THE UNDERSIGNED, pursuant to ORS 91.512, as Real Estate
Commissioner of the State of Oregon, hereby approves the
DECLARATION OF UNIT OWNERSHIP
OF
NORTHGATE ARMS CONDOMINIUM
In Yamhill County, Oregon.

IN TESTIMONY WHEREOF, I have hereunto
set my hand and affixed hereto the
seal of the Real Estate Division of
the Department of Commerce of the
State of Oregon this first
day of October 1979.

WILLIAM F. GWYNN
Real Estate Commissioner

814-500-560 (Replaces 81405-83) (Tax 5-77)
DECLARATION OF UNIT OWNERSHIP
OF
NORTHGATE ARMS CONDOMINIUM

THIS DECLARATION, made this 2nd day of October, 1979, by NORTGATE ARMS, INC., an Oregon corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, declarant is the owner of the real property situated in the City of McMinnville, County of Yamhill, State of Oregon, described in Exhibit "A", attached hereeto and by this reference incorporated herein; and

WHEREAS, declarant plans to construct certain condominium buildings and other improvements upon the real property described in Exhibit "A"; and

WHEREAS, declarant desires to submit such real property to the provisions of the Oregon Unit Ownership Law and further desires to subject such property, plus future additions thereto, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which are for the benefit of such property and its present and subsequent owners as hereinafter specified;

NOW, THEREFORE, declarant hereby declares that the fee simple interest in the property described in Exhibit "A" shall be held, sold, used and conveyed subject to the following easements, covenants, restrictions, charges and liens, hereinafter sometimes referred to as "covenants and restrictions". Such covenants and restrictions shall run with the property and shall be binding
on all parties having or acquiring any right, title or interest in
the property or any part thereof, and shall inure to the benefit of
each owner thereof.

ARTICLE I
Definitions
Declarant hereby accepts the definitions set forth in O. R. S. 91.500,
unless the context clearly indicates a different meaning therefor. In
addition, the following terms shall be defined as hereinafter set forth:

1.1 "Association" shall mean NORTHGATE ARMS CONDOMINIUM
UNIT OWNERS ASSOCIATION, which is an unincorporated association of
unit owners.

1.2 "Board of Directors" shall mean the board of directors
of the Association.

1.3 "Condominium" shall mean the entire estate in the real
property owned by an owner, consisting of an undivided interest in
the general common elements, and ownership of a separate interest
in a unit.

1.4 "Declaration" shall mean this instrument, its amendments
and supplements thereto.

1.5 "Owner" shall mean the record owner, whether one or
more persons or entities, of fee simple title to any unit situated
upon the properties, but shall not mean a mortgagee. Declarant
shall be considered an owner with respect to any unsold units.

1.6 "Properties" shall mean the real property subject
to this Declaration described hereinafter in Section 2.1.

1.7 "Unit" shall mean a specific improvement and elements
of a condominium upon the properties and excluding general common elements,
each such unit being shown on the plot plan attached hereto as
Exhibit "B" and by this reference incorporated herein.

1.8 "Institutional Holder" shall mean a mortgagee which is
a bank or savings and loan association or established mortgage company,
or other entity chartered under federal or state laws, any corporation
or insurance company, or any federal or state agency.

1.9 "Mortgage" shall include a Deed of Trust.

1.10 "Mortgagee" shall include the beneficiary under a
Deed of Trust.

2. DECLARATION OF UNIT OWNERSHIP
ARTICLE II
Property Subject to the Declaration

2.1 The real property which is subject to this Declaration is located in the City of McMinnville, County of Yamhill, State of Oregon, and is described in Exhibit "A".

ARTICLE III

3.1 Name. The name by which the properties shall be known is Northgate Arms Condominium.

3.2 General description of Units. Each unit is of wood frame construction consisting of either 1 or 2 stories. There are 30 units which are contained in 6 buildings and the general location of each unit designation and all other data necessary for proper identification of each unit is set forth in Exhibit "B", attached hereto and by this reference incorporated herein. Parking spaces are indicated on Exhibit "B". Six of the units contain single garages. The other 24 units will be assigned one of the parking spaces at the time of the initial sale of the unit, such parking space to be a limited common element as set forth in Section 4.2 of Article IV.

ARTICLE IV
Common Elements

4.1 General common elements. General common elements shall include all walls, roofs, foundations and properties, and shall in general consist of all portions of the structures and improvements which are not units.

The percentage of the interest of each unit owner in the general common elements is set forth in Exhibit "C", attached hereto and by this reference incorporated herein. No owner's individual interest in the general common elements shall be separated from the unit to which it appertains, and each such individual interest shall be conveyed or encumbered with such unit, though such interest is not expressly mentioned or described in the conveyance of such unit.

4.2 Limited common elements. The patios, the decks and 24 parking spaces, which are designated on Exhibit "B", shall be limited common elements which are assigned to individual units in accordance with Exhibit "D", attached hereto and by this...

--- DECLARATION OF UNIT OWNERSHIP ---
reference incorporated herein and shall be reserved for the sole use of each unit designated and such assignment can only be changed in accordance with ORS 91.563(4), the approval of the Board of Directors and the consent of any mortgagee having an interest in any unit involved in the change.

4.3 **Common elements to remain undivided.**

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**DECLARATION OF UNIT OWNERSHIP**
elements shall remain undivided, and no owner shall bring any action for partition or division of any part thereof while the Properties are subject to this Declaration.

ARTICLE V
Uses and Limitations of Each Building and Unit

5.1 Use of Units. Each unit is intended for use as a private residence for the owner, his family and guests; except that each owner shall be permitted to rent or lease his unit as an apartment during periods when he shall not be occupying such unit. No lease or rental of a unit shall excuse the owner from payment of any charges and assessments to which his unit is subject pursuant to this Declaration.

5.2 Limitation on use. The following restrictions are applicable to the use of any units:

5.2.1 No unit shall be used for any purpose other than residential purposes. With the exception of an institutional holder in possession of a condominium unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to rent or lease his unit for transient or hotel purposes. No unit owner may lease or rent less than the entire unit. Any lease or rental agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases and rental agreements shall be required to be in writing. Other than the foregoing, there is no restriction on the right of any unit owner to lease or rent his unit.

5.2.2 No animals or fowls shall be raised, kept or permitted upon the Properties or any part thereof, excepting only domestic cats and one dog for each unit and excepting caged pet birds kept within the unit, providing such cats, dogs and pet birds are not permitted to run at large, are kept and maintained in strict accordance with all regulations of the Association and are not kept, bred or raised for commercial purposes or in unreasonable numbers.

5.2.3 No noxious or offensive activities shall be carried on in any unit or in any part of the general common...
elements, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood.

5.2.4 No trucks, campers, trailers or boats shall be parked or permitted to remain in any portion of the general common elements, except in such specific parking areas as may be assigned by the Association to such recreational vehicle.

5.2.5 No owner or occupant shall remove or significantly alter any tree, shrub or any other improvement in any portion of the general common elements unless permission in writing is first granted by the Association.

5.2.6 Nothing shall be done or kept by any owner or occupant in any unit or in the common elements which will increase the rate of insurance on the common elements without written consent of the Association. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on any unit or on any part of the common elements, or which would be in violation of any law.

5.2.7 All parts of the common elements, including walks and parking areas are for the use of owners on an equal basis. It shall be the responsibility of each owner to allow maximum ease of pedestrian and vehicular ingress and egress over walks and parking areas allowing no obstruction or barrier on, across or adjacent to sidewalks and parking areas.

5.2.8 In addition to all other remedies available for the enforcement of these covenants and restrictions, the Board of Directors shall have the power to establish, assess and collect fines for any and all violations.

ARTICLE VI

Limitation on Use of Common Elements

6.1 Each owner's right to the use of the common elements shall be subject to the following limitations:

6.1.1 The right of the Association to limit the
number of guests permitted to use the facilities which are a part of the common elements.

6.1.2 The right of the Association to charge reasonable admission and other fees for the use of any facility which is a part of the common elements, and to promulgate reasonable rules and regulations in regard to the use of such facilities.

6.1.3 The right of the Association to suspend the enjoyment rights of any owner, member of his family, guest or tenant for any period during which any assessment remains unpaid and for any period not to exceed thirty days for any infraction of published rules and regulations.

ARTICLE VII
Service of Process

7.1 The name of the person to receive service of process in the cases provided in ORS 91.578 (1) is Marilyn Dell and her residence within Yamhill County, Oregon, is 419 East Sixth, McMinnville, Oregon 97128.

ARTICLE VIII
Covenants for Payment of Share of Common Expenses, Reserves, Special Assessments and rights of Institutional Holders

8.1 Creation of lien and personal obligation. Each owner upon acceptance of the deed to a unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association:

8.1.1 His proportionate share of common expenses as determined by annual assessments or charges.

8.1.2 His proportionate share of reserves as determined in accordance with Section 8.4.

8.1.3 Special assessments for capital improvements may be fixed, established and collected from time to time as hereinafter provided.

8.1.4 Fines assessed pursuant to Section 5.2.8 of Article V of these covenants and restrictions. Such annual and special assessments, reserves and fines, together with interest thereon and cost of collection thereof as hereinafter provided shall be

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a continuing lien against the condominium of any owner to whom such assessment and/or fine applies and shall also be the personal obligation of the person who is the owner of such condominium at the time when the assessment and/or fine falls due.

8.2 Purpose of annual assessments. The annual assessment levied by the Association shall be for the purpose of paying the excess of common expenses over common income and shall be deemed exclusively for the purpose of promoting the recreation, health, safety and welfare of the owners, and in particular for the improvement and maintenance of property, services and facilities devoted to this purpose and related to the use and enjoyment of the common elements. Without limiting the generality of the foregoing, assessments for common expenses may be used to pay for the cost of leasing facilities for the use of owners, for the cost of water and garbage removal, for the payment of insurance and ad valorem taxes upon the common elements and for the maintenance of the general and limited common elements.

