Rental will be reviewed and approved or denied by the Board as provided in this Section.

7.2.7.3 The Board will review applications for permission to rent or lease in chronological order based on the date of receipt. Within five (5) business days of receipt, the Board will approve an application unless such approval would cause more Units to be rented or leased than is permitted under the Rental-Lease Ratio; however, the Board may not approve an application if at the time of review of the application the approval would result in permitting the Owner to rent or lease more Units than any other Owner who has submitted an application until the applications of such other Owner has
been approved. The Board must notify an Owner within five (5) business days of receipt of an application if permission is not given and the reason for the denial.

7.2.7.4 If an application is denied, the Board must place the Owner on a waiting list according to the date the application was received so that the Owner whose application was earliest received will have first opportunity to rent or lease when the number of Units rented or leased falls below the Rental-Lease Ratio threshold; however, an Owner who is currently renting or leasing a Unit must be placed on the waiting list after Owners who are not currently renting or leasing a Unit and after any Owner who is currently renting or leasing fewer Units than the applicant.

7.2.7.5 Once the Rental-Lease Ratio threshold has been reached (such threshold not to include any Units owned and/or leased by the Declarant), any time the number of Units rented or leased falls below such threshold, the Board will notify the Owner who is first on the waiting list that Owner's application will be approved unless Owner requests in writing that Owner's application be withdrawn.

7.2.7.6 All Owners of Units must provide the Board with a Statement of Unit Occupancy Information which must be kept on file with the books and records of the Association so that the Association may determine the percentage of Units rented or leased. The Statement of Unit Occupancy Information must be kept current by the Owner, be on a form prescribed by resolution of the Board, and contain a statement of whether or not the Unit is occupied by the Owner and if not, the following information: (i) the name of the renter, lessee or sublessee; and (ii) the term of the rental, lease or sublease.

7.2.7.7 If an Owner, other than the Declarant, fails to submit the application required under this subsection and rents or leases his or her Unit, or rents or leases his or her Unit after the Board has denied a properly submitted application due to the then current Rental-Lease Ratio, the Board may assess fines against the Owner and the Owner's Unit after notice and an opportunity to be heard, and may seek other available legal remedies, including but not limited to, a request to the appropriate court for mandatory removal of the tenant or lessee from the Unit. All remedies of the Association are cumulative. Any and all costs of such enforcement action, together with attorney fees at trial or on any appeal, may be assessed against the Unit pursuant to Section 5.

7.2.7.8 The Board may adopt rules prescribing the form of the application and waiting list required by this subsection and such other rules as it determines necessary to implement the requirements of this Section.

7.2.8 Rental and Lease Agreements for Other than Occasional Vacation Rental; Compliance with Declaration and Bylaws. Except for Occasional Vacation Rentals permitted hereunder, all agreements for the rental or lease (including sublease) of Units and all Owners, renters, lessees and sublessees of Units must comply with this Section.
7.2.8.1 All rentals and leases, including subleases, of Units must be by written agreement which provides that the terms of the agreement are subject in all respects to the provisions of the Declaration, these Bylaws, Association Rules, and the Condominium Act and that any failure by the tenant, lessee or sublessee to comply with the terms of such documents or Condominium Act is a default under the agreement.

7.2.8.2 The Owner must provide the tenant or lessee (including sublessee) of the Unit a copy of this Declaration, the Bylaws, including any relevant amendments to such documents, and all Association Rules and in effect during the period of such rental or lease and take a receipt for delivery of such documents.

7.2.8.3 Upon the commencement of the rental or lease period (including any renewal or sublease), the Owner must provide the Association a statement of Unit occupancy information and a copy of the receipt specified in paragraph (b) of this Section. If the Owner fails to provide such receipt, the Association must provide such documents to the tenant, lessee or sublessee. The association must take a receipt therefor, and may charge the copy expenses to the Owner as part of the Owner’s assessments imposed under Article 5.

7.2.8.4 If the Board determines that a tenant, lessee or sublessee of a Unit has violated any provisions of this Declaration, the Bylaws or the Association Rules, or the Condominium Act, the Board may require that the Owner terminate such rental or lease agreement, or Owner’s lessee terminate any sublease, in addition to any other remedies available to the Association.

7.2.8.5 An Owner is responsible for paying for any damage to the Common Elements caused by his or her guests, tenants or lessees (including sublessees) and for any fines imposed by the Board for any violations of this Declaration, the Bylaws or the Association Rules.

7.3 Sales Facilities of Declarant.

Notwithstanding any provision in Section 7.1, Declarant, its agents, employees, and contractors shall be permitted to maintain, during the period of sale and construction of the Condominium Units, upon such portion of the Condominium as Declarant may own and upon the Common Elements, such facilities as in the sole opinion of Declarant may be reasonably required, convenient, or incidental to the construction, sale, or rental of Condominium Units and interests, including, but not limited to, a business office, storage area, signs, modeled units, sales office, construction office, and parking areas for all prospective tenants or purchasers of Declarant. The special Declarant rights set forth in the Declaration shall be controlling over any conflicting restrictions in these Bylaws.

7.4 Limited Common Elements.

Limited Common Elements are for the sole and exclusive use of Unit Owners to which the Limited Common Elements are reserved or assigned.
7.5 **Effect on Insurance.**

Nothing shall be done or kept in or on the Common Elements which will increase the rate of insurance on the Common Elements without the prior written consent of the Board. No Owner or Purchaser shall permit anything to be done or kept in or on the Common Elements which will result in the cancellation of insurance on the Common Elements or which would be in violation of the law.

7.6 **Offensive Activity.**

No noxious or offensive activity shall be carried on in any Unit or Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other owners. Watercraft, trailers and recreational vehicles may be parked on General Common Elements only while being prepared for travel, limited to forty-eight (48) hours prior to leaving and forty-eight (48) hours after return to Meridian Heights Town Home Condominiums. Subject to the preceding sentence, parking of boats, watercraft, trailers, recreational vehicles, trucks, campers, motorcycles, similar equipment and anything being in excess of three-quarters of a ton in weight shall not be allowed on Common Elements, but may be parked inside of the garage portion of a Unit. No parking of any kind is allowed on the asphalt drive lane but parking is permitted on the concrete driveway subject to the foregoing limitations.

7.7 **Pets.**

Domesticated animals, birds, fish and reptiles (herein referred to as “pets”) may be kept in the Units subject to Association Rules. Dogs will not be allowed on the Common Elements unless they are being carried or are held on a leash. The Board may at any time require the removal of any pet which if reasonably determines is dangerous, unreasonably disturbing other Owners, repeatedly soiling or causing damage to the Common Elements, or not being kept in accordance with Association Rules. The Board may exercise this authority with respect to specific pets on a case by case basis. Each Owner shall be responsible for any damage to the Common Elements caused by a pet kept in his or her Unit to the extent not covered by property insurance maintained by the Association.

7.8 **Signs.**

No sign of any kind shall be displayed to the public on or from any Unit, Limited Common Element or General Common Element without the prior written consent of the Board. This Section shall not apply to the Declarant who may post such signs on the Property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale.

7.9 **Common Element Alterations.**

Nothing shall be altered or constructed in or removed from the Common Elements or facilities except upon the written consent of the Board and after any procedures required under these Bylaws or by law.
7.10 **Association Rules and Regulations.**

The Board is empowered to pass, amend or revoke detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Section and the other provisions of these Bylaws. Such Association Rules shall be binding upon all Owners upon adoption by the Board. In the event of any conflict with these Bylaws or the Declaration, the Association Rules shall be controlled thereby. Association Rules shall not be effective until provided to the Owners in writing and may be revoked by a majority vote of the Owners at an Owners’ meeting.

8. **MAINTENANCE OF CONDOMINIUM PROPERTY AND RELATED MATTERS**

8.1 **Maintenance and Repair.**

Except as otherwise provided herein for damage or destruction caused by casualty.

8.1.1 **Units.**

All maintenance of, and repairs to, any Unit shall be made by and at the sole expense of the Owner of such Unit, who shall keep the same in good order, condition and repair, except for repair and replacement of the roofs and party walls, which shall be specially assessed against the affected Owner(s).

8.1.2 **Common Elements.**

All maintenance, repairs and replacements to the Common Elements (both general and limited) shall be made by the Association and shall be charged to all the Owners as a Common Expense, provided, that if such has been necessitated by acts or omissions of an Owner by reason of which the Owner is legally responsible for all or a portion of the costs thereof, such shall be charged solely to the Owner so responsible. Should actual collection of such from the responsible Owner within a reasonable period of time prove impossible after reasonable collection efforts, however, the uncollected portion may be charged to all Owners as a Common Expense, subject to reimbursement of any amounts later collected from the responsible Owner.

8.2 **Additions, Alterations or Improvements.**

No Owner shall make any exterior alterations to the Owner’s Unit, or make any change to an installation upon the Common Elements, or decorate, alter or repair any part of the Common Elements except for maintenance of those parts of the Common Elements which the Owner has the duty to maintain, without the prior consent in writing of the Association.

8.3 **Damage or Destruction by Casualty.**

In the event of any damage or destruction to Limited Common Elements and Units, the Owners of the damaged Units shall bear the sole risk of loss and the cost of repairing any such damage and restoring their Units to the extent the loss is not insured. The Association shall be
responsible for repairing and restoring any damage or destruction to the General Common Elements.

8.4 Condemnation.

8.4.1 Consequences of Condemnation.

If, at any time or times during the continuance of the condominium form of ownership pursuant to the Declaration, all or any part of the Condominium is taken by eminent domain or condemned by any public authority or sold or otherwise disposed of in lieu of or in anticipation thereof, all of which is hereinafter call “Condemnation”, each Unit Owner shall be deemed to exclusively own the Limited Common Elements associated with their Unit such that they would be entitled to the Condemnation compensation and subject to the risk of loss from any such Condemnation. The Association shall have the sole authority to represent the Owners in any Condemnation proceedings or negotiations, settlements and agreements with the condemning authority as the attorney-in-fact of all the Owners and pursuant to such authority may accept any release and discharge of liability made by the Board on behalf of the Owners, but only with respect only to the General Common Elements of the Condominium. The Board’s authority to act as attorney-in-fact of the Owners for such purpose is coupled with an interest and is irrevocable. The Board shall provide each Owner and each Mortgagee with a written notice of the commencement of any such Condemnation proceeding regarding the General Common Elements and of any proposed sale or disposition in lieu or in advance of such proceeding. All compensation, damages respecting the General Common Elements, or other proceeds therefrom, the sum of which is hereinafter called the “Condemnation Award,” shall be payable to the Association. The net Condemnation Award, after the Association is reimbursed for all costs of representing the Owners, shall be apportioned among the Owners in an equitable manner.

9. INSURANCE

9.1 Association Insurance Coverage.

The Board must obtain and maintain at all times as a Common Expense the insurance required by the Act and such additional insurance that the Board deems advisable, which shall include but not be limited to the following:

9.1.1 Fire and Extended Coverage Insurance.

The Board must obtain and maintain at all times a policy or policies to provide property insurance covering fire and other risks covered under special form coverage ("all risk") (including vandalism, malicious mischief, sprinkler leakage, debris removal, cost of demolition, windstorm, flood and water damage) endorsements, in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of the Condominium, exclusive of land, foundation, excavation and other items normally excluded from coverage or such other property insurance as the Board determines to give substantially equal or greater protection, insuring the Owners and their Mortgagees, as their interests may appear. The Board must be named as the insured, as trustee for the benefit of Owners and Mortgagees as their
interest may appear. All such policies must contain the standard mortgage clause, or equivalent endorsement, which is commonly accepted by private institutional mortgage investors in the area in which the Condominium is located. Certificates of insurance must be issued to each Unit Owner and Mortgagee upon request. If such insurance is maintained by other than the Board, then the Board must monitor the insurance for sufficiency. The insurance policy described in this Section 9.1.1 must provide that the policy is primary in the event a Unit Owner has other insurance covering the same loss. All insurance must be obtained from an insurance carrier rated A- (and rated as in Class IX or better financial condition) by Best’s Insurance Reports or equivalent rating service, and licensed to do business in the State of Oregon.

9.1.2 Commercial General Liability Insurance.

The Board must at all times maintain commercial general liability insurance insuring the Association, Unit Owners, Board, Declarants, and managing agent against liability to the public or to individual Unit Owners. Such insurance must include liability for water damage, liability for property of others, contractual liability, non-owned automobile liability, and liability for maintenance or use of the Common Elements. The liability under which insurance must be determined by the Board after consultation with insurance consultants, but not less than One Million Dollars ($1,000,000) covering all claims for personal injury and/or property damage arising out of a single occurrence (such policy limits to be reviewed at least annually by the Board and increased in its discretion).

9.1.3 Worker’s Compensation Insurance.

The Board must obtain and maintain at all times a policy or policies of worker’s compensation insurance to the extent required by applicable laws.

9.1.4 Fidelity Bonds.

The Board must obtain and maintain at all times fidelity bonds naming the members of the Board and all other officers, directors and employees of the Association handling or responsible for funds of or administered by the Association. If a management agent has the responsibility for handling or administering funds of the Association, the management agent will be required to maintain fidelity bond coverage for its officers, employees and agents responsible for such funds. In no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all Units plus reserve funds. The bonds must contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of “employees”, or similar terms or expressions.

9.1.5 Insurance Against Loss.

The Board must obtain and maintain at all times insurance against loss or personal property of the Association by fire, theft, and other losses, with deductible provisions as the Board deems advisable.
9.1.6 Other Insurance.

Such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, Veterans Administration, or other governmental or quasi-governmental agency involved in the secondary mortgage market, so long as such agency is a Mortgagee, an insurer or guarantor of a Mortgage, or owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by such agency.

9.2 Owner’s Insurance Coverage.

Each Owner at their own expense is responsible for their own personal property and liability insurance covering their Unit and their associated Limited Common Elements. Each Owner must file a copy of such individual policy or policies with the Board within thirty (30) days after purchase of such insurance, and the Board must immediately review its effect with the Board’s insurance broker, agent, or carrier.

9.3 Insurance Proceeds.

Insurance proceeds for damage or destruction to any part of the Condominium must be paid to the Board on behalf of the Association, which must segregate such proceeds from other funds of the Association for use and payment as provided in the Bylaws and the Declaration. The Association, acting through its Board, has the sole authority to purchase and maintain the appropriate insurance (including the collection and disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all necessary documents and the performance of all other acts necessary to accomplish such purpose) as attorney-in-fact of all Owners, and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy. The Board’s authority to act as attorney-in-fact of the Owners for such purpose is coupled with an interest and is irrevocable.

9.4 Additional Provisions.

All insurance policies and fidelity bonds in this Section must contain the following provisions:

9.4.1 The recognition of any insurance trust agreement;

9.4.2 A waiver of subrogation by the insurer as to any and all claims against the Association and the Owner, or their respective agents, employees, or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured;
9.4.3 The insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Owners collectively; and

9.4.4 The policies and bonds may not be cancelled without at least ten (10) days’ prior written notice to the Association and each Mortgagee giving notice under Section 13.2 of the Declaration.

9.5 Unacceptable Policies.

No insurance policy or fidelity required under this Section 9 may:

9.5.1 require or permit contributions or assessments against the Association, the Board, the Owners, any managing agent, the Mortgagees or any guarantor of the above;

9.5.2 require or permit loss payments that are contingent upon action by the insurance carrier’s board of directors, policyholders, or members; or

9.5.3 include any limiting clauses (other than insurance conditions) that could prevent the Board, the Association or the Unit Owners from collecting insurance proceeds.

10. AMENDMENTS TO BYLAWS

10.1 How Proposed.

Amendments to the Bylaws shall be proposed by either a majority of the Board or by the Owners holding at least twenty-five percent (25%) of the votes in the Association. The proposed amendment must be in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.2 Adoption.

A resolution adopting a proposed amendment may be proposed by either the Board or Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board at or prior to such a meeting. Subject to the provisions of the Declaration and these Bylaws otherwise, any resolution shall be approved by Owners holding at least fifty-one percent (51%) of the votes of the Units, except for amendments changing voting requirements and age, occupancy, or rental and leasing restrictions which shall require approval by Owners holding at least seventy-five percent (75%) of the votes in the Association. In any event, no amendment shall be effective to impair, reduce or terminate any special Declarant rights provided in these Bylaws or the Declaration without the consent of the Declarant so long as the Declarant has the right under the Declaration to create additional Units or is the Owner of an unsold Unit.
10.3 Execution and Recording.

An amendment shall not be effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws, approved by the Oregon Real Estate Commissioner if required by law, and recorded as required by law.

11. MEDIATION AND ARBITRATION

Every Owner and the Association has the right to enforce the provisions of the Declaration, these Bylaws and any Association Rules by submitting disputes to non-binding mediation, and if the mediation is unsuccessful, to final and binding arbitration in accordance with the Declaration. Neither the Owner nor the Association may commence litigation or an administrative proceeding that would result in an adversarial relationship with the other without first complying with any requirements of the Act to offer to submit the matter to an alternative dispute resolution process.

12. MISCELLANEOUS

12.1 Notices.

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

12.2 Waiver.

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

12.3 Invalidity; Number; Captions.

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

12.4 Action Without a Meeting.

Any action which the Act, Declaration or Bylaws require or permit the Owners or Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all Owners or directors entitled to vote on the matter. The consent,
which shall have the same effect as a unanimous vote of the Owners or Board, shall be filed in the Association minutes.

12.5 **Conflicts.**

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

12.6 **Rules or Order.**

Robert’s Rules of Order (latest edition) shall govern the conduct of Association and Board proceedings when not in conflict with the Declaration, the Articles, these Bylaws or Oregon law. A decision of the Association or its Board may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied. A decision of the Association or its Board is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

12.7 **Liability Survives Termination.**

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

**Indexing:** Whenever any dollar amount is specified in these Bylaws, such amount will be automatically adjusted each January 1st for that calendar year based upon any changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average for All Items, as published by the U.S. Bureau of Labor Statistics, U.S. Department of Labor, or if such index is discontinued, a comparable index selected by the Board, using the index for __________ as the base year.

DATED this ______ day of ________________, 2004, being hereby adopted by the undersigned Declarant on behalf of the Association.

DECLARANT:

ROSHUN PROPERTIES, LLC,
an Oregon limited liability company

By: its sole Member
Habib Shekarriz, Trustee, under the Shekarriz Living Trust, dated April 19, 2002 and any amendments thereto.

STATE OF OREGON   )
      ) County of   Multnomah   )

The foregoing instrument was acknowledged before me this 11 day of November 2004, by Habib Shekarriz, Trustee under the Shekarriz Living Trust, dated April 29, 2002, as sole Member of ROSHUN PROPERTIES, LLC, an Oregon limited liability company.

[Notary Seal]
Lydia Zimmerman
NOTARY PUBLIC FOR OREGON
My Commission Expires: Jan 14 2006
BYLAWS
OF THE
MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS ASSOCIATION

THESE BYLAWS, to be effective upon their recording in Yamhill County, Oregon, pursuant to the provisions of the Oregon Condominium Act, are made and executed this ___ day of _____, 2004, by Meridian Heights Town Home Condominiums Association, a nonprofit mutual benefit corporation organized under the laws of the State of Oregon (hereinafter “Association”).

1. GENERAL PROVISIONS

1.1 Identity.

These are the Bylaws of the Association. The Articles of Organization for the Association (the “Articles”) were filed with the Oregon Secretary of State on November 6, 2003. The Association has been organized for the purpose of administering the operation and management of Meridian Heights Town Home Condominiums (the “Condominium”). The Condominium was established by Roshun Properties, LLC, an Oregon limited liability company (the “Declarant”). The Condominium was established in accordance with the provisions of ORS Chapter 100 (the “Act”). The Condominium is located upon property in Yamhill County, Oregon, the location of which is described in the Meridian Heights Town Home Condominiums Declaration (the “Declaration”) to which these Bylaws are attached as Exhibit A.