8.3 Basis of annual assessment. Unless changed by the membership as hereinafter provided, the maximum annual assessment for all of the units shall be $20,000.00 per year. The Board of Directors may, after consideration of current maintenance costs, income of the Association, and its financial requirements, fix the actual annual assessment at an amount less than the maximum. Upon vote of the membership as hereinafter provided, the Association may change the maximum annual assessment fixed by this section prospectively.

8.4 Reserves. In addition to the annual assessment provided hereinabove, the Board of Directors shall establish such reserves as good business judgment warrants for the improvement, repair or other needed expenditures of maintenance and replacement of the general common elements. To fund such reserves, the Board of Directors shall levy a monthly reserve fund assessment. All such reserves shall be held by the Board of Directors as trustees, in trust for the owners as their contribution thereto shall appear, and shall not become the funds of the Association until the expendi-
tures for which such reserve is created has become due and payable. Unless changed by the membership as hereinafter provided, the maximum monthly reserve fund assessment for all of the units shall be $150.00 per month. The Board of Directors may, after due consideration, fix the actual monthly reserve fund assessment at an amount less than the maximum. Upon vote of the membership as hereinafter provided, the Association may change the maximum monthly reserve fund assessment fixed by this section prospectively.

8.5 Special assessments for capital purposes. Upon vote of the Association in the manner hereinafter set forth, the Association may levy in addition to annual assessments and monthly reserve fund assessments, a special assessment in any calendar year applicable to that year only, for the purpose of defraying in whole or in part the cost of construction or reconstruction or expected repair or replacement of a described capital improvement upon the common elements including necessary fixtures and personal property related thereto.

8.6 Rate of assessment. All assessments must be fixed on a prorata basis according to the percentage interest of each unit owner in the general common elements as provided in Exhibit "C".

8.7 Voting and notices for special assessment and change of maximum assessment and maximum reserve fund assessment. Any special assessment or change in maximum annual assessment and/or maximum reserve fund assessment must have the assent of two-thirds of the total number of votes in the association at a meeting duly called for that purpose, written notice of which shall be sent to all such owners at least thirty days in advance of the date of such meeting, setting forth the purpose of the meeting; provided, however, that the amount of the maximum annual assessment set forth in Section 8.3 and the amount of the maximum reserve fund set forth in Section 8.4 shall be automatically increased annually by the percentage increase in the National Consumer Price Index, published by the U.S. Bureau of Statistics, at the beginning of the calendar year over the National Consumer Price Index at the end of the calendar year. In the event the National Consumer Price Index is no longer published at any applicable date, a substituted index shall be designated by...
the Board of Directors.

6.9 Date of commencement of annual assessments. The initial annual assessment for the excess of common expenses over common income shall commence on the 60th day after the first unit has been sold and the unit deed on said sale has been recorded, shall be made for the balance of the calendar year, and shall be due
and payable on the date fixed by the Board. Annual assessments for any year after the first year shall become due and payable on January 15th of such year or such other date or dates fixed by the board.

The amount of the initial annual assessment for the first year in which assessments are made shall be prorated on a calendar-year basis according to the date of the first assessment. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

8.9 Date of commencement of reserve fund assessment.
The initial monthly reserve fund assessment shall commence on the first day of such month as determined by the Board of Directors and shall be in the amount determined by the Board of Directors in accordance with the provisions set forth hereinabove.

8.10 Duties of the Board of Directors. The Board of Directors shall fix the amount of the assessments against each unit for each assessment period and give the owner subject to such assessments written notice of such assessments at least thirty days in advance of the due date thereof, and the Board of Directors shall cause to be prepared a roster of the condominiums and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner.

The Association shall, upon demand at any time furnished to any owner liable for an assessment a letter signed by an officer of the Association setting forth whether the assessment or assessments have been paid. Such letter shall be conclusive evidence of the payment of any assessment therein stated to have been paid.

8.11 Effect of non-payment of assessments. If an assessment and/or fine is not paid on the date when due, such assessment and/or fine shall become delinquent and shall, together with interest thereon and cost of collection thereof as hereinafter provided, continue as a lien on the condominium against which such assessment and/or fine was made, and the Association shall comply with the provisions of ORS 91.546 with respect to such lien. The
personal obligation of the then owner to pay such assessments and fines, however, shall remain his personal obligation and the successor in title shall be liable therefor as provided in ORS 91.551 (2). If the assessment and fines are not paid within thirty days after the delinquency date, the assessment and fines shall bear interest from the date of delinquency at the rate of ten percent per annum and the Association may bring an action at law against the owner personally obligated to pay the same, or to foreclose the lien against the property.

In the event a judgment is obtained in favor of the Association, such judgment shall include interest on the assessments and fines as above provided and a reasonable attorney's fee to be fixed by a court at either a trial or an appellate court level together with the costs and disbursements incurred. Any rentals received by the Association for the use of the unit may be applied to such assessments and fines at the option of the Board of Directors.

8.12 Effect of failure of Board of Directors to set assessment. The omission by the Board of Directors, before the time set herein, to fix any assessment hereunder shall not be deemed a waiver of or modification in any respect of the provisions of the Declaration or a release of the owner from the obligation to pay an assessment or any installment thereof, but the assessment fixed for the preceding period shall continue until a new assessment is fixed.

8.13 Overassessment. At the end of each fiscal year of the Association, the Board of Directors shall cause to be repaid promptly to each owner any amount by which his annual assessment during the fiscal year shall have exceeded the amount necessary to fund the difference between the common expenses and common income of the Association during such fiscal year. In lieu of refunding such overassessment in cash, the Board of Directors may credit the amount of such overassessment over against the owner's assessment for the succeeding fiscal year.

8.14 Subordination of the lien to mortgages. The lien

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of the assessments and fines provided for herein shall be subordinate to the lien or equivalent security interest of any first mortgage on the unit recorded prior to the date any such common expense assessments become due. Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the unit free of any claims for unpaid assessments and charges against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all units including the mortgaged unit. No amendment to this paragraph shall affect the rights of the holder of any such mortgage recorded prior to recordation of such amendment which does not joint in the execution thereof.

8.15 Right of institutional holder to vote at Association meetings under certain circumstances. If the institutional holder of any unit owner determines that the Board of Directors are not providing an adequate maintenance, repair, and replacement program for the project, as required in paragraph 8.2, such institutional holder, at its option, may deliver a written notice to the Board of Directors by delivering the same to the registered agent required pursuant to ORS 91.578(1), setting forth the particular defect that it believes exists in the maintenance, repair, and replacement program. If the specified defects are not corrected within 90 days subsequent to the receipt of such notice, then the institutional holder, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the
8.15 Prior written approval of institutional holders required under certain circumstances. The prior written approval of each institutional holder of a first mortgage, deed of trust or equivalent security interest, hereinafter called "first mortgage", on each unit will be required for the following:

8.16.1 The abandonment or termination of the project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

8.16.2 Any material amendment to the Declaration or to the Bylaws of the Unit Owners Association, including, but not limited to, any amendment which would change the percentage interests of the unit owners;

8.16.3 The effectuation of any decision by the Unit Owners Association to terminate professional management and assume self-management;

8.16.4 The partitioning or subdividing of any unit; provided, that this sub-paragraph shall not in any way permit the partitioning or subdividing of any unit unless such is permitted under the laws of the State of Oregon and this Declaration.

8.17 Additional rights of institutional holders. The Unit Owners Association shall give to each institutional holder of a first lien prompt notice of any default by the applicable unit owner under this Declaration, which default is not cured within thirty (30) days.

Upon request, each institutional holder shall have the right to (a) inspect the books and records of the Unit Owners Association during normal business hours; and (b) receive an annual audited financial statement of the project within 90 days following the end of any fiscal year of the project; and (c) receive written notice of all meetings of the Unit Owners Association and be permitted to designate a representative to attend all such meetings.

If any unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation...
or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice thereof shall be forthwith sent by the Board of Directors to the institutional holder of any first mortgage on any applicable unit.

In the event of substantial damage to or destruction of any unit or any part of the common elements, notice thereof shall be forthwith sent by the Board of Directors to the institutional holder of any first mortgage on any applicable unit. Substantial damage shall mean damage to a unit in excess of $1,000.00 or damage to the common elements in excess of $10,000.00.

**ARTICLE IX**

**Owner’s Obligation to Repair**

9.1 Each owner shall at the owner’s expense keep the interior of his unit, its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition; shall do all redecorating and painting which may at any time be necessary to maintain the good appearance and condition of such unit. In addition, the owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, fans, heaters, heating equipment, lighting fixtures, refrigerators, dishwashers, disposals, or ranges that may be in or connected with his unit.

All draperies shall be either white or lined with white material.

The Board of Directors and manager shall not be responsible to the owner for loss or damage by theft or otherwise of articles which may be stored by the owner in any portion of his unit.

**ARTICLE X**

**Restrictions on Maintenance, Construction and Improvement**

10.1 **Permission required for alterations.** Owner shall not without first obtaining written consent of the Board of Directors make, or permit to be made, any structural alterations, improvements, subdivisions, or additions in or to his unit, or in and to the exterior of the building in which his unit is located or other general common elements. Owner shall not paint or decorate any portion of his deck, patio or other exterior portion of his unit without first obtaining the written consent of the Board of Directors.

10.2 **Mailboxes.** The location, color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to the approval of the Board of Directors.
10.3 Signs. No sign or other advertising device of any character shall be erected on any unit or maintained upon any part of the properties except one sign not larger than 18 inches by 24 inches advertising a unit for sale or for rent. Signs advertising the property for sale or for rent by a real estate broker shall not be permitted. Provisions of this section are not applicable to declarant.

10.4 Antennas and aerials. All outside television and radio antennas and aerials are prohibited without express written consent of the Association.

ARTICLE XI
Easements and Encroachments

11.1 Reservation of easements. Declarant hereby grants to the Association and reserves to declarant, declarant's successors, heirs and assigns, perpetual easements under, over and across all general common elements for the purpose of erecting, constructing, maintaining and operating sewers and drainage systems, and poles, pipes, wires, cables, guys, anchorages and conduits for lighting, heating, power, telephone, television transmission, and any other method of conducting and performing any public or quasi-public utility service or function beneath, upon or above the surface of such common elements. Declarant reserves the right to cut and/or trim any tree or other growth upon such common elements which may interfere with or menace the construction, maintenance or operation of such utilities.

11.2 Easements to Association. There is hereby granted to the Association, its agents and servants an easement in gross with respect to all of the properties for the purpose of entry and access for landscaping and maintenance of the common elements, for the performance of its duties of exterior maintenance, for the purpose of making emergency repairs, for the purpose of making repairs which are required to be made by a unit owner under this Declaration, the bylaws or the laws of the State of Oregon and which have not been made by the unit owner and for the execution generally of its rights and obligations as otherwise provided in this Declaration.

11.3 Easement of ingress and egress. There is hereby granted to owners and tenants, invitees and guests a non-exclusive
easeement for ingress and egress over the common elements.

11.4 Encroachments. None of the rights and obligations of the owners created herein shall be altered in any way by encroachment through the settlement, shifting or rebuilding of structures or any other cause. There shall be valid easements for the maintenance of such encroachments for so long as they shall exist, provided, however, that in no event shall a valid easement for encroachment occur due to the willful conduct of an owner or owners.

ARTICLE XII

Failure of Board of Directors to Insist upon Performance

13.1 Limitation of liability. Neither the manager nor the Board of Directors, nor any member thereof, shall be liable for any failure of any utility service to be obtained and paid for by the Board of Directors hereunder, or for any injury or damage to person or property caused by the elements or by another owner or person in the properties, or for damage from electricity, water, rain, snow or ice which may leak or flow from outside or from any part of any building or from any of its pipes, drains, conduits, appliances or equipment, or from any other place, unless caused by any gross negligence of the Board of Directors or manager as the case may be. No diminution or abatement of assessments for common expenses shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken to comply with any law, ordinance or orders of a governmental authority.

13.2 Indemnification of directors. Each Director shall be indemnified by the owners against all expenses and liabilities including attorney's fees reasonably incurred and imposed upon him in connection with any proceeding in which he may be a party and in which he may be involved by reason of his being or having been a member of the Board of Directors, or any settlement of

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such liability whether or not he is a member of the Board of Directors at the time such expenses are incurred, except in cases wherein the Director is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in performance of his duties. In the event of a settlement, however, such indemnification shall apply only when the Board of Directors approve such settlement as being for the best interests of the Association.

ARTICLE XIV

Insurance

14.1 Duty to obtain insurance. The manager, acting under the direction of the Board of Directors shall obtain and maintain at all times insurance for the benefit of the Association and the owners, in the type, kind and amount hereinafter provided; payments for such insurance shall be paid as part of the common expenses of the Association;

14.1.1 Policy or policies of fire insurance with extended coverage endorsement for the full insurable replacement value of all units and common elements. Such policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagees or mortgagees of each condominium, if any. During the initial sale of all condominiums in the properties, the amount of such policy may be the cost of the unsold condominiums plus the full insurable replacement value of all the condominiums not owned by the declarant.

14.1.2 A policy or policies insuring the Association, its Board of Directors, the owners and the manager against any liability to the public or the owners, their invitees or tenants, incident to ownership or use of the properties. Limits of liability under such policy shall be not less than $100,000/$300,000 for personal injury and $100,000 property damage in each occurrence with such limits and coverage to be reviewed at least annually by the Board of Directors. Such policy or policies shall be issued on a comprehensive liability basis to provide cross liability

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endorsements wherein the rights of the insured under the policy shall not be prejudiced as respects any right of action of any such insured against another named insured.

14.1.3 Notwithstanding any other provisions herein, the Board of Directors 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 Federal National Mortgage Association and Government National Mortgage Association, so long as either is an institutional holder or owner of a unit within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

14.2 Quality of insurance policies. All insurance policies required under this article shall be written in a company licensed to do business in Oregon and holding a rating of A+/AAA or better, by Best's Insurance Reports.

14.3 Authority to adjust losses. Exclusive authority to adjust losses under policies hereafter in force pursuant to this article shall be vested in the Board of Directors, or its authorized representative.

14.4 Contribution. In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual owners or their mortgagors.

14.5 Owner's additional insurance. Each owner may obtain additional insurance at his own expense; provided, however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such way as to decrease the amount which the Board of Directors on behalf of all of the owners may realize under any insurance policy which the Board of Directors may have in force on the properties at any particular time.

14.6 Notification as to improvements. Each owner must notify the Board of Directors in writing of any improvements to his unit, the value of which improvements is in excess of $1,000.00.

14.7 Duty to file copies of individual policies. Any owner who obtains individual insurance policies covering any portion of the properties other than personal property belonging to such owner, shall file copies of such individual policy or policies with the Board of Directors within thirty (30) days after purchase of such insurance.
14.8 Provisions of insurance policies. The Board of Directors shall make every effort to secure insurance policies that will provide:

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

14.8.2 That the master policy on the properties cannot be cancelled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors, or the manager, without prior demand in writing that the Board of Directors or manager cure the defect.

14.8.3 That any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

14.8.4 That the insurer issue subpolicies specifying the portion of the master policy earmarked for each owner's interest, and that until the insurer furnishes written notice and a grace period to the mortgagee insured under the loss payable clause thereof, the mortgagees coverage is neither jeopardized by the conduct of the unit mortgagor-owner or the Association or other owners, nor cancelled for non-payment of premiums.

14.9 Review of Insurance. At least every three years the Board of Directors shall review all insurance carried by the Association, and such review shall include appraisal of all improvements to the properties by a representative of the insurance carrier writing the master policy.

ARTICLE XV
Damage and Destruction

15.1 Application of insurance proceeds. In the case of fire, casualty, or other insured loss, the insurance proceeds of insurance policies covering such loss, if sufficient to reconstruct the buildings damaged or destroyed, shall be applied to such reconstruction. "Reconstruction" of the damaged or destroyed buildings means restoring the buildings to substantially the same condition in which they existed prior to such loss, with each unit and the common elements having the same vertical and horizontal boundaries as before such loss. Final approval of such reconstruction
shall be made by the Board of Directors of the Association.

15.2 Procedure if insufficient insurance proceeds. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to or destruction of such buildings shall be promptly repaired by the Board of Directors using the proceeds of insurance, if any, on the buildings for that purpose, and the owners shall be liable for assessment for any deficiency. Such deficiency shall take into consideration with respect to any owner's contribution, any individual policy of insurance proceeds provided by such owner.

15.3 Owners' rights if substantial destruction of properties. However, if three-fourths or more in value of all of the buildings on the properties are destroyed or substantially damaged, and if the owners by a vote of at least three-fourths thereof decide, within sixty (60) days after such destruction or damage not to make provision for repair, reconstruction or rebuilding of the damaged buildings, the properties shall be considered to be removed from the provisions of the Oregon Unit Ownership Law, with the legal consequences resulting therefrom as set forth in ORS 91.591 and 91.593. In such event, the Board of Directors shall file a notice of the decision of the owners within such 60-day period with the County Recorder of Yamhill County.

ARTICLE XVI

Personal Property

16.1 The Board of Directors or the manager may acquire and hold for the benefit of the owners, personal property of any description and may dispose of the same by sale or otherwise. Beneficial interest in such personal property shall be owned by the owners in the same proportions as their respective interests in the general common elements, and shall not be transferable by an owner except with the transfer of a condominium. Transfer of a condominium shall transfer ownership of the transferor's beneficial interest in such personal property to the transferee.
ARTICLE XVII

Condemnation

17.1 Condemnation of common elements. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of Directors. If three-fourths or more of the unit owners duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall arrange for the repair and restoration of such common elements, and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that three-fourths or more of the unit owners do not duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall disburse the net proceeds of such award to the unit owners in accordance with their percentage interest in the general common elements as provided in Exhibit "C".

17.2 Partial or total condemnation of an individual unit or units. The award from a taking of a portion or all of an individual unit or units shall be deposited with the Board of Directors and shall be distributed or used in the manner hereinafter provided for insurance proceeds except that when the properties are not to be removed from the provisions of the Oregon Unit Ownership Law and one or more units are taken in part, the taking shall have the following effects:

17.2.1 Unit reduced but tenantable. If the taking reduces the size of a unit and the remaining portion of the unit can be made tenantable, the award for the taking of a portion of the unit shall be used for the following purposes in order stated and the following changes shall be effected in the condominium:

   (a) The unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owner of the unit.

   (b) The balance of the award, if any, shall be distributed to the owner of the unit and to each mortgagee of the unit, the remittance being payable jointly to the owner and mortgagee.

   (c) If there is a balance of the award distributed to the

   (d) DECLARATION OF UNIT OWNERSHIP
unit owner or mortgagee, the share in the common elements appurtenant to the unit shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the unit immediately prior to the taking, and then recomputing the shares of all unit owners in the common elements as percentages of the total of their shares as reduced by the taking.

17.2.2 Unit made untenable. If the taking destroys or so reduces the size of a unit that it cannot be made tenable, the award for the taking of the unit shall be used for the following purposes in the order stated and the following changes shall be effected in the condominium:

(a) The market value of such a unit immediately prior to the taking shall be paid to the owner of the unit and to each mortgagee of the unit, the remittance being payable jointly to the owner and mortgagee and such owner shall have no further interest in the common elements of the condominium.

(b) The remaining portion of such unit, if any, shall become a part of the common elements and shall be placed in condition for use by all of the unit owners in the manner approved by the board of directors; provided, if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner elsewhere required for further improvement of the common elements.

(c) The shares in the common elements of the units which continue as a part of the condominium shall be equitably adjusted to distribute the ownership of the common elements among the reduced number of owners. This shall be done by recomputing the shares of such continuing owners in the common elements as percentages of the total of the shares of such owners as they exist prior to the adjustment.

(d) If the amount of the award for the taking is not sufficient to pay the market value of the condemned unit to the owner and to condition the remaining portion of the unit for use as a part of the common elements, the additional funds required for such purposes shall be

20 ... DECLARATION OF UNIT OWNERSHIP
shall be raised by assessments against all of the unit owners who
will continue as owners of units after the changes in the condominium
affected by the taking. Such assessments shall be made in proportion
to the shares of such owners in the common elements after the changes
affected by the taking.