1.2 Bylaws Subject to Other Documents.

The provisions of these Bylaws are applicable to said Condominium, and are expressly subject to the terms, provisions and conditions contained in the Articles of Incorporation of the Association, and subject to the terms, provisions and conditions contained in the Declaration of Meridian Heights Town Home Condominiums, which is being recorded simultaneously herewith in the records of Yamhill County, Oregon.

1.3 Applicability.

Declarant, its successors and assigns, all Owners, tenants and occupants, their agents, invitees, licensees and employees that use the Condominium, or any part thereof, are subject to these Bylaws, and all Association Rules there under as promulgated from time to time.

1.4 Office.

The office of the Association shall be at the offices of Johnisee Properties, LLC, 1839 Willamette Falls Dr., West Linn, OR 97068, or at any other place designated by the Association.
1.5 Definitions.

Unless otherwise specified, all terms shall have the same meaning in these Bylaws as such terms have in the Declaration.

2. MEETINGS OF OWNERS

2.1 Initial Meeting.

The initial meeting of the Association shall be held within sixty (60) days after the recording of these Bylaws. The Declarant shall call the meeting by written notice to each of the Owners stating the exact time and place of the initial meeting and the purpose thereof. The notice shall be in accordance with the requirements of Section 2.7 of these Bylaws, except that the Declarant shall fulfill the role of President or Secretary.

2.2 Turnover Meeting.

A turnover meeting shall be called by the Declarant within ninety (90) days from the earlier of (a) three (3) years from the date of conveyance of the first Unit; (b) the date of conveyance to persons other than Declarant of 75% of the Units in the Condominium which may be created under 100.150; or (c) the date on which Declarant elects to relinquish permanently its control, whichever date first occurs. The Declarant shall give notice (as provided in Section 2.7) of the turnover meeting to each Owner at least seven (7) but not more than fifty (50) days prior to the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If the meeting is not called by Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the turnover meeting, the Declarant shall relinquish control of the Association to the Owners and the latter shall assume control. The Owners shall elect a Board of Directors as set forth in these Bylaws and Declarant shall deliver to the Association the items specified in ORS 100.210. During the three (3) month period following the turnover meeting, a representative of the Declarant shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered, pursuant to ORS 100.210.

2.3 Annual Meetings.

In the first quarter of the calendar year following the calendar year in which the turnover meeting is held, the first annual meeting of Owners shall be held. At such meeting, the incumbent directors elected at the turnover meeting to serve until the first annual meeting shall resign and new directors shall be elected by the Owners as provided herein. Thereafter, annual meetings shall be held in the same month or in the month following, at such hour and on such date as the Board may designate, or if they should fail to designate such date by the last day of the first month in which the meeting may be held, then the meeting shall be held on the second Wednesday of the second month in which the meeting may be held, unless such day shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day. At such meetings, the Owners shall elect directors to fill vacancies or to succeed retiring directors as
provided in Section 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

2.4 **Place of Meetings.**

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

2.5 **Special Meetings.**

Special meetings of the Association may be called at any time by the President, a majority of the Board of Directors or thirty percent (30%) of Owners for the purpose of considering matters which, by the terms of the Act, the Declaration or these Bylaws, require the approval of all or some of the Owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the President, by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by the Owners of not less than thirty percent (30%) of the Units stating the purpose of the meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

2.6 **Notice.**

The President or Secretary shall give written notice of each Owners' meeting at least ten (10) days but not more than fifty (50) days prior to the date set for such meeting. The notice shall state the purpose thereof and the time and place where it is to be held. Notice shall be given to each Owner of record, and to any first Mortgagee of record requesting such notice, at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the President or Secretary, at least ten (10) days prior to the giving of such notice of meeting. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice, whether by mail or personal delivery, shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after the meeting. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.7 **Voting.**

2.7.1 The total voting power of all Owners is one hundred percent (100%). Each Owner is entitled to one (1) vote per Unit owned. An Owner’s votes must be voted in single block and may not be split.

2.7.2 In accordance with ORS 100.525(b), co-Owners of a Unit will have only one vote per Unit owned. In the absence of protest by a co-Owner, the vote may be exercised by any one of the co-Owners present at a meeting. In the event of a disagreement among co-Owners, the vote of the Unit or Units owned will be disregarded completely in determining the
proportion of votes given with respect to the matter at issue, unless a valid court order establishes the authority of a co-Owner to vote.

2.7.3 The designation of a voting representative may be revoked and changed at any time by actual written notice to the Board from a party having an ownership interest in a Unit, or by actual written notice of the death or judicially-declared incompetence of any party with an ownership interest in the Unit.

2.7.4 The power of designation and revocation may be exercised by the trustee, receiver, guardian, or conservator of an Owner and the administrator or executor of an Owner's estate.

2.7.5 The Declarant is entitled to vote as the Owner of any Units it owns at the time of the election, and the Board is entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board may not vote such Units in any election of directors.

2.7.6 Any person, on becoming an Owner, must furnish to the managing agent or Board a photocopy of the certified copy of the recorded instrument by which ownership of the Unit was obtained, which instrument will remain in the files of the Association. An Owner will not be deemed to be in good standing nor will an Owner be entitled to vote at any annual or special meeting of Owners unless this requirement is first met.

2.8 Proxies.

A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed by such Owner, shall run to a person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Unit by its Owner. An Owner may pledge or assign voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled and to exercise the Owner's voting rights from and after the time that the Mortgagee shall give written notice of such pledge or assignment to the Board. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.9 Fiduciary and Corporate Owners.

An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Unit owned or held in such capacity, whether or not the same has been transferred to such person's name; provided, however, that such person must satisfy the Secretary that the person is the executor, administrator, conservator, guardian or trustee, holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or other entity must provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof.
2.10 Voting by Mail.

The Board may elect to hold any election or vote by mail in accordance with the following procedure:

2.10.1 In the case of an election of Board members by written ballot, then in addition to the other requirements set forth in this Section 2.11, the following procedures must be followed:

2.10.1.1 the existing Board members must advise the Secretary in writing of the names of proposed Board members sufficient to constitute a full board and of a date at least fifty (50) days after such advice is given by which all votes are to be received;

2.10.1.2 the Secretary, within five (5) days after such advice is given, must give written notice of the number of Board members to be elected and of the names of the nominees to all Owners;

2.10.1.3 the notice must state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of Board members to be elected, by giving written notice of such nomination to the Secretary on or before a specified date which must be fifteen (15) days from the date after the notice was given by the Secretary; and

2.10.1.4 five (5) days after such specified date, the Secretary must give written notice to all Owners, stating the number of Board members to be elected, stating the names of all persons nominated by the Board and by the Owners on or before the deadline, stating that each Owner may cast a vote by mail and stating the deadline established by the Board by which such votes must be received by the Secretary at the address of the principal office of the Association (which must be specified in the notice) and that votes received after that date will not be effective.

2.10.2 Any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association member that is entitled to vote on the matter.

2.10.2.1 A written ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

2.10.2.2 The Board must provide owners with at least ten (10) days’ notice before written ballots are mailed or otherwise delivered.

2.10.2.3 If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for
marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

2.10.3 Matters that may be voted on by written ballot will be deemed approved or rejected as follows:

2.10.3.1 If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be approved when the date for return of ballots has passed, a quorum of unit owners has voted, and the required percentage of approving votes has been received. Otherwise, the proposal will be deemed to be rejected.

2.10.3.2 If approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal will be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage.

2.10.4 All solicitations for votes by written ballot must state the following:

2.10.4.1 If approval of the proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to meet such quorum requirement;

2.10.4.2 If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval; and

2.10.4.3 If the matter being voted on is the election of directors to the Board, the additional items set forth in Section 2.11.1.

2.10.5 All solicitations for votes by written ballot must specify the period during which the Association will accept written ballots for counting, and a date certain on which all ballots must be returned to be counted.

2.11 Quorum.

At any meeting of the Association, the presence, in person or by proxy, of Owners representing a majority of the votes shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.
2.12 Binding Vote.

The vote of more than fifty percent (50%) of the total votes of the Owners present, in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws.

2.13 Order of Business.

(a) The order of business at annual meetings of the Association shall be.
(b) Calling of the roll and certifying of proxies;
(c) Proof of notice of meeting or waiver of notice;
(d) Reading of minutes of preceding meeting;
(e) Reports of officers;
(f) Reports of committees, if any;
(g) Election of directors;
(h) Unfinished business;
(i) New business; and
(j) Adjournment.

3. BOARD OF DIRECTORS

3.1 Number, Term and Qualification.

The affairs of the Association shall be governed by the Board, which shall consist of three (3) persons as determined from time to time by the Owners. Until the turnover meeting (as provided for in Section 2.3 of these Bylaws) shall have been held, the Board shall consist of the directors named in the Articles of the Association. The Declarant shall have the power to remove and replace directors until the turnover meeting. At the turnover meeting, if three (3) directors are elected, one (1) director shall be elected for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years. At the expiration of the initial term of office of each director, the successor shall be elected to serve for a term of three (3) years. The director shall hold office for the term herein fixed and until the director’s successors have been qualified and elected. There shall be no limit on the number of successive terms a director may serve on the Board, if elected as herein provided. After the turnover meeting, all directors shall be Owners except for the Declarant. Subsequent to the turnover meeting, no director shall continue to serve on the Board after ceasing to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustees of any trust, or the partners of any partnership that owns a Unit shall be considered co-Owners of any such Unit.
3.2 Powers and Duties.

The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts except such acts which by law, the Declaration, or these Bylaws may not be delegated to the Board by the Owners. Such powers and duties of the Board shall include, without limitation (except as limited elsewhere herein) the following.

3.2.1 Operation, care, upkeep and maintenance of the portions of the Condominium that are the responsibility of the Association such as all the Common Elements (including both general and limited).

3.2.2 Determine amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

3.2.3 Collect Common Expenses from Owners.

3.2.4 Provide for the designation, hiring and removal of employees and other personnel, including lawyers and accountants, to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

3.2.5 Adoption and amendment of reasonable Association Rules pursuant to Section 7.10 of these Bylaws.

3.2.6 Maintain all Association funds in bank accounts within the State of Oregon on behalf of the Association and designate required signatories.

3.2.7 The acquisition of any and all goods and services necessary for the operation of the Condominium or for enforcement of the Declaration and these Bylaws consistent with Board-approved budgets or specially approved by the Board.

3.2.8 Pay any amount necessary to discharge any lien or encumbrance which is claimed to or may, in the opinion of the Board, constitute a lien or encumbrance against the Common Elements as opposed to a particular Owner’s Unit. Where one or more Owners are responsible for the existence of such a lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorneys’ fees, both at trial and on appeal) be specially assessed against the Owners and the Units responsible, to the extent of their responsibility.

3.2.9 Subject to Board approval, obtain and review bonds and insurance the Board deems necessary such as liability for personal injury and property damage, fidelity of Association officers’ and other employees, and Directors’ and Officer’s liability, for the Association and the Condominium, including the Units, pursuant to the provisions of the Declaration or Bylaws.
3.2.10 Subject to the limitations set forth in Section 3.4, make repairs, replacements, additions and improvements to, or alterations of, both the General and Limited Common Elements and repairs to and restoration of the Common Elements in accordance with the Declaration or Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof; provided, that if for any reasons such repairs or restorations are provided for the Limited Common Elements appurtenant to any particular Unit, or otherwise for the benefit of particular Units or their Owners, the cost thereof shall be specially assessed against the Owners of such Units.

3.2.11 Subject to the limitations set forth in Section 3.4, borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements (including both the general and limited); provided, however, that no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Owner of such Unit. The Association shall have no power to encumber the Common Elements to secure repayment of borrowed funds without the written consent of all the Owners.

3.2.12 Subject to the limitations contained in Section 9.4 of these Bylaws, adjust and settle claims under insurance policies and execute and deliver releases on settlement of such claims on behalf of all Owners, all holders of Mortgages or other liens on the Units and all Owners of any other interest in the Condominium.

3.2.13 File all appropriate income tax returns and the Annual Report with the Oregon Real Estate Agency.

3.2.14 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Association Rules adopted hereunder.

3.3 Activities for Profit Prohibited.

Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

3.4 Limitation.

The Board’s powers enumerated in these Bylaws shall be limited in that the Board shall have no authority to, (1) acquire and pay for out of the maintenance fund any structural alterations, capital additions to, or capital improvements of the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding three percent (3%) of the estimated total budget of the Association for such calendar year, or (2) enter into agreements not to be performed within two (2) years, except agreements specifically authorized in these Bylaws, without in each case the prior approval of Owners representing more than fifty percent (50%) of the votes of the Owners, present in person or by proxy at a duly called meeting for such purpose at which a quorum is constituted.

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3.5 Organizational Meeting.

Within fourteen (14) days following the annual meeting of the Association, or following any meeting at which an election of Directors has been held, the Board shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.6 Regular and Special Meetings.

Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board may be called by the President and must be called by the Secretary at the written request of at least one Director. Notice of any special meeting shall be given to each Director, personally or by mail, telephone or other generally accepted means of communication at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board shall be open to Owners. Such meetings may be conducted by telephonic communication, except that if a majority of the Units are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each Board meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (b) only emergency meetings of the Board may be conducted by telephonic communication. Although all meetings of the Board of Directors of the Association shall be open to Unit Owners, in the discretion of the board 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. Except in cases of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The meeting and notice requirements hereof may not be circumvented by chance or social meetings or by any other means.

3.7 Waiver of Notice.

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

At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board present at a meeting at which a quorum is present shall constitute the act of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.9 Removal.

At any regular or special meeting of Owners, any one or more of the Board members may be removed with or without cause by a majority of the Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.10 Resignation.

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

3.11 Vacancies.

Vacancies in the Board caused by any reason other than the removal of a member thereof by a vote of the Owners shall be filled by vote of a majority of the remaining members at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board for the remainder of the term of the member creating such vacancy and until a successor shall be elected at the next annual meeting of the Owners.

3.12 Compensation.

No Director shall receive any compensation from the Association for acting as such, but shall be reimbursed for reasonable out-of-pocket expenses.

3.13 Liability and Indemnification of Directors, Officers, Manager or Managing Agent.

The Directors and officers shall not be liable to the Association or the Owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each
director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys’ fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of their duties. As to any manager or managing agent this Section shall only be applicable to third party tort claims up to the amount of the Association’s liability insurance coverage and shall not in any way apply to contractual liability or obligations under the management contract.

3.14 Fidelity Bonds.

The Board shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, shall furnish a fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

3.15 Insurance.

The Board of Directors shall comply with the insurance requirements in Section 9 of these Bylaws. In addition, the Board, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, Board or Owners. Not less frequently than once every two (2) years, the Board must cause the managing agent to conduct a full insurance review, estimate the full replacement value of the improvements contained in the Condominium, and modify the insurance coverage, as needed, if it has been more than twelve (12) months since the last such review.

3.16 Special Committees.

The Board by resolution may designate one or more special committees, each committee to consist of two (2) or more Owners which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committees must keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the President. The Board or the President may appoint Owners to fill vacancies on each of said special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

4. OFFICERS

4.1 Designation.

The principal officers of the Association shall be the President, Secretary, and Treasurer, each of whom shall be elected by the Board. Only the President need be an Owner, or members of their family, fiduciaries, beneficiaries or Mortgagees (and in the case of Units owned by
corporations or partnerships, the offices may be held by directors, officers, shareholders, partners or employees of such organizations).

4.2 Election.

The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office shall become vacant, the Board shall elect a successor to fill the unexpired term at any regular Board meeting, or at any special meeting of the Board called for such purpose.

4.3 Removal.

Upon the affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and a successor may be elected at any regular Board meeting or at any special Board meeting called for such purpose.

4.4 President.

The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Owners and of the Board and shall have all of the general powers and duties which are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from time to time as may, in the President's discretion, be appropriate to assist in the conduct of the affairs of the Association.

4.5 Secretary.

The Secretary shall keep minutes of all proceedings of the Board and minutes of all Association meetings. The Secretary shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. Association records shall be kept by the Secretary, except for those of the Treasurer. The Secretary shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the President. In addition, the Secretary shall act as Vice President, taking the place of the President and performing such duties whenever the President is absent or unable to act, unless the directors have appointed another Vice President.

4.6 Treasurer.

The Treasurer shall be responsible for Association funds and securities and shall be responsible for supervising the managing agent and causing the same to keep full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial statements. The Treasurer shall review the reports and statements provided by the managing agent with respect to the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, and the disbursement of Association funds in accordance with the approved Association budget and any special authorizations from the Board for unbudgeted items. The Treasurer shall in general perform all other duties incident to the office of treasurer of an association and such other duties
as may be assigned by the Board. All assessments must be deposited in a separate bank account in the name of the Association. All expenses of the Association must be paid from the Association bank account.

4.7 Execution of Instruments.

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks may be signed by the managing agent or any duly elected officer of the Association.

4.8 Compensation of Officers.

No officer who is a member of the Board, other than the Secretary and Treasurer, shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners. The Board may fix any reasonable compensation to be paid to the Secretary, Treasurer and any officers who are not also directors.

5. BUDGET, EXPENSES AND ASSESSMENTS

5.1 Budget.

The Board shall from time to time, but in no event less frequently than once every twelve (12) months, prepare a budget for the Association, estimate the Common Expenses expected to be incurred, less any previous over-assessment, and assess the Common Expenses to each Owner in the method as set forth below. The budget shall reflect comparable figures for the prior year as to all items therein. Except as otherwise provided herein, the Board shall advise each Owner in writing of the amount of Common Expenses payable by that Owner, and furnish copies of each budget and amended budget on which such Common Expenses are based to all Owners and, if requested, to their Mortgagees, at least fourteen (14) days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. Nothing herein contained shall be construed as restricting the right of the Board to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

5.2 Determination of Common Expenses.

Except as otherwise provided herein, Common Expenses shall include but not be limited to.

5.2.1 Expenses of administration.

5.2.2 Cost of insurance or bonds obtained in accordance with these Bylaws.
5.2.3 A general operating reserve fund ("Operating Fund").

5.2.4 A reserve for replacement of General Common Elements as required by the Oregon Condominium Act and as more fully described in Section 5.3.2 of these Bylaws ("Reserve Fund").

5.2.5 Any deficit in Common Expenses for any prior period, and any accrued interest or late charges thereon.

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

5.2.7 Expenses, if any, of any services of any person or firm to act on behalf of the Owners in connection with any matter where the respective interests of the Owners are deemed by the Board to be similar and non-adverse to each other.

5.2.8 Fees for professional management services.

5.2.9 Cost of work on the roofs or party walls of the Units, which shall be specially assessed against the Owners of the affected Units in accordance with the Declaration.

5.2.10 Cost of maintenance, repair and replacement of all the Common Elements (including both general and limited), provided that if such repairs, maintenance, or replacement are for the benefit of particular Units or their Owners, the cost thereof shall be specially assessed against the Owners of such benefited Units as reasonably and uniformly determined by the Board. The Board will have the exclusive right and duty to acquire the same for the Common Elements.

5.2.11 Any other materials, supplies, labor, services, maintenance, repairs, alterations or assessments which the Board is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium or for the enforcement of these restrictions, and which the Board determines should be assessed to the Owners under Section 5.3.

5.2.12 The discharge of any lien or encumbrance against the Common Elements, as opposed to a particular Owner's Unit. Where one or more Owners are responsible for the existence of such lien or encumbrance, they shall be jointly and severally liable for the cost of discharging it, which cost shall be specifically assessed to the responsible Owners.