17.2.3 Arbitration. If the market value of a unit prior to the
taking cannot be determined by agreement between the unit owner
and mortgagee of the unit and the Association within 30 days after
notice by either party, such value shall be determined by arbitration
in accordance with the then existing rules of the American Arbitration
Association, except that the arbitrators shall be three appraisers
appointed by the American Arbitration Association who shall base
their determination upon an average of their appraisals of the unit;
and a judgment of specific performance upon the award rendered by
the arbitrators may be entered in any court of competent jurisdiction.
The cost of arbitration proceedings shall be assessed against all
unit owners in proportion to the shares of the owners in the common
elements as they exist prior to the changes affected by the taking.

ARTICLE XVIII

Enforcement

18.1 Enforcement. The Association or any owner shall
have the right to enforce by any proceeding at law or equity all
restrictions, conditions, covenants and reservations imposed by
this Declaration, and a similar right shall exist with respect
to recovery of damages for any such violation. In any suit or
action contemplated by this section, the prevailing party shall
be entitled, in addition to costs thereof, to such attorney fees
as may be awarded by the court in such suit or action, including
attorney fees on any appeal of any judgment or decree.

ARTICLE XIX

General Provisions

19.1 Interpretation. The provisions of this Declaration
shall be liberally construed to effectuate its purpose in creating
a uniform plan for the development and operation of a condominium project.

19.2 Amendment. Except as otherwise provided herein, this Declaration may be amended by an instrument in writing signed and acknowledged by owners holding seventy-five percent (75%) of the voting rights hereunder. The amendment, however, shall not be effective for any purpose until a copy thereof is recorded in the office of the recording officer of Yamhill County, Oregon.

19.3 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

19.4 Effective date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, Northgate Arms, Inc.

has executed the foregoing Declaration as of the day and year hereinabove first set forth.

NORTHGATE ARMS, INC.

BY: [Signature]

President

STATE OF OREGON, )
County of Multnomah ) ss.

[Signature]

Hans W. Juhr, President

Northgate Arms, Inc., an Oregon corporation

and acknowledged the foregoing instrument to be its voluntary act and deed, and declared that the statements therein contained are true, and that he signed the same by authority of its Board of Directors.

Before me:

[Signature]

Notary Public for Oregon
My Commission Expires: 1-28-80

DECLARATION OF UNIT OWNERSHIP
a uniform plan for the development and operation of a condominium project.

19.2 Amendment. Except as otherwise provided herein, this Declaration may be amended by an instrument in writing signed and acknowledged by owners holding seventy-five percent (75%) of the voting rights hereunder. The amendment, however, shall not be effective for any purpose until a copy thereof is recorded in the office of the recording officer of Yamhill County, Oregon.

19.3 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

19.4 Effective date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, Northgate Arms, Inc.

has executed the foregoing Declaration as of the day and year hereinabove first set forth.

NORTHGATE ARMS, INC.

BY: ____________

president

STATE OF OREGON, } ss.
County of Multnomah } 02-02, 1979

Personally appeared Hans W. Juhr, President of Northgate Arms, Inc., an Oregon corporation and acknowledged the foregoing instrument to be its voluntary act and deed, and declared that the statements therein contained are true, and that he signed the same by authority of its Board of Directors.

Before me:

Notary public for Oregon
My Commission Expires: 1-2-80

... DECLARATION OF UNIT OWNERSHIP
EXHIBIT "A"

A parcel of land in the Northeast Quarter of Section 16, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon, the boundary of which is described as follows:

BEGINNING at the intersection of the South right of way line of 27th Street with the West right of way line of McDonald Lane, which point is South 0°04'20" East 30.002 feet and South 89°26'00" East 30.002 feet from a monument at the intersection of the centerlines of said 27th Street and McDonald Lane; thence South 89°26'00" East, along said South right of way line 453.82 feet; thence South 0°04'20" East 250.016 feet; thence North 89°26'00" West 453.82 feet to a point on said East right of way line; thence North 0°04'20" West 250.016 feet to the point of beginning.

Legal for Northgate Arms Condominiums
EXHIBIT C
OWNER'S PERCENTAGE INTEREST IN GENERAL COMMON ELEMENTS

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## ASSIGNMENT OF LIMITED COMMON ELEMENTS

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BYLAWS OF
NORTHGATE ARMS CONDOMINIUM
UNIT OWNERS ASSOCIATION

ARTICLE I
Name and Applicability

1.1 Name. This Association shall be known as the
NORTHGATE ARMS CONDOMINIUM
UNIT OWNERS ASSOCIATION, which is an unincorporated association
composed of unit owners of Northgate Arms Condominium
a condominium project.

1.2 Definitions. The terms used in these bylaws shall
have the meanings defined in ORS 91.500 and the Declaration of
Unit Ownership of Northgate Arms Condominium
hereinafter referred to as the Declaration.

1.3 Applicability. Each owner, upon acceptance of the
deed to a unit, shall be deemed to have consented to the
applicability of the provisions of these bylaws to such owner and
to all rules and regulations promulgated by the Association
pursuant thereto as the same may from time to time be amended.
These bylaws and such rules and regulations shall likewise be
applicable to the families of owners and tenants, employees, and
guests of owners.

ARTICLE II
Purposes

2.1 This Association is formed pursuant to the pro-
visions of ORS Sec. 91.500 to 91.671, the Oregon Unit Ownership
Law, to provide a means for administration of the condominiums
located on the properties described in the Declaration.

ARTICLE III
Composition and Voting Rights

3.1 Composition. The Association shall be composed of
all the owners of units in the condominium known as Northgate Arms Condominium.

3.2 Each unit owner shall have the number of votes equal
to the percentage for such unit expressed in Exhibit C, attached
to the Declaration on any and all matters on which voting rights
are provided by the Oregon Unit Ownership Law or these Bylaws.

When there is more than one record owner of a unit,
all such owners may attend and participate in any meeting; but
the vote for each unit shall be exercised as the persons holding
such interests shall determine between themselves, provided that
in no event shall there be more votes cast with respect to any
such unit than the unit is entitled to as set forth above.

ARTICLE IV

Meetings

4.1 Annual meeting. The annual meeting of the owners
shall be held in McMinnville, Oregon, or at such other place in
Yamhill County and at such date and time in the month of
April of each year as may be prescribed by the Board of
Directors.

4.2 Special meetings. Special meetings of the owners
may be called at any time by the Board of Directors and shall be
called by the secretary of the Association upon written request
of any two or more owners.

4.3 Notice. Notice of all meetings of owners shall
be mailed by or at the direction of the secretary to each owner,
postage prepaid, at the address thereof as shall appear in the
records of the Association or is supplied by such owner to the
Association for the purpose of notice. Such notice shall be mailed
not less than seven (7) nor more than forty (40) days prior to the
date of such meeting.

The notice of the meeting shall specify the place and
time of the meeting, and in the case of a special meeting, the
purpose of the meeting. For purpose of this section only, if
ownership of a unit is divided among several persons or entities,
notices shall be sent to each such person or entity.

4.4 Waiver of notice. Whenever any notice is required
to be given to any owner in accordance with these bylaws, waiver
thereof in writing signed by the person or persons entitled to
such notice, whether it be before or after the time stated therein,
shall be equivalent to the giving of such notice.

4.5 Quorum. The presence at any meeting in person or by proxy of a majority of the owners shall constitute a quorum for any action.

4.6 Proxy. An owner may vote in person or by proxy executed in writing and filed with the secretary prior to commencement of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Such proxy shall be revocable and shall automatically terminate upon termination of an owner's status as such.

4.7 Vote required. Except for matters on which a greater vote is required by the Oregon Unit Ownership Law, the Declaration or these Bylaws, the action of a majority of all votes which are present at any duly called meeting of the Association at which a quorum is present shall constitute action of the Association.

4.8 Action by unanimous consent. Any action which may be taken by the Association may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the owners entitled to vote with respect to such matter. Such consent shall have the same force and effect as an unanimous vote and may be so described in any document required to be filed under the Oregon Unit Ownership Law, the Declaration or these bylaws.

ARTICLE V

Board of Directors

5.1 Number. The affairs of this Association shall be managed by a board of three directors. Until the first annual meeting, such directors shall be: Hans W. Juhr, Kenneth J. Juhr and Roger A. Nelson.

After the first annual meeting, all directors shall be owners; provided, however, that an owner that is a corporation may designate its officers or agents to serve as directors.

5.2 Term. The directors named in the preceding section shall serve until the first annual meeting. At the first annual
meeting owners shall elect two directors for a term of two years and one director for a term of one year. At each annual meeting thereafter, the owners shall elect directors for a term of two years to fill the term of office of the directors whose terms expire at such annual meeting. Directors shall serve until their successors are elected and assume office.

5.3 Vacancies. In the event of the death or resignation of a director, his successor shall be elected by a majority vote of the remaining directors. A director elected to fill a vacancy shall hold office during the remainder of the term of the director succeeded.

5.4 Removal. Any director may be removed from office at any time with or without cause, upon the majority vote of all of the votes in the association taken at a meeting of the Association; provided, however, that the notice of such meeting shall have stated that such removal was to be considered. The successor of such director shall be elected at the same meeting for the then unexpired term of the director so removed.

5.5 Compensation. No director shall receive compensation for any services he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties as a director and may receive compensation for services to the Association in other capacities than as a director.

5.6 Manner of Election. In any case where the number of nominations for the Board of Directors exceeds the number of vacancies, election shall be by secret written ballot. At each election the owners or their proxies may cast in respect to each vacancy as many votes as they are entitled to cast by the provisions of these bylaws. Persons receiving the largest number of votes shall be elected.

ARTICLE VI
Meetings of the Board of Directors

6.1 Regular meetings. Within ten days after each annual meeting of the Association, the directors elected at
such meeting and those holding over shall hold an organizational
meeting for the purpose of electing officers as hereinafter
provided and for transaction of such other business as may come
before the meeting. If all directors are present at the time
and place of such meeting, no prior notice of such meeting shall
be required to be given to the directors.

The Board of Directors by resolution may establish
the date, time and place for other regular meetings of the Board.