5.2.13 Any other items properly chargeable as an expense of the Association.

5.3 Assessment of Common Expenses.

All Owners shall be obliged to pay on a monthly basis in advance Common Expenses assessed to them by the Board on behalf of the Association pursuant to these Bylaws and the Declaration including assessments applicable to any Reserve Fund described in these Bylaws. Assessments may not be waived due to limited or nonuse of Condominium Common Elements.
The Declarant shall be assessed as the Owner of any unsold Unit from the date of conveyance of the first Unit except with respect to Units created or annexed by supplemental declaration thereafter in which case the assessment shall accrue from the date of the supplemental declaration. The Declarant’s assessment obligations shall be prorated to the date of sale of each Unit. The Declarant shall be allowed to accrue the portion of any such assessments applicable to the reserve fund described below with respect to each Unit until the earlier of (a) the date the Unit is conveyed, (b) the date of the turnover meeting, or (c) the date when the Owners other than the Declarant assume administrative control of the Association. The Declarant shall maintain a record of the amount it owes for such accrued reserve assessments as a part of the financial books and records of the Association. Assessments shall commence upon closing of the first sale of a Unit in the Condominium. At the time of closing of the initial sale of each Unit, the purchaser shall make the initial contribution to the Operating Fund and the Reserve Fund (described below) of the Association equal to two (2) months of Association expense assessments for the Unit. In addition, the Declarant shall pay all accrued assessments for the Reserve Fund, if any. As provided in the Act, the Declarant may elect to defer commencement of all or part of the Common Expense assessments (other than for required Reserve Fund assessments) as to all Units and pay the Common Expenses directly as they accrue to the Condominium until the date of the turnover meeting or ten (10) days after notice from the Declarant that assessments will commence, whichever is first to occur. The Board, on behalf of the Association, shall assess the Common Expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any Common Expense due which remains unpaid by an Owner for more than thirty (30) days from the due date for its payments except as provided otherwise with respect to reserve assessments on Units owned by the Declarant. A Unit Owner shall be personally liable for all assessments imposed on the Unit Owner or assessed against the Unit by the Association. Multiple Owners shall have joint and several liability for all assessments.

5.4 Reserve Funds.

5.4.1 Declarant may establish, in the name of the Association, a reserve fund for major repairs and replacements of General Common Elements (including roofs and party walls) and assets of the Association. As required by ORS 100.175, a Reserve Fund shall be established for the replacement of any Common Elements, all or part of which will normally require replacement in more than three (3) and less than thirty (30) years:

5.4.2 The determination of Common Expenses under Section 5.2 will be calculated on the basis of expected repair and replacement costs and the life expectancy of the items comprising the Common Elements and the assets of the Association such that the amount of the reserve fund is reasonably calculated to provide sufficient funds for major repair and replacement of the Common Elements and assets of the Association. The Association must administer the Reserve Fund and the amount of the payments in the reserve fund must be adjusted at regular intervals, but in no event less frequently than annually to recognize changes in current replacement costs over time.

5.4.3 The Board must conduct a reserve study, or review and update an existing study of the Common Elements at regular intervals, but in no event less frequently than annually.
to determine the reserve fund requirements. The reserve study must 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 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 replacement schedule.

5.4.4 Assessments paid into the Reserve Fund are the property of the Association and are not refundable to the Owner or Owners of a Unit upon the sale of any Unit owned by them.

5.4.5 Following the second year after the turnover meeting, the Association may, on an annual basis, elect not to fund the Reserve Fund by unanimous vote of the Owners, or elect to reduce or increase future assessments for the reserve fund by an affirmative vote of at least 75% of the Owners.

5.4.6 Any funds set up for any of the purposes mentioned in this Section will be deemed to be a reserve fund notwithstanding that may not be so designated by the Board. The amount of the Reserve Fund must be distributed to the Owners on termination of the Condominium and the Association.

5.4.7 The Reserve Fund is to be used only for maintenance, repair and replacement of Common Elements for which reserves have been established and is to be kept separate from other funds. However, after the turnover meeting, the Board may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other temporary expenses that will later be paid from special assessments or maintenance fees.

5.5 Contingency Fund.

The Board may also build up and maintain a reasonable reserve for contingencies and replacements not covered by subparagraph 5.4.2 above. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including non-payment of any Owner’s assessment, the Board may at any time levy a further assessment of common expenses. The Board shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefore, and such further assessments shall be effective with the first quarterly assessment of common expenses which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

5.6 Special Assessments.

The expense of any action by the Association to enforce and fulfill the requirements of these Bylaws or the Declaration with respect to any Unit and its associated Limited Common Elements, shall be charged to said Owner as a special assessment. Any such special assessment
shall be a lien against the Owner’s Unit with the same force and effect as if the charge were a part of the ordinary assessments of Common Expenses attributable to the Owner’s Unit.

5.7 Default in Payment of Common Expenses.

5.7.1 In the event of delinquency or default by any Owner in paying to the Association the assessed Common Expenses (including but not limited to reserve assessments or any special assessments), such Owner will be obligated to pay interest on such Common Expenses from the due date thereof, at the rate of eighteen percent (18%) per annum or the maximum legal rate of interest permitted by Oregon law, whichever is less, together with all expenses, including attorneys' fees, whether or not legal proceedings are commenced and both at trial and on appeal incurred by the Association in collecting such unpaid expenses together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, no interest or late charges will be assessed on delinquent Common Expenses paid within fifteen (15) days after the due date thereof.

5.7.2 The Board may also establish and impose charges for late payments of assessments, attorney fees for collection of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Association Rules, provided that any such charge or fine is based on a schedule set forth in resolution adopted by the Board or the Association that is delivered to each Unit or mailed to each owner and the address designated by each owner for the receipt of any notice with respect to the Condominium.

5.7.3 The Board has the right and duty to recover for the Association such Common Expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien upon the Unit granted by the Act. The Board must notify the holder of any first mortgage upon a Unit of any default not cured within thirty (30) days of the date of notice of default.

5.8 Foreclosure of Liens for Unpaid Common Expenses.

In any action brought by the Association to foreclose a lien on a Unit because of unpaid Common Expenses, the Owner shall be required to pay a reasonable rental for the use of the Unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board, acting on behalf of the Association, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same. The remedies provided herein are cumulative, and the Association may pursue any of them, as well as any other remedies which may be available under law, although not expressed herein.
5.9 Statement of Common Expenses.

In accordance with ORS 100.480(4), the Board must within ten (10) days of an Owner’s written request provide any Owner a written statement of that Owner’s due and unpaid assessments as of the time the request was received including but not limited to (a) regular and special assessments, (b) fines and other charges, (c) accrued interest and the method used to calculate it, and (d) late payment charges and the method used to calculate it. The Association need not provide such a statement if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

5.10 Lien Priority.

Any lien of the Association against a Unit for Common Expenses shall have the priority provided in the Act in relation to other tax and assessment liens, and any prior Mortgage or Trust Deed of record.

5.11 Violation by Owners; Remedies.

Subject to any limitations contained in the Declaration, the violation of any rule or regulation adopted by the Board, or the breach of any covenant or provision contained in the Declaration or the Bylaws shall give the Board the rights set forth in the Declaration and the right: (1) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board or its agents shall not thereby be deemed guilty in any manner of trespass and (2) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. All expenses of the Board in connection with such violation and such action or proceedings, including engineering, architectural and other professional fees and costs, court costs and attorneys’ fees and any other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon until paid at the rate provided in Section 5.5 of these Bylaws, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of that Owner’s respective share of the Common Expenses. The Board shall have a lien for all of the same upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto and upon all personal property in that Owner’s Unit or located elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. Any violations by an Owner of the Declaration, Bylaws, or Association Rules which are deemed by the Board to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner’s Unit with the same force and effect as if the charge was a part of the normal Common Expenses attributable to such Unit. Any violation or breach by an Owner’s tenant, occupant, agent, invitee, licensee or employee shall be deemed a violation or breach of the owner.
5.12 Liability of Owners.

An Owner shall be liable for the expenses of any Common Element maintenance, repair or replacement rendered necessary by that Owner’s act, neglect or carelessness or by that of any member of the Owner’s family, or the Owner’s guests, employees, invitees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation. The expense of any maintenance, repair or replacement required, as provided herein, shall be charged to said Owner as a specific item, which shall be a lien against such Owner’s Unit with the same force and effect as if the charge was a part of the normal Common Expenses attributable to such Owner’s Unit.

5.13 No Waiver.

The failure of the Association or of an Owner to enforce any right, provisions, covenant or condition, which may be granted by any of the provisions of the Declaration, the Bylaws, or any Association Rules shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future. The receipt by the Board of payment of any assessment from an Owner, with knowledge of any such violation or breach, shall not be deemed a waiver of such violation or breach; and no waiver by the Board or any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board. This Section also extends to the Declarant or Declarant’s managing agent exercising the power of the Board during the initial period of operation of the Association and the Condominium.

6. RECORDS AND AUDITS

6.1 General Records.

The Board and managing agent shall keep detailed records of the actions of the Board and managing agent and minutes of Board and Association meetings. The Board shall maintain a list of Owners entitled to vote at Association meetings and a list of all Mortgagees of Units.

6.2 Records of Receipts and Expenditures.

The Board or its designee shall keep detailed, accurate records in chronological order of receipts and expenditures affecting the Common Elements, itemizing maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the budgets authorizing the payments shall be available for examination by the Owners and Mortgagees during normal business hours.

6.3 Assessment Roll.

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

6.4 Common Expense Payment Records.

The managing agent shall pay all budgeted Common Expenses without further authorization by the Association. Any unbudgeted Common Expenses shall require the President’s signature on a written authorization voucher to the managing agent before payment of the same by the managing agent. Unless requested more frequently, the managing agent shall be required to provide quarterly reports of the payments made by it on behalf of the Association.

6.5 Annual Reports and Audits.

An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board and delivered to all Owners and to all Mortgagees of Units who have requested the same, within ninety (90) days after the end of each fiscal year. The Treasurer of the Association shall file required state and federal tax returns based upon the annual financial statements. An Annual Report shall be filed each year with the Oregon Real Estate Agency as required under ORS 100.415(13), 100.250(b) and 100.260(2). At any time any Owner or Mortgagee may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

6.6 Notice of Sale, Mortgage, Rental or Lease.

Immediately upon the closing of any sale, mortgage, rental or lease of any Unit, the Owner shall promptly inform the Secretary or managing agent of the name and address of the purchaser, mortgagee, lessee, or tenant. The foregoing notification requirement is in addition to that set forth in Section ___ of the Declaration regarding notification to the Board of any contemplated sale or lease of a Unit.