6.2 Special meetings. Special meetings may be called
by the chairman and must be called by the chairman at the request
of at least two directors. Such special meeting may be held at
such time and place as the Board of Directors or the chairman
shall determine and any business may be transacted at such meeting.

6.3 Notice. No notice need be given of regular meetings
held pursuant to resolution of the Board of Directors as hereinafter
specified. Notice of special meetings shall be given at least
three days prior to the date of such meeting either personally,
by mail, telephone or telegraph. Attendance at a meeting shall
constitute a waiver of notice thereof.

6.4 Quorum. A majority of the directors shall constitute
a quorum but no action of the Board of Directors shall be valid
unless it is approved by an affirmative vote of at least two
directors.

6.5 Action without a meeting. Directors may take any
action in the absence of a meeting which they could take at a
meeting by obtaining the written approval of all of the directors
to such action. Any action so taken shall have the same effect
as though taken at a meeting of the directors.

ARTICLE VII

Powers and Duties of the Board of Directors

7.1 General powers. The Board of Directors shall have
power to:

7.1.1 Exercise for the Association all powers, duties,
and authority vested in or delegated to the Association and not reserved to the owners by other provisions of these bylaws or the Declaration.

7.1.2 Adopt, amend, revoke, publish and cause to be enforced rules and regulations not inconsistent with the Declaration governing the use of the common elements, and the personal conduct of owners, their families, tenants and guests thereon, and to establish penalties and fines for the infraction thereof. Such rules and regulations shall become effective when due notice thereof is given by mail to each owner at his address as indicated in the records of the Association.

7.2 Duties of the Board of Directors. It shall be the duty of the Board of Directors to:

7.2.1 Cause the common elements to be maintained, repaired and replaced as necessary, and in case of casualty and subject to the limitations in the Declaration, to reconstruct and re-establish the properties.

7.2.2 As more fully set forth in Article VIII of the Declaration, to fix the amount of the annual assessment for each owner's proportionate share of the difference between common expenses and common income, to fix the amount of the monthly reserve fund assessment and to give the owner subject thereto written notice of such assessments at least thirty days prior to the due date thereof; to cause to be prepared a roster of units subject to assessments with the assessments applicable to each such unit and to keep such roster in the Association office subject to inspection by any owner.

7.2.3 To cause to be obtained and maintained in full force and effect policies of casualty and liability insurance meeting the specifications thereof set forth in Article XIV of the Declaration.

7.2.4 To employ, replace and fix the terms of compensation of a manager; provided, that any management agreement shall be terminated by the Board of Directors for cause upon thirty days written notice and that the term of any management agreement shall not exceed one year, subject to renewal on agreement of the parties for successive one-year terms. The manager may be an individual or a corporation. The manager shall have such authority to act on behalf of the Board of Directors and the Association as may be delegated to...
him or it from time to time by the Board of Directors.

7.2.5 To cause to be employed such personnel as may be necessary for the maintenance, upkeep and repair of the common elements.

7.2.6 To cause to be kept a complete record of all of its acts and the proceedings of its meetings, and to cause to be presented at the annual meeting of the Association a report reviewing the business and affairs of the Association for the year.

7.2.7 To cause all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties, the premium on such bond to be paid by the Association as a part of the common expenses. The bond shall meet the provisions set forth in Section 14.1.3 of the Declaration.

7.2.8 To obtain legal and accounting services necessary or proper in the operation of the properties or the enforcement of the Declaration or these bylaws.

7.3 Approval of payment vouchers. The treasurer shall pay or cause to be paid all vouchers signed by the manager for expenditures of up to $1,000.00. Vouchers for any expenditures in excess of $1,000.00 shall require the signature of the chairman and the manager.

7.4 Authority with respect to capital improvements. The Board of Directors shall not have authority to make expenditures in excess of $1,000.00 for capital additions to or capital improvements of the common elements without the prior approval of the Association by a vote of a majority of all of the votes in the association.

ARTICLE VIII

Officers

8.1 Officers. The officers of this Association shall be a chairman, who shall be a member of the Board of Directors, and a secretary and a treasurer, who may, but need not, be members of the Board of Directors. The Board of Directors may appoint an assistant secretary or an assistant treasurer by resolution.
entered in its minutes. The offices of secretary and treasurer may be held by the same person. Officers shall be elected at the organization meeting of the Board of Directors each year, and the term of office shall be for a term of one year and until their successors are elected and assume office unless such officer resigns or is removed.

8.2 Removal, Resignation and Vacancies. Any officer may be removed from office with or without cause by the Board of Directors. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.3 Chairman. The chairman shall preside at all meetings of the Association and of the Board of Directors. He shall sign for the Association such contracts and other documents as he may be authorized by the Board of Directors to sign and as prescribed by these bylaws, and shall perform all acts and duties usually performed by a presiding officer or as prescribed by the Board of Directors.

In the absence of or disability of the chairman, the member of the Board of Directors senior in service shall preside and perform the duties of the chairman.

8.4 Secretary. The secretary shall keep or cause to be kept a complete record of all meetings of the Association and of the Board of Directors and of the owners; keep appropriate current records showing the names and addresses of the owners, perform such duties as he is required to perform in connection with assessments; and shall perform such other duties as may be required by the Board. The assistant secretary may be authorized by the Board of Directors to perform the duties of the secretary.

8.5 Treasurer. The treasurer shall pay or cause to be paid vouchers in accordance with the terms of these bylaws; shall keep such records, make such reports and perform such other duties as may be required from time to time by the Board of Directors.
8.6 Delegation and change of duties. In the event of absence or disability of any officer, the Board of Directors may delegate, during such absence or disability, the powers or duties of such officer to any other officer or any director.

ARTICLE IX

Collection of Share of Common Expenses

9.1 Basis and determination. Each owner's share of the excess of common expenses over common income and the reserve fund shall be collected as assessments on the basis and in the manner set forth in Article VIII of the Declaration. The Board of Directors may fix an annual assessment in any amount less than the maximum set forth in the Declaration and shall fix a monthly reserve fund assessment in an amount not exceeding the maximum set forth in the Declaration. The maximum annual assessment established in the Declaration and the maximum reserve fund assessment established in the Declaration may be changed as provided in the Declaration by vote of the owners. Special assessments for capital improvements may likewise be established by vote of the owners as set forth in the Declaration.

9.2 Certificates with respect to assessment. The secretary shall cause to be furnished to an owner liable for an assessment upon demand of such owner a letter setting forth whether the assessments on property of such owner have been paid.

9.3 Lien as reasonable value. Each owner agrees that in the event an unpaid assessment or fine becomes a lien upon his condominium in accordance with the provisions of the Declaration and ORS 91.580, that the amount of such lien shall conclusively be deemed to be the reasonable value of such common expenses, reserves and fines as are represented by such lien.

9.4 Provisions in the event of foreclosure of lien. In any foreclosure suit against a unit, the owner shall be required to pay a reasonable rental for the unit, and the Association shall be entitled to the appointment of a receiver to collect such rental. The manager acting on behalf of the Association shall have power to bid on the unit at the foreclosure sale and to acquire and hold, lease, mortgage and convey such unit. Any rental received shall be applied first to the costs of renting such unit and secondly to

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the amount of such unpaid assessments and fines thereon.

ARTICLE X
Books, Records, Audit

10.1 Inspection by Members. The books and records of the Association shall at all times during reasonable business hours be subject to inspection by any owner or institutional holder at the office of the Association.

10.2 Audit. An audit shall be made at any time upon order of the Board of Directors or upon a majority vote of the votes present at a regular or special meeting of the Association.

10.3 Execution of Documents. When the execution of any instrument has been authorized by the Board of Directors without specifying the executing officer, such instrument may be executed by any two of the following officers: chairman, secretary, treasurer and assistant secretary. The Board of Directors may, however, authorize any one of such officers to sign any such instrument for and on behalf of the Association and may designate officials or employees of the Association other than those named above who may sign such instrument.

ARTICLE XI
Mortgagees

11.1 Notice to Association. Any unit owner who mortgagess his interest in a unit shall notify the Association, through the managing agent, of the name and address of his mortgagee and the secretary shall maintain such information in the record of ownership of the Association.

112. Notice of Unpaid Assessments. The managing agent or Board of Directors shall notify the applicable institutional holder of any assessments which are not paid within thirty (30) days of the due date.

ARTICLE XII
Amendments

12.1 These bylaws may be amended at any annual or special meeting of the Association provided that notice of the
amendment shall be included in notice of the meeting. No such
amendment shall be effective unless and until approved by the vote
of owners of not less than 75% of the units and until a copy of the
bylaws as so amended, certified by the chairman and secretary of the
Association, is recorded with the Recording Officer of Yamhill
County, Oregon.

Any matters stated in these bylaws to be or which is in
fact governed by the Declaration may not be amended except as
provided in such Declaration.

ARTICLE XIII

13.1 The following persons are hereby declared to be
the officers of the Association until their successors are elected
and assume office:

Chairman - Hans W. Juhr
Secretary - Roger A. Nelson
Treasurer - Kenneth J. Juhr

The undersigned hereby certify that they are the duly
qualified acting chairman and secretary of NORTHGATE ARMS CONDOMINIUM
UNIT OWNERS ASSOCIATION and that these bylaws are the duly adopted
bylaws of such association.

DATED: 10-2-77

Chairman

Secretary

STATE OF OREGON, )
) ss.
COUNTY OF MULTNOMAH )

Before me personally appeared Hans W. Juhr

and ______________________ and acknowledged that they signed
the foregoing instrument freely and voluntarily and declared that the
statements therein contained are true.

Notary Public for Oregon
My Commission Expires 1-25-80

[Stamp]
DECLARATION OF UNIT OWNERSHIP
OF
NORTHGATE ARMS CONDOMINIUM

THIS DECLARATION, made this 2nd day of October, 1979, by NORTHGATE ARMS, INC., an Oregon corporation

hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, declarant is the owner of the real property
situated in the City of McMinnville, County of Yamhill,
State of Oregon, described in Exhibit "A", attached hereto and by
this reference incorporated herein; and

WHEREAS, declarant plans to construct certain condominium
buildings and other improvements upon the real property described
in Exhibit "A"; and

WHEREAS, declarant desires to submit such real property
to the provisions of the Oregon Unit Ownership Law and further
desires to subject such property, plus future additions thereto,
to the covenants, restrictions, easements, charges and liens
hereinafter set forth, each and all of which are for the benefit
of such property and its present and subsequent owners as hereinafter
specified;

NOW, THEREFORE, declarant hereby declares that the fee
simple interest in the property described in Exhibit "A" shall be
held, sold, used and conveyed subject to the following easements,
covenants, restrictions, charges and liens, hereinafter sometimes
referred to as "covenants and restrictions". Such covenants
and restrictions shall run with the property and shall be binding

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on all parties having or acquiring any right, title or interest in
the property or any part thereof, and shall inure to the benefit of
each owner thereof.

ARTICLE I
Definitions

Declaration hereby accepts the definitions set forth in ORS
91.500, unless the context clearly indicates a different meaning
therefor. In addition, the following terms shall be defined as here-
inafter set forth:

1.1 "Association" shall mean NORTHGATE ARMS CONDOMINIUM
UNIT OWNERS ASSOCIATION, which is an unincorporated association of
unit owners.

1.2 "Board of Directors" shall mean the board of directors
of the Association.

1.3 "Condominium" shall mean the entire estate in the real
property owned by an owner, consisting of an undivided interest in
the general common elements, and ownership of a separate interest
in a unit.

1.4 "Declaration" shall mean this instrument, its amend-
ments and supplements thereto.

1.5 "Owner" shall mean the record owner, whether one or
more persons or entities, of fee simple title to any unit situated
upon the properties, but shall not mean a mortgagee. Declaration shall
be considered an owner with respect to any unsold units.

1.6 "Properties" shall mean the real property subject to
this Declaration described hereinafter in Section 2.1.

1.7 "Unit" shall mean a specific improvement and elements
of a condominium upon the properties with each such unit being shown
on the plot plan attached hereto as Exhibit "B" and by this reference
incorporated herein. The boundary of each unit is the walls, floors
and ceilings of the unit as defined in the State of Oregon Unit
Ownership Law.

1.8 "Institutional Holder" shall mean a mortgagee which is a
bank or savings and loan association or established mortgage company,
or other entity chartered under federal or state laws, any corporation
or insurance company, or any federal or state agency.

1.9 "Mortgage" shall include a Deed of Trust.

1.10 "Mortgagee" shall include the beneficiary under a Deed
of Trust.
ARTICLE II

Property Subject to the Declaration

2.1 The real property which is subject to this Declaration is located in the City of McMinnville, County of Yamhill, State of Oregon, and is described in Exhibit "A".

ARTICLE III

3.1 Name. The name by which the properties shall be known is Northgate Arms Condominium.

3.2 General description of Units. Each unit is of wood frame construction consisting of either 1 or 2 stories. The approximate area of each unit is set forth in Exhibit C, attached hereto and by this reference incorporated herein. There are 30 units which are contained in 6 buildings and the general location of each unit designation and all other data necessary for proper identification of each unit is set forth in Exhibit "B", attached hereto and by this reference incorporated herein. Parking spaces are indicated on Exhibit "B". Six of the units contain single garages. The other 24 units will be assigned one of the parking spaces at the time of the initial sale of the unit, such parking space to be a limited common element as set forth in Section 4.2 of Article IV.

ARTICLE IV

Common Elements

4.1 General common elements. General common elements shall consist of all portions of the land, structures and improvements which are not units or limited common elements.

4.2 Limited common elements. The patios, the decks and 24 parking spaces, which are designated on Exhibit "B", shall be limited common elements which are assigned to individual units in accordance with Exhibit "D", attached hereto and by this reference incorporated herein and shall be reserved for the sole use of each unit designated and such assignment can only be changed in accordance with ORS 91.563(4), the approval of the Board of Directors and the consent of any mortgagee having an interest in any unit involved in the change.

4.3 Panera Interest in common elements. Each unit owner shall have an undivided interest in the common elements in the percentage set forth in Exhibit "C". The allocation of each unit owner's undivided

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interest in the common elements is based upon each unit's estimated fair market value as of this Declaration compared to the estimated fair market value of all units as of the date of this Declaration. No owner's individual interest in the common elements shall be separated from the unit to which it appertains, and each such individual interest shall be conveyed or encumbered with such unit, though such interest is not expressly mentioned or described in the conveyance of such unit.

4.4 Common elements to remain undivided. Common elements shall remain undivided, and no owner shall bring any action for partition or division of any part thereof while the Properties are subject to this Declaration.

ARTICLE V
Association

5.1 Creation. The association of unit owners of Northgate Arms Condominium shall be an unincorporated association.

5.2 Membership. Each unit owner shall be a member of the association.

5.3 Voting Rights of members. Each unit owner shall have voting rights in the association equal to the unit's allocation of undivided interest in the common elements as set forth in Exhibit "C".

5.4 Board of Directors. The affairs of the association shall be governed by a board of directors as provided for in the association's by-laws.

5.5 Authority of Association. The association shall administer, manage and operate the general common elements and shall have the authority set forth in ORS 91.527(4) and (5) which includes the authority to grant easements, rights of way, licenses and other similar interests affecting the general common elements and the easements granted and reserved in Article XII upon the approval of at least 75 percent of the unit owners.

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ARTICLE VI
Uses and Limitations of
Each Building and Unit

6.1 Use of Units. Each unit is intended for use as a private residence for the owner, his family and guests; except that each owner shall be permitted to rent or lease his unit as an apartment during periods when he shall not be occupying such unit. No lease or rental of a unit shall excuse the owner from payment of any charges and assessments to which his unit is subject pursuant to this Declaration.

6.2 Limitation on use. The following restrictions are applicable to the use of any units:

6.2.1 No unit shall be used for any purpose other than residential purposes. With the exception of an institutional holder in possession of a condominium unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to rent or lease his unit for transient or hotel purposes. No unit owner may lease or rent less than the entire unit. Any lease or rental agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases and rental agreements shall be required to be in writing. Other than the foregoing, there is no restriction on the right of any unit owner to lease or rent his unit.

6.2.2 No animals or fowls shall be raised, kept or permitted upon the Properties or any part thereof, excepting only domestic cats and one dog for each unit and excepting caged pet birds kept within the unit, providing such cats, dogs and pet birds are not permitted to run at large, are kept and maintained in strict accordance with all regulations of the Association and are not kept, bred or raised for commercial purposes or in unreasonable numbers.

6.2.3 No noxious or offensive activities shall be carried on in any unit or in any part of the common

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elements, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood.

6.2.4 No trucks, campers, trailers or boats shall be parked or permitted to remain in any portion of the general common elements, except in such specific parking areas as may be assigned by the Association to such recreational vehicle.

6.2.5 No owner or occupant shall remove or significantly alter any tree, shrub or any other improvement in any portion of the general common elements unless permission in writing is first granted by the Association.

6.2.6 Nothing shall be done or kept by any owner or occupant in any unit or in the common elements which will increase the rate of insurance on the common elements without written consent of the Association. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on any unit or on any part of the common elements, or which would be in violation of any law.

6.2.7 All parts of the general common elements, including walks and parking areas are for the use of owners on an equal basis. It shall be the responsibility of each owner to allow maximum ease of pedestrian and vehicular ingress and egress over walks and parking areas allowing no obstruction or barrier on, across or adjacent to sidewalks and parking areas.

6.2.8 In addition to all other remedies available for the enforcement of these covenants and restrictions, the Board of Directors shall have the power to establish, assess and collect fines for any and all violations.

**ARTICLE VII**

**Limitation on Use of General Common Elements**

7.1 Each owner's right to the use of the general common elements shall be subject to the following limitations:

7.1.1 The right of the Association to limit the
number of guests permitted to use the facilities which are a part of the general common elements.

7.1.2 The right of the Association to charge reasonable admission and other fees for the use of any facility which is a part of the general common elements, and to promulgate reasonable rules and regulations in regard to the use of such facilities.

7.1.3 The right of the Association to suspend the enjoyment rights of any owner, member of his family, guest or tenant for any period during which any assessment remains unpaid and for any period not to exceed thirty days for any infraction of published rules and regulations.

ARTICLE VIII
Service of Process

8.1 The name of the person to receive service of process in the cases provided in ORS 91.578 (1) is Marilyn Dell and her residence within Yamhill County, Oregon, is 419 East Sixth, McMinnville, Oregon 97128.

ARTICLE IX
Covenants for Payment of Share of Common Expenses, Reserves, Special Assessments and rights of Institutional Holder

9.1 Creation of lien and personal obligation. Each owner upon acceptance of the deed to a unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association:

9.1.1 His proportionate share of common expenses as determined by annual assessments or charges.

9.1.2 His proportionate share of reserves as determined in accordance with Section 9.4.

9.1.3 Special assessments for capital improvements may be fixed, established and collected from time to time as hereinafter provided.

9.1.4 Fines assessed pursuant to Section 6.2.8 of Article VII of these covenants and restrictions. Such annual and special assessments, reserves and fines, together with interest thereon and cost of collection thereof as hereinafter provided shall be
a continuing lien against the condominium of any owner to whom such assessment and/or fine applies and shall also be the personal obligation of the person who is the owner of such condominium at the time when the assessment and/or fine falls due.

9.2 Purpose of annual assessments. The annual assessment levied by the Association shall be for the purpose of paying the excess of common expenses over common income and shall be deemed exclusively for the purpose of promoting the recreation, health, safety and welfare of the owners, and in particular for the improvement and maintenance of property, services and facilities devoted to this purpose and related to the use and enjoyment of the common elements. Without limiting the generality of the foregoing, assessments for common expenses may be used to pay for the cost of leasing facilities for the use of owners, for the cost of water and garbage removal, for the payment of insurance and ad valorem taxes upon the common elements and for the maintenance of the general and limited common elements.