6.7 Association Documents.

The Board shall maintain, at the office of the Association, a copy suitable for duplication of the following: the Declaration, the Bylaws, any Association Rules and any amendments thereto, the most recent annual financial statement of the Association, the current operating budget of the Association, and any other documents required by the Act to be so maintained. Such documents shall be made reasonably available for inspection and duplication by Owners, Mortgagees, and prospective purchasers of Units upon written request therefrom. All Association documents and records shall be maintained within the State of Oregon at all times.

7. OCCUPATION AND USE

7.1 Generally.

The Condominium is intended solely for residential use. The Units may be used only in a manner appropriate to maintain the Condominium’s status as a residential condominium on an
ownership, rental, or lease basis, and for social, recreational, or other reasonable purposes normally incidental to residential use. Units may be used for accessory home businesses subject to Board approval of the business as compatible with the residential character of the Condominium, such approval to not be unreasonably withheld, conditioned or delayed. Units may be used for operating the Association and for management of the Condominium. Units may only be leased in accordance with and to the extent allowed by Section 7.2 of the Bylaws.

7.2 Leasing or Renting of Units.

7.2.1 No Unit may be rented or leased for transient or motel or hotel lodging purposes which is defined as occupancy that has any of the following characteristics: (a) occupancy is charged on a daily, weekly or other less than monthly periodic basis except for Occasional Vacation Rentals permitted hereunder; (b) any service normally offered by hotels or motels, including but not limited to, regular maid and linen service, a front desk located within or without the Condominium, telephone switchboard service or other telephone service which is part of a system serving more than one Unit or is networked with other Units or lodging facilities within or without the Condominium; and (c) occupancy is available through a third party property management agent or other person who is responsible for reservation arrangements and other duties relating to the renting or leasing of a Unit or by any other means that constitutes an invitation to the general public to seek occupancy for lodging that has any characteristics specified in (a) and (b) of this Section.

7.2.2 For purposes of these Bylaws, the term “leasing” or “renting” a Unit means the granting of a right to use or occupy a Unit, for a specified term (including any renewal or extension options not to exceed twenty (20) years) or an indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value), but does not mean or include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other form of co-ownership.

7.2.3 No Unit may be rented or leased for less than thirty (30) consecutive days except for occasional vacation rentals by an Owner (“Occasional Vacation Rentals”). Nothing in this subsection is intended to prohibit an Owner from occasionally renting such Owner’s Unit provided such rental is not: (a) for transient or motel or hotel lodging in violation of this Section, or (b) part of a continuing pattern of business operation. The Board may, by resolution, adopt reasonable rules to govern Occasional Vacation Rentals.

7.2.4 No Unit may be rented or leased for a term of more than thirty (30) consecutive days except for temporary or emergency rental results in more than thirty percent (30%) of the Units, excluding Occasional Vacation Rentals, (“Rental-Lease Ratio”) being occupied by non-Owners. No reduction of the Rental-Lease Ratio may affect any rights of any occupant of a Unit under an existing lease or rental agreement. Except for lease renewal or sublease, an Owner must apply to the Board for permission in accordance with this Section 7 prior to renting or leasing his or her Unit for other than for a permitted Occasional Vacation Rental. The Rental-Lease Ratio leasing restriction shall not apply to any Units owned by the Declarant. That is, the Declarant may rent or lease any number of the Units owned by Declarant at any time, without applying to the Board for permission and without the need to comply with the Rental-Lease Ratio. Until such time as
the Declarant no longer owns any Units, the Board shall not consider any of the Units owned by Declarant in determining the Rental-Lease Ratio.

7.2.5 Except as provided in this subsection, no trade, craft, business, profession, commercial or similar activities of any kind may be conducted in any Unit or in any other portion of the Condominium without the written consent of the Board, pursuant to rules and regulations adopted consistent with the provisions of this Section. Nothing in this Section may be construed so as to prevent or prohibit: (a) subject to this Section 7.2, activities relating to the rental, lease or sale of Units; (b) an Owner from maintaining his or her professional personal library, keeping his or her personal business or professional records or accounts, handling his or her personal business or professional telephone calls, or conferring with business or professional associates, clients, or customers, in such Owner’s Unit; or (c) use of a Unit as a “home office.”

7.2.6 If any tenant or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the Association Rules, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the tenant or occupant of the Unit to forthwith cease such violations; and if the violation is thereafter repeated, the Board will have the authority, on behalf of and at the expense of the Owner, to evict the tenant or occupant. The Board will have no liability to an Owner or tenant for any eviction made in good faith. The Association will have a lien against the Owner’s Unit for any costs for any costs incurred by it in connection with such eviction, including reasonable attorney’s fees, which may be collected and foreclosed by the Association in the same manner as assessments are collected and foreclosed under Section 5. As used herein, the term “lease” includes any lease, rental agreement or other occupancy arrangement, however denominated. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

7.2.7 Application for Permission to Lease or Rent Procedure.

7.2.7.1 Except as otherwise expressly provided herein and subject to Section 7.2.1 and 7.2.4 prior to renting or leasing his or her Unit for other than Occasional Vacation Rental permitted hereunder or, an Owner (other than the Declarant) must apply to the Board for permission.

7.2.7.2 Applications for permission to rent or lease for other than Occasional Vacation Rental will be reviewed and approved or denied by the Board as provided in this Section.

7.2.7.3 The Board will review applications for permission to rent or lease in chronological order based on the date of receipt. Within five (5) business days of receipt, the Board will approve an application unless such approval would cause more Units to be rented or leased than is permitted under the Rental-Lease Ratio; however, the Board may not approve an application if at the time of review of the application the approval would result in permitting the Owner to rent or lease more Units than any other Owner who has submitted an application until the applications of such other Owner has
been approved. The Board must notify an Owner within five (5) business days of receipt of an application if permission is not given and the reason for the denial.

7.2.7.4 If an application is denied, the Board must place the Owner on a waiting list according to the date the application was received so that the Owner whose application was earliest received will have first opportunity to rent or lease when the number of Units rented or leased falls below the Rental-Lease Ratio threshold; however, an Owner who is currently renting or leasing a Unit must be placed on the waiting list after Owners who are not currently renting or leasing a Unit and after any Owner who is currently renting or leasing fewer Units than the applicant.

7.2.7.5 Once the Rental-Lease Ratio threshold has been reached (such threshold not to include any Units owned and/or leased by the Declarant), any time the number of Units rented or leased falls below such threshold, the Board will notify the Owner who is first on the waiting list that Owner’s application will be approved unless Owner requests in writing that Owner’s application be withdrawn.

7.2.7.6 All Owners of Units must provide the Board with a Statement of Unit Occupancy Information which must be kept on file with the books and records of the Association so that the Association may determine the percentage of Units rented or leased. The Statement of Unit Occupancy Information must be kept current by the Owner, be on a form prescribed by resolution of the Board, and contain a statement of whether or not the Unit is occupied by the Owner and if not, the following information: (i) the name of the renter, lessee or sublessee; and (ii) the term of the rental, lease or sublease.

7.2.7.7 If an Owner, other than the Declarant, fails to submit the application required under this subsection and rents or leases his or her Unit, or rents or leases his or her Unit after the Board has denied a properly submitted application due to the then current Rental-Lease Ratio, the Board may assess fines against the Owner and the Owner’s Unit after notice and an opportunity to be heard, and may seek other available legal remedies, including but not limited to, a request to the appropriate court for mandatory removal of the tenant or lessee from the Unit. All remedies of the Association are cumulative. Any and all costs of such enforcement action, together with attorney fees at trial or on any appeal, may be assessed against the Unit pursuant to Section 5.

7.2.7.8 The Board may adopt rules prescribing the form of the application and waiting list required by this subsection and such other rules as it determines necessary to implement the requirements of this Section.

7.2.8 Rental and Lease Agreements for Other than Occasional Vacation Rental; Compliance with Declaration and Bylaws. Except for Occasional Vacation Rentals permitted hereunder, all agreements for the rental or lease (including sublease) of Units and all Owners, renters, lessees and sublessees of Units must comply with this Section.
7.2.8.1 All rentals and leases, including subleases, of Units must be by written agreement which provides that the terms of the agreement are subject in all respects to the provisions of the Declaration, these Bylaws, Association Rules, and the Condominium Act and that any failure by the tenant, lessee or sublessee to comply with the terms of such documents or Condominium Act is a default under the agreement.

7.2.8.2 The Owner must provide the tenant or lessee (including sublessee) of the Unit a copy of this Declaration, the Bylaws, including any relevant amendments to such documents, and all Association Rules and in effect during the period of such rental or lease and take a receipt for delivery of such documents.

7.2.8.3 Upon the commencement of the rental or lease period (including any renewal or sublease), the Owner must provide the Association a statement of Unit occupancy information and a copy of the receipt specified in paragraph (b) of this Section. If the Owner fails to provide such receipt, the Association must provide such documents to the tenant, lessee or sublessee. The association must take a receipt therefor, and may charge the copy expenses to the Owner as part of the Owner’s assessments imposed under Article 5.

7.2.8.4 If the Board determines that a tenant, lessee or sublessee of a Unit has violated any provisions of this Declaration, the Bylaws or the Association Rules, or the Condominium Act, the Board may require that the Owner terminate such rental or lease agreement, or Owner’s lessee terminate any sublease, in addition to any other remedies available to the Association.

7.2.8.5 An Owner is responsible for paying for any damage to the Common Elements caused by his or her guests, tenants or lessees (including sublessees) and for any fines imposed by the Board for any violations of this Declaration, the Bylaws or the Association Rules.

7.3 Sales Facilities of Declarant.

Notwithstanding any provision in Section 7.1, Declarant, its agents, employees, and contractors shall be permitted to maintain, during the period of sale and construction of the Condominium Units, upon such portion of the Condominium as Declarant may own and upon the Common Elements, such facilities as in the sole opinion of Declarant may be reasonably required, convenient, or incidental to the construction, sale, or rental of Condominium Units and interests, including, but not limited to, a business office, storage area, signs, modeled units, sales office, construction office, and parking areas for all prospective tenants or purchasers of Declarant. The special Declarant rights set forth in the Declaration shall be controlling over any conflicting restrictions in these Bylaws.