9.3 Basis of annual assessment. Unless changed by the membership as hereinafter provided, the maximum annual assessment for all of the units shall be $20,000.00 per year. The Board of Directors may, after consideration of current maintenance costs, income of the Association, and its financial requirements, fix the actual annual assessment at an amount less than the maximum. Upon vote of the membership as hereinafter provided, the Association may change the maximum annual assessment fixed by this section prospectively.

9.4 Reserves. In addition to the annual assessment provided hereinafore, the Board of Directors shall establish such reserves as good business judgment warrants for the improvement, repair or other needed expenditures of maintenance and replacement of the general common elements. To fund such reserves, the Board of Directors shall levy a monthly reserve fund assessment. All such reserves shall be held by the Board of Directors as trustees, in trust for the owners as their contribution thereto shall appear, and shall not become the funds of the Association until the expendi-
tures for which such reserve is created has become due and payable.
Unless changed by the membership as hereinafter provided, the
maximum monthly reserve fund assessment for all of the units
shall be $150.00 per month. The Board of Directors may,
after due consideration, fix the actual monthly reserve fund
assessment at an amount less than the maximum. Upon vote of the
membership as hereinafter provided, the Association may change
the maximum monthly reserve fund assessment fixed by this section
prospectively.

9.5 Special assessments for capital purposes. Upon vote
of the Association in the manner hereinafter set forth, the
Association may levy in addition to annual assessments and monthly
reserve fund assessments, a special assessment in any calendar
year applicable to that year only, for the purpose of defraying
in whole or in part the cost of construction or reconstruction or
expected repair or replacement of a described capital improvement
upon the common elements including necessary fixtures and personal
property related thereto.

9.6 Rate of assessment. All assessments must be fixed
on a prorata basis according to the percentage interest of each
unit owner in the common elements as provided in Exhibit "G".

9.7 Voting and notices for special assessment and change
of maximum assessment and maximum reserve fund assessment. Any
special assessment or change in maximum annual assessment and/or
maximum reserve fund assessment must have the assent of two-thirds
of the total number of votes in the Association at a meeting duly
called for that purpose, written notice of which shall be sent
to all such owners at least thirty days in advance of the date of such
meeting, setting forth the purpose of the meeting; provided, however,
that the amount of the maximum annual assessment set forth in Section 9.3
and the amount of the maximum reserve fund set forth in Section 9.4
shall be automatically increased annually by the percentage increase
in the National Consumer Price Index, published by the U.S. Bureau
of Statistics, at the beginning of the calendar year over the
National Consumer Price Index at the end of the calendar year. In
the event the National Consumer Price Index is no longer published
at any applicable date, a substituted index shall be designated by
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the Board of Directors.

2.8 Date of commencement of annual assessments. The initial annual assessment for the excess of common expenses over common income shall commence on the 60th day after the first unit has been sold and the unit deed on said sale has been recorded, shall be made for the balance of the calendar year, and shall be due
and payable on the date fixed by the Board. Annual assessments for any year after the first year shall become due and payable on January 15th of such year or such other date or dates fixed by the board.

The amount of the initial annual assessment for the first year in which assessments are made shall be prorated on a calendar-year basis according to the date of the first assessment. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

9.9 Date of commencement of reserve fund assessment. The initial monthly reserve fund assessment shall commence on the first day of such month as determined by the Board of Directors and shall be in the amount determined by the Board of Directors in accordance with the provisions set forth heretofore.

9.10 Duties of the Board of Directors. The Board of Directors shall fix the amount of the assessments against each unit for each assessment period and give the owner subject to such assessments written notice of such assessments at least thirty days in advance of the due date thereof, and the Board of Directors shall cause to be prepared a roster of the condominiums and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner.

The Association shall upon demand at any time furnish to any owner liable for an assessment a letter signed by an officer of the Association setting forth whether the assessment or assessments have been paid. Such letter shall be conclusive evidence of the payment of any assessment therein stated to have been paid.

9.11 Effect of non-payment of assessments. If an assessment and/or fine is not paid on the date when due, such assessment and/or fine shall become delinquent and shall, together with interest thereon and cost of collection thereof as hereinafter provided, continue as a lien on the condominium against which such assessment and/or fine was made, and the Association shall comply with the provisions of CRS 91.546 with respect to such lien.

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and payable on the date fixed by the Board. Annual assessments for any year after the first year shall become due and payable on January 15th of such year or such other date or dates fixed by the board.

The amount of the initial annual assessment for the first year in which assessments are made shall be prorated on a calendar-year basis according to the date of the first assessment. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

9.9 Date of commencement of reserve fund assessment.
The initial monthly reserve fund assessment shall commence on the first day of such month as determined by the Board of Directors and shall be in the amount determined by the Board of Directors in accordance with the provisions set forth hereinabove.

9.10 Duties of the Board of Directors. The Board of Directors shall fix the amount of the assessments against each unit for each assessment period and give the owner subject to such assessments written notice of such assessments at least thirty days in advance of the due date thereof, and the Board of Directors shall cause to be prepared a roster of the condominiums and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner.

The Association shall upon demand at any time furnish to any owner liable for an assessment a letter signed by an officer of the Association setting forth whether the assessment or assessments have been paid. Such letter shall be conclusive evidence of the payment of any assessment therein stated to have been paid.

9.11 Effect of non-payment of assessments. If an assessment and/or fine is not paid on the date when due, such assessment and/or fine shall become delinquent and shall, together with interest thereon and cost of collection thereof as hereinafter provided, continue as a lien on the condominium against which such assessment and/or fine was made, and the Association shall comply with the provisions of ORS 91.546 with respect to such lien. The
personal obligation of the then owner to pay such assessments and fines, however, shall remain his personal obligation and the successor in title shall be liable therefor as provided in GRS 91.551 (2). If the assessment and fines are not paid within thirty days after the delinquency date, the assessment and fines shall bear interest from the date of delinquency at the rate of ten percent per annum and the Association may bring an action at law against the owner personally obligated to pay the same, or to foreclose the lien against the property.

In the event a judgment is obtained in favor of the Association, such judgment shall include interest on the assessments and fines as above provided and a reasonable attorney’s fee to be fixed by a court at either a trial or an appellate court level together with the costs and disbursements incurred. Any rentals received by the Association for the use of the unit may be applied to such assessments and fines at the option of the Board of Directors.

9.12 Effect of failure of Board of Directors to set assessment. The omission by the Board of Directors, before the time set herein, to fix any assessment hereunder shall not be deemed a waiver or or modification in any respect of the provisions of the Declaration or a release of the owner from the obligation to pay an assessment or any installment thereof, but the assessment fixed for the preceding period shall continue until a new assessment is fixed.

9.13 Overassessment. At the end of each fiscal year of the Association, the Board of Directors shall cause to be repaid promptly to each owner any amount by which his annual assessment during the fiscal year shall have exceeded the amount necessary to fund the difference between the common expenses and common income of the Association during such fiscal year. In lieu of refunding such overassessment in cash, the Board of Directors may credit the amount of such overassessment over against the owner’s assessment for the succeeding fiscal year.

9.14 Subordination of the lien to mortgages. The lien
of the assessments and fines provided for herein shall be subordinate to the lien or equivalent security interest of any first mortgage on the unit recorded prior to the date any such common expense assessments become due. Each holder of a first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the unit free of any claims for unpaid assessments and charges against the unit which accrue prior to the time such holder comes into possession of the unit, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all units including the mortgaged unit. No amendment to this paragraph shall affect the rights of the holder of any such mortgage recorded prior to recordation of such amendment which does not joint in the execution thereof.

9.15 Right of institutional holder to vote at Association meetings under certain circumstances. If the institutional holder of any unit owner determines that the Board of Directors are not providing an adequate maintenance, repair, and replacement program for the project, as required in paragraph 9.2, such institutional holder, at its option, may deliver a written notice to the Board of Directors by delivering the same to the registered agent required pursuant to ORS 91.578(1), setting forth the particular defect that it believes exists in the maintenance, repair, and replacement program. If the specified defects are not corrected within 90 days subsequent to the receipt of such notice, then the institutional holder, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the

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which it holds a mortgage lien on all business coming before such meeting, which said proxy rights shall continue until the defects listed on the aforementioned notice are corrected.

9.16 Prior written approval of institutional holders required under certain circumstances. The prior written approval of each institutional holder of a first mortgage, deed of trust or equivalent security interest, hereinafter called "first mortgage", on each unit will be required for the following:

9.16.1 The abandonment or termination of the project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

9.16.2 Any material amendment to the Declaration or to the Bylaws of the Unit Owners Association, including, but not limited to, any amendment which would change the percentage interests of the unit owners;

9.16.3 The effectuation of any decision by the Unit Owners Association to terminate professional management and assume self-management;

9.16.4 The partitioning or subdividing of any unit; provided, that this sub-paragraph shall not in any way permit the partitioning or subdividing of any unit unless such is permitted under the laws of the State of Oregon and this Declaration.

9.17 Additional rights of institutional holders. The Unit Owners Association shall give to each institutional holder of a first lien prompt notice of any default by the applicable unit owner under this Declaration, which default is not cured within thirty (30) days.

Upon request, each institutional holder shall have the right to (a) inspect the books and records of the Unit Owners Association during normal business hours; and (b) receive an annual audited financial statement of the project within 90 days following the end of any fiscal year of the project; and (c) receive written notice of all meetings of the Unit Owners Association and be permitted to designate a representative to attend all such meetings.

If any unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation

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or eminent domain proceeding or is otherwise sought to be acquired
by a condemning authority, notice thereof shall be forthwith sent by the
Board of Directors to the institutional holder of any first mortgage
on any applicable unit.

In the event of substantial damage to or destruction of any
unit or any part of the common elements, notice thereof shall be forth-
with sent by the Board of Directors to the institutional holder of any
first mortgage on any applicable unit. Substantial damage shall mean
damage to a unit in excess of $1,000.00 or damage to the common
elements in excess of $10,000.00.

ARTICLE X
Owner's Obligation to Repair

10.1 Each owner shall at the owner's expense keep the
interior of his unit, its equipment and appurtenances in good order,
condition and repair and in a clean and sanitary condition; shall do
all redecorating and painting which may at any time be necessary to
maintain the good appearance and condition of such unit. In addition,
the owner shall be responsible for the maintenance, repair or
replacement of any plumbing fixtures, fans, heaters, heating equipment,
lighting fixtures, refrigerators, dishwashers, disposals, or ranges
that may be in or connected with his unit.