7.4 Limited Common Elements.

Limited Common Elements are for the sole and exclusive use of Unit Owners to which the Limited Common Elements are reserved or assigned.
7.5 **Effect on Insurance.**

Nothing shall be done or kept in or on the Common Elements which will increase the rate of insurance on the Common Elements without the prior written consent of the Board. No Owner or Purchaser shall permit anything to be done or kept in or on the Common Elements which will result in the cancellation of insurance on the Common Elements or which would be in violation of the law.

7.6 **Offensive Activity.**

No noxious or offensive activity shall be carried on in any Unit or Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other owners. Watercraft, trailers and recreational vehicles may be parked on General Common Elements only while being prepared for travel, limited to forty-eight (48) hours prior to leaving and forty-eight (48) hours after return to Meridian Heights Town Home Condominiums. Subject to the preceding sentence, parking of boats, watercraft, trailers, recreational vehicles, trucks, campers, motorcycles, similar equipment and anything being in excess of three-quarters of a ton in weight shall not be allowed on Common Elements, but may be parked inside of the garage portion of a Unit. No parking of any kind is allowed on the asphalt drive lane but parking is permitted on the concrete driveway subject to the foregoing limitations.

7.7 **Pets.**

Domesticated animals, birds, fish and reptiles (herein referred to as “pets”) may be kept in the Units subject to Association Rules. Dogs will not be allowed on the Common Elements unless they are being carried or are held on a leash. The Board may at any time require the removal of any pet which if reasonably determines is dangerous, unreasonably disturbing other Owners, repeatedly soiling or causing damage to the Common Elements, or not being kept in accordance with Association Rules. The Board may exercise this authority with respect to specific pets on a case by case basis. Each Owner shall be responsible for any damage to the Common Elements caused by a pet kept in his or her Unit to the extent not covered by property insurance maintained by the Association.

7.8 **Signs.**

No sign of any kind shall be displayed to the public on or from any Unit, Limited Common Element or General Common Element without the prior written consent of the Board. This Section shall not apply to the Declarant who may post such signs on the Property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale.

7.9 **Common Element Alterations.**

Nothing shall be altered or constructed in or removed from the Common Elements or facilities except upon the written consent of the Board and after any procedures required under these Bylaws or by law.
7.10  Association Rules and Regulations.

The Board is empowered to pass, amend or revoke detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Section and the other provisions of these Bylaws. Such Association Rules shall be binding upon all Owners upon adoption by the Board. In the event of any conflict with these Bylaws or the Declaration, the Association Rules shall be controlled thereby. Association Rules shall not be effective until provided to the Owners in writing and may be revoked by a majority vote of the Owners at an Owners' meeting.

8.  MAINTENANCE OF CONDOMINIUM PROPERTY AND RELATED MATTERS

8.1  Maintenance and Repair.

Except as otherwise provided herein for damage or destruction caused by casualty.

8.1.1  Units.

All maintenance of, and repairs to, any Unit shall be made by and at the sole expense of the Owner of such Unit, who shall keep the same in good order, condition and repair, except for repair and replacement of the roofs and party walls, which shall be specially assessed against the affected Owner(s).

8.1.2  Common Elements.

All maintenance, repairs and replacements to the Common Elements (both general and limited) shall be made by the Association and shall be charged to all the Owners as a Common Expense, provided, that if such has been necessitated by acts or omissions of an Owner by reason of which the Owner is legally responsible for all or a portion of the costs thereof, such shall be charged solely to the Owner so responsible. Should actual collection of such from the responsible Owner within a reasonable period of time prove impossible after reasonable collection efforts, however, the uncollected portion may be charged to all Owners as a Common Expense, subject to reimbursement of any amounts later collected from the responsible Owner.

8.2  Additions, Alterations or Improvements.

No Owner shall make any exterior alterations to the Owner’s Unit, or make any change to an installation upon the Common Elements, or decorate, alter or repair any part of the Common Elements except for maintenance of those parts of the Common Elements which the Owner has the duty to maintain, without the prior consent in writing of the Association.

8.3  Damage or Destruction by Casualty.

In the event of any damage or destruction to Limited Common Elements and Units, the Owners of the damaged Units shall bear the sole risk of loss and the cost of repairing any such damage and restoring their Units to the extent the loss is not insured. The Association shall be
responsible for repairing and restoring any damage or destruction to the General Common Elements.

8.4 Condemnation.

8.4.1 Consequences of Condemnation.

If, at any time or times during the continuance of the condominium form of ownership pursuant to the Declaration, all or any part of the Condominium is taken by eminent domain or condemned by any public authority or sold or otherwise disposed of in lieu of or in anticipation thereof, all of which is hereinafter call “Condemnation”, each Unit Owner shall be deemed to exclusively own the Limited Common Elements associated with their Unit such that they would be entitled to the Condemnation compensation and subject to the risk of loss from any such Condemnation. The Association shall have the sole authority to represent the Owners in any Condemnation proceedings or negotiations, settlements and agreements with the condemning authority as the attorney-in-fact of all the Owners and pursuant to such authority may accept any release and discharge of liability made by the Board on behalf of the Owners, but only with respect only to the General Common Elements of the Condominium. The Board’s authority to act as attorney-in-fact of the Owners for such purpose is coupled with an interest and is irrevocable. The Board shall provide each Owner and each Mortgagee with a written notice of the commencement of any such Condemnation proceeding regarding the General Common Elements and of any proposed sale or disposition in lieu or in advance of such proceeding. All compensation, damages respecting the General Common Elements, or other proceeds therefrom, the sum of which is hereinafter called the “Condemnation Award,” shall be payable to the Association. The net Condemnation Award, after the Association is reimbursed for all costs of representing the Owners, shall be apportioned among the Owners in an equitable manner.

9. INSURANCE

9.1 Association Insurance Coverage.

The Board must obtain and maintain at all times as a Common Expense the insurance required by the Act and such additional insurance that the Board deems advisable, which shall include but not be limited to the following:

9.1.1 Fire and Extended Coverage Insurance.

The Board must obtain and maintain at all times a policy or policies to provide property insurance covering fire and other risks covered under special form coverage (“all risk”) (including vandalism, malicious mischief, sprinkler leakage, debris removal, cost of demolition, windstorm, flood and water damage) endorsements, in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of the Condominium, exclusive of land, foundation, excavation and other items normally excluded from coverage or such other property insurance as the Board determines to give substantially equal or greater protection, insuring the Owners and their Mortgagees, as their interests may appear. The Board must be named as the insured, as trustee for the benefit of Owners and Mortgagees as their
interest may appear. All such policies must contain the standard mortgage clause, or equivalent endorsement, which is commonly accepted by private institutional mortgage investors in the area in which the Condominium is located. Certificates of insurance must be issued to each Unit Owner and Mortgagee upon request. If such insurance is maintained by other than the Board, then the Board must monitor the insurance for sufficiency. The insurance policy described in this Section 9.1.1 must provide that the policy is primary in the event a Unit Owner has other insurance covering the same loss. All insurance must be obtained from an insurance carrier rated A- (and rated as in Class IX or better financial condition) by Best’s Insurance Reports or equivalent rating service, and licensed to do business in the State of Oregon.

9.1.2 Commercial General Liability Insurance.

The Board must at all times maintain commercial general liability insurance insuring the Association, Unit Owners, Board, Declarants, and managing agent against liability to the public or to individual Unit Owners. Such insurance must include liability for water damage, liability for property of others, contractual liability, non-owned automobile liability, and liability for maintenance or use of the Common Elements. The liability under which insurance must be determined by the Board after consultation with insurance consultants, but not less than One Million Dollars ($1,000,000) covering all claims for personal injury and/or property damage arising out of a single occurrence (such policy limits to be reviewed at least annually by the Board and increased in its discretion).

9.1.3 Worker’s Compensation Insurance.

The Board must obtain and maintain at all times a policy or policies of worker’s compensation insurance to the extent required by applicable laws.

9.1.4 Fidelity Bonds.

The Board must obtain and maintain at all times fidelity bonds naming the members of the Board and all other officers, directors and employees of the Association handling or responsible for funds of or administered by the Association. If a management agent has the responsibility for handling or administering funds of the Association, the management agent will be required to maintain fidelity bond coverage for its officers, employees and agents responsible for such funds. In no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all Units plus reserve funds. The bonds must contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of “employees”, or similar terms or expressions.

9.1.5 Insurance Against Loss.

The Board must obtain and maintain at all times insurance against loss or personal property of the Association by fire, theft, and other losses, with deductible provisions as the Board deems advisable.
9.1.6 Other Insurance.

Such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, Veterans Administration, or other governmental or quasi-governmental agency involved in the secondary mortgage market, so long as such agency is a Mortgagee, an insurer or guarantor of a Mortgage, or owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by such agency.

9.2 Owner’s Insurance Coverage.

Each Owner at their own expense is responsible for their own personal property and liability insurance covering their Unit and their associated Limited Common Elements. Each Owner must file a copy of such individual policy or policies with the Board within thirty (30) days after purchase of such insurance, and the Board must immediately review its effect with the Board’s insurance broker, agent, or carrier.

9.3 Insurance Proceeds.

Insurance proceeds for damage or destruction to any part of the Condominium must be paid to the Board on behalf of the Association, which must segregate such proceeds from other funds of the Association for use and payment as provided in the Bylaws and the Declaration. The Association, acting through its Board, has the sole authority to purchase and maintain the appropriate insurance (including the collection and disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all necessary documents and the performance of all other acts necessary to accomplish such purpose) as attorney-in-fact of all Owners, and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy. The Board’s authority to act as attorney-in-fact of the Owners for such purpose is coupled with an interest and is irrevocable.

9.4 Additional Provisions.

All insurance policies and fidelity bonds in this Section must contain the following provisions:

9.4.1 The recognition of any insurance trust agreement;

9.4.2 A waiver of subrogation by the insurer as to any and all claims against the Association and the Owner, or their respective agents, employees, or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured;
9.4.3 The insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Owners collectively; and

9.4.4 The policies and bonds may not be cancelled without at least ten (10) days' prior written notice to the Association and each Mortgagee giving notice under Section 13.2 of the Declaration.

9.5 Unacceptable Policies.

No insurance policy or fidelity required under this Section 9 may:

9.5.1 require or permit contributions or assessments against the Association, the Board, the Owners, any managing agent, the Mortgagees or any guarantor of the above;

9.5.2 require or permit loss payments that are contingent upon action by the insurance carrier's board of directors, policyholders, or members; or

9.5.3 include any limiting clauses (other than insurance conditions) that could prevent the Board, the Association or the Unit Owners from collecting insurance proceeds.

10. AMENDMENTS TO BYLAWS

10.1 How Proposed.

Amendments to the Bylaws shall be proposed by either a majority of the Board or by the Owners holding at least twenty-five percent (25%) of the votes in the Association. The proposed amendment must be in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.2 Adoption.

A resolution adopting a proposed amendment may be proposed by either the Board or Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board at or prior to such a meeting. Subject to the provisions of the Declaration and these Bylaws otherwise, any resolution shall be approved by Owners holding at least fifty-one percent (51%) of the votes of the Units, except for amendments changing voting requirements and age, occupancy, or rental and leasing restrictions which shall require approval by Owners holding at least seventy-five percent (75%) of the votes in the Association. In any event, no amendment shall be effective to impair, reduce or terminate any special Declarant rights provided in these Bylaws or the Declaration without the consent of the Declarant so long as the Declarant has the right under the Declaration to create additional Units or is the Owner of an unsold Unit.
10.3 **Execution and Recording.**

An amendment shall not be effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws, approved by the Oregon Real Estate Commissioner if required by law, and recorded as required by law.

11. **MEDIATION AND ARBITRATION**

Every Owner and the Association has the right to enforce the provisions of the Declaration, these Bylaws and any Association Rules by submitting disputes to non-binding mediation, and if the mediation is unsuccessful, to final and binding arbitration in accordance with the Declaration. Neither the Owner nor the Association may commence litigation or an administrative proceeding that would result in an adversarial relationship with the other without first complying with any requirements of the Act to offer to submit the matter to an alternative dispute resolution process.

12. **MISCELLANEOUS**

12.1 **Notices.**

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

12.2 **Waiver.**

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

12.3 **Invalidity; Number; Captions.**

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

12.4 **Action Without a Meeting.**

Any action which the Act, Declaration or Bylaws require or permit the Owners or Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all Owners or directors entitled to vote on the matter. The consent,
which shall have the same effect as a unanimous vote of the Owners or Board, shall be filed in the Association minutes.

12.5 **Conflicts.**

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

12.6 **Rules or Order.**

Robert’s Rules of Order (latest edition) shall govern the conduct of Association and Board proceedings when not in conflict with the Declaration, the Articles, these Bylaws or Oregon law. A decision of the Association or its Board may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied. A decision of the Association or its Board is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

12.7 **Liability Survives Termination.**

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

**Indexing:** Whenever any dollar amount is specified in these Bylaws, such amount will be automatically adjusted each January 1st for that calendar year based upon any changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average for All Items, as published by the U.S. Bureau of Labor Statistics, U.S. Department of Labor, or if such index is discontinued, a comparable index selected by the Board, using the index for _________ as the base year.

DATED this \ \ day of \ __ __ __ __ , 2004, being hereby adopted by the undersigned Declarant on behalf of the Association.

DECLARANT:

ROSHUN PROPERTIES, LLC,
an Oregon limited liability company

By: its sole Member
Habib Shekarriz, Trustee, under the Shekarriz Living Trust, dated April 19, 2002 and any amendments thereto.

STATE OF OREGON

County of Yamhill

The foregoing instrument was acknowledged before me this 11 day of Nov 2004, by Habib Shekarriz, Trustee under the Shekarriz Living Trust, dated April 29, 2002, as sole Member of ROSHUN PROPERTIES, LLC, an Oregon limited liability company.

Lydia Zimmerman

NOTARY PUBLIC FOR OREGON

My Commission Expires: Jan 14 2006
EXHIBIT “B”

THE BYLAWS OF

MERIDIAN HEIGHTS TOWN HOMES CONDOMINIUMS ASSOCIATION

an Oregon Nonprofit Mutual Benefit Corporation
BYLAWS

of the

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS ASSOCIATION

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT
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FIRST AMENDMENT TO THE BYLAWS

FOR THE

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS ASSOCIATION
an Oregon Nonprofit Mutual Benefit Corporation

The undersigned hereby certifies as follows:

A. The Declaration of Condominium Ownership for Meridian Heights Town Home Condominiums (the “Declaration”) and the Bylaws for the Meridian Heights Town Home Condominiums Association (the “Bylaws”) were recorded on December 3, 2004 at Recording No. 200424576 in the real estate records of Yamhill County, Oregon.

B. The Meridian Heights Town Home Condominiums Association (the “Association”) was formed pursuant to the Declaration and Bylaws to serve as a means by which owners may take action with respect to the administration, operation and management of the Meridian Heights Town Home Condominiums as described in the Declaration. The Association was incorporated as a nonprofit corporation under ORS Chapter 65 on November 6, 2003, by the filing of Articles of Incorporation in the office of the Secretary of State. The Declaration and Bylaws currently govern the Association.

C. Section 10.2 of the Bylaws provides that the owners holding at least 75% of the votes of the Association may amend the Bylaws with respect to the subject matter of this Amendment. While 75% of the votes of the Association have approved this First Amendment (“First Amendment”) to the Bylaws of Meridian Heights Town Home Condominiums Association, the Declarant of the Condominium has also reserved the right to adopt this First Amendment pursuant to Section 10 of each Unit Sale Agreement for the Condominium regardless of the approval of the unit owners in order to satisfy any institutional lenders.

AMENDMENT

1. The following sentences are hereby added to the end of Section 7.2.4 of the Bylaws:

   “The Rental-Lease Ratio leasing restriction shall not apply to any Units owned by any Owner who took title to its Unit pursuant to a deed in lieu of foreclosure or by
an actual foreclosure sale ("Owner by Foreclosure"). That is, an Owner by Foreclosure may rent or lease any number of the Units owned by such Owner by Foreclosure at any time, without applying to the Board for permission and without the need to comply with the Rental-Lease Ratio. The Board shall not consider any of the Units owned by the Owner by Foreclosure in determining the Rental-Lease Ratio."

2. Section 7.2.7.1 is hereby deleted in its entirety and replaced with the following (change noted in bold):

"Except as otherwise expressly provided herein and subject to Section 7.2.1 and 7.2.4 prior to renting or leasing his or her Unit for other than Occasional Vacation Rental permitted hereunder or, an Owner (other than the Declarant or an Owner by Foreclosure) must apply to the Board for permission."

3. Section 7.2.7.5 is hereby deleted in its entirety and replaced with the following:

"Once the Rental-Lease Ratio threshold has been reached (such threshold not to include any Units owned and/or leased by the Declarant or an Owner by Foreclosure) any time the number of Units rented or leased falls below such threshold, the Board will notify the Owner who is first on the waiting list that Owner’s application will be approved unless Owner requests in writing that Owner’s application be withdrawn.

3. Section 7.3.7.7 is hereby deleted in its entirety and replaced with the following:

"If an Owner, other than the Declarant or an Owner by Foreclosure, fails to submit the application required under this subsection and rents or leases his or her Unit, or rents or leases his or her Unit after the Board has denied a properly submitted application due to the then current Rental-Lease Ratio, the Board may assess fines against the Owner and the Owner’s Unit after notice and an opportunity to be heard, and may seek other available legal remedies, including but not limited to, a request to the appropriate court for mandatory removal of the tenant or lessee from the Unit. All remedies of the Association are cumulative. Any and all costs of such enforcement action, together with attorney fees at trial or on any appeal, may be assessed against the Unit pursuant to Section 5."

(The remainder of this page is left blank intentionally.)
IN WITNESS WHEREOF, the Association, by and through its President and Secretary, hereby certifies that this Amendment of the Bylaws has been approved by at least 75% of the required owner votes of the Association, effective the 26 day of April, 2005.

MERIDIAN HEIGHTS TOWN HOME CONDOMINIUMS ASSOCIATION, an Oregon Nonprofit Mutual Benefit Corporation

By:  Habib Shukari  
      , President

By:  Habib Shukari  
      , Secretary

STATE OF OREGON  )
) ss
County of Clackamas  

The foregoing instrument was acknowledged before me this 26 day of April, 2005 by Habib Shukari and Habib Shukari, President and Secretary, respectively, of the Meridian Heights Town Home Condominiums Association.

Mary E. Wheeler  
Notary Public for Oregon  
My Commission Expires: 8/10/07

The foregoing Amendment is approved pursuant to ORS 100.410 this 20 day of May, 2005.

By:  Scott Taylor  
Oregon Real Estate Commissioner  
By:  

NOTES

OUTBOUNDS (100)

1. SEE ATTACHED SHEETS FOR ADDITIONAL DETAILS.

2. SCALE:

3. RIGHT OF WAY:

4. BUILDING SIZE:

5. ELEVATION:

6. WALLS:

7. FOUNDATION:

8. ROOF:

9. WINDOWS:

10. DOORS:

11. ELECTRICAL:

12. MECHANICAL:

13. PLUMBING:

14. GAS:

15. SECURITY:

16. OTHER:

LEGEND

SECON D  FLOOR  -  HORIZONTAL AND VERTICAL DIMENSIONS

FIRST  FLOOR  -  HORIZONTAL DIMENSIONS

BUILDING SIZE  =  LOT SIZE

A VERTICAL MEASUREMENT OCCURS WHEN THE FLOOR PLAN MEASUREMENT IS LESS THAN THE BASEMENT MEASUREMENT.

A HORIZONTAL MEASUREMENT OCCURS WHEN THE FLOOR PLAN MEASUREMENT IS LESS THAN THE BASEMENT MEASUREMENT.

A POSITION OF THE DRAWING ALLOWS THE MEASUREMENT TO BE TAKEN.

A HORIZONTAL MEASUREMENT IS TAKEN FROM THE CENTER LINE OF THE WALLS.

A VERTICAL MEASUREMENT IS TAKEN FROM THE CENTER LINE OF THE WALLS.

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