All draperies shall be either white or lined with white material.
The Board of Directors and manager shall not be responsible to
the owner for loss or damage by theft or otherwise of articles which
may be stored by the owner in any portion of his unit.

ARTICLE XI
Restrictions on Maintenance, Construction and Improvement

11.1 Permission required for alterations. Owner shall
not without first obtaining written consent of the Board of Directors
make, or permit to be made, any structural alterations, improvements,
subdivisions, or additions in or to his unit, or in and to the
exterior of the building in which his unit is located or other general
common elements. Owner shall not paint or decorate any portion of
his deck, patio or other exterior portion of his unit without first
obtaining the written consent of the Board of Directors.

11.2 Mailboxes. The location, color, size, design,
lettering and other particulars of mail or paper delivery boxes
shall be subject to the approval of the Board of Directors.
11.3 Signs. No sign or other advertising device of any character shall be erected on any unit or maintained upon any part of the properties except one sign not larger than 18 inches by 24 inches advertising a unit for sale or for rent. Signs advertising the property for sale or for rent by a real estate broker shall not be permitted. Provisions of this section are not applicable to declarant.

11.4 Antennas and aerials. All outside television and radio antennas and aerials are prohibited without express written consent of the Association.

ARTICLE XVI

Easements and Encroachments

12.1 Reservation of easements. Declarant hereby grants to the Association and reserves to declarant, declarant's successors, heirs and assigns, perpetual easements under, over and across all general common elements for the purpose of erecting, constructing, maintaining and operating sewers and drainage systems, and poles, pipes, wires, cables, guys, anchorages and conduits for lighting, heating, power, telephone, television transmission, and any other method of conducting and performing any public or quasi-public utility service or function beneath, upon or above the surface of such common elements. Declarant reserves the right to cut and/or trim any tree or other growth upon such common elements which may interfere with or menace the construction, maintenance or operation of such utilities.

12.2 Easements to Association. There is hereby granted to the Association, its agents and servants an easement in gross with respect to all of the properties for the purpose of entry and access for landscaping and maintenance of the common elements, for the performance of its duties of exterior maintenance, for the purpose of making emergency repairs, for the purpose of making repairs which are required to be made by a unit owner under this Declaration, the bylaws or the laws of the State of Oregon and which have not been made by the unit owner and for the execution generally of its rights and obligations as otherwise provided in this Declaration.

12.3 Easement of ingress and egress. There is hereby granted to owners and tenants, invitees and guests a non-exclusive

14 ... DECLARATION OF UNIT OWNERSHIP
12.4 Encroachments. None of the rights and obligations of the owners created herein shall be altered in any way by encroachment through the settlement, shifting or rebuilding of structures or any other cause. There shall be valid easements for the maintenance of such encroachments for so long as they shall exist, provided, however, that in no event shall a valid easement for encroachment occur due to the willful conduct of an owner or owners.

ARTICLE XIII

Failure of Board of Directors to Insist upon Performance

13.1 Limitation of liability. Neither the manager nor the Board of Directors, nor any member thereof, shall be liable for any failure of any utility service to be obtained and paid for by the Board of Directors hereunder, or for any injury or damage to person or property caused by the elements or by another owner or person in the properties, or for damage from electricity, water, rain, snow or ice which may leak or flow from outside or from any part of any building or from any of its pipes, drains, conduits, appliances or equipment, or from any other place, unless caused by any gross negligence of the Board of Directors or manager as the case may be. No diminution or abatement of assessments for common expenses shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken to comply with any law, ordinance or orders of a governmental authority.

13.2 Indemnification of directors. Each Director shall be indemnified by the owners against all expenses and liabilities including attorney’s fees reasonably incurred and imposed upon him in connection with any proceeding in which he may be a party and in which he may be involved by reason of his being or having been a member of the Board of Directors, or any settlement of

15 ... DECLARATION OF UNIT OWNERSHIP
such liability whether or not he is a member of the Board of Directors at the time such expenses are incurred, except in cases wherein the Director is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in performance of his duties. In the event of a settlement, however, such indemnification shall apply only when the Board of Directors approve such settlement as being for the best interests of the Association.

ARTICLE XIV

Insurance

14.1 Duty to obtain insurance. The manager, acting under the direction of the Board of Directors shall obtain and maintain at all times insurance for the benefit of the Association and the owners, in the type, kind and amount hereinafter provided; payments for such insurance shall be paid as part of the common expenses of the Association;

14.1.1 Policy or policies of fire insurance with extended coverage endorsement for the full insurable replacement value of all units and common elements. Such policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each condominium, if any. During the initial sale of all condominiums in the properties, the amount of such policy may be the cost of the unsold condominiums plus the full insurable replacement value of all the condominiums not owned by the declarant.

14.1.2 A policy or policies insuring the Association, its Board of Directors, the owners and the manager against any liability to the public or the owners, their invitees or tenants, incident to ownership or use of the properties. Limits of liability under such policy shall be not less than $100,000/$300,000 for personal injury and $100,000 property damage in each occurrence with such limits and coverage to be reviewed at least annually by the Board of Directors. Such policy or policies shall be issued on a comprehensive liability basis to provide cross liability

16... DECLARATION OF UNIT OWNERSHIP
endorsements wherein the rights of the insured under the policy shall not be prejudiced as respects any right of action of any such insured against another named insured.

14.1.3 Notwithstanding any other provisions herein, the Board of Directors 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 Federal National Mortgage Association and Government National Mortgage Association, so long as either is an institutional holder or owner of a unit within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

14.2 Quality of insurance policies. All insurance policies required under this article shall be written in a company licensed to do business in Oregon and holding a rating of A+/AAA or better, by Best's Insurance Reports.

14.3 Authority to adjust losses. Exclusive authority to adjust losses under policies hereafter in force pursuant to this article shall be vested in the Board of Directors, or its authorized representative.

14.4 Contribution. In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual owners or their mortgagees.

14.5 Owner's additional insurance. Each owner may obtain additional insurance at his own expense; provided, however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such way as to decrease the amount which the Board of Directors on behalf of all of the owners may realize under any insurance policy which the Board of Directors may have in force on the properties at any particular time.

14.6 Notification as to improvements. Each owner must notify the Board of Directors in writing of any improvements to his unit, the value of which improvements is in excess of $1,000.00.

14.7 Duty to file copies of individual policies. Any owner who obtains individual insurance policies covering any portion of the properties other than personal property belonging to such owner, shall file copies of such individual policy or policies with the Board of Directors within thirty (30) days after purchase of such insurance.
14.8 Provisions of insurance policies. The Board of Directors shall make every effort to secure insurance policies that will provide:

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

14.8.2 That the master policy on the properties cannot be cancelled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors, or the manager, without prior demand in writing that the Board of Directors or manager cure the defect.

14.8.3 That any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

14.8.4 That the insurer issue subspecies specifying the portion of the master policy earmarked for each owner's interest, and that until the insurer furnishes written notice and a grace period to the mortgagor insured under the loss payable clause thereof, the mortgagor's coverage is neither jeopardized by the conduct of the unit mortgagor-owner or the Association or other owners, nor cancelled for non-payment of premiums.

14.9 Review of Insurance. At least every three years the Board of Directors shall review all insurance carried by the Association, and such review shall include appraisal of all improvements to the properties by a representative of the insurance carrier writing the master policy.

ARTICLE XV

Damage and Destruction

15.1 Application of insurance proceeds. In the case of fire, casualty, or other insured loss, the insurance proceeds of insurance policies covering such loss, if sufficient to reconstruct the buildings damaged or destroyed, shall be applied to such reconstruction. "Reconstruction" of the damaged or destroyed buildings means restoring the buildings to substantially the same condition in which they existed prior to such loss, with each unit and the common elements having the same vertical and horizontal boundaries as before such loss. Final approval of such reconstruction

18 ... DECLARATION OF UNIT OWNERSHIP
shall be made by the Board of Directors of the Association.

15.2 Procedure if insufficient insurance proceeds. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to or destruction of such buildings shall be promptly repaired by the Board of Directors using the proceeds of insurance, if any, on the buildings for that purpose, and the owners shall be liable for assessment for any deficiency. Such deficiency shall take into consideration with respect to any owner's contribution, any individual policy of insurance proceeds provided by such owner.

15.3 Owners' rights if substantial destruction of properties. However, if three-fourths or more in value of all of the buildings on the properties are destroyed or substantially damaged, and if the owners by a vote of at least three-fourths thereof decide, within sixty (60) days after such destruction or damage not to make provision for repair, reconstruction or rebuilding of the damaged buildings, the properties shall be considered to be removed from the provisions of the Oregon Unit Ownership Law, with the legal consequences resulting therefrom as set forth in ORS 91.591 and 91.593. In such event, the Board of Directors shall file a notice of the decision of the owners within such 60-day period with the County Recorder of Yamhill County.

ARTICLE XVI
Personal Property

16.1 The Board of Directors or the manager may acquire and hold for the benefit of the owners, personal property of any description and may dispose of the same by sale or otherwise. Beneficial interest in such personal property shall be owned by the owners in the same proportions as their respective interests in the common elements, and shall not be transferable by an owner except with the transfer of a condominium. Transfer of a condominium shall transfer ownership of the transferor's beneficial interest in such personal property to the transferee.
ARTICLE XVII

Condemnation

17.1 Condemnation of common elements. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of Directors. If three-fourths or more of the unit owners duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall arrange for the repair and restoration of such common elements, and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that three-fourths or more of the unit owners do not duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall disburse the net proceeds of such award to the unit owners in accordance with their percentage interest in the common elements as provided in Exhibit "C".

17.2 Partial or total condemnation of an individual unit or units. The award from a taking of a portion or all of an individual unit or units shall be deposited with the Board of Directors and shall be distributed or used in the manner heretofore provided for insurance proceeds except that when the properties are not to be removed from the provisions of the Oregon Unit Ownership Law and one or more units are taken in part, the taking shall have the following effects:

17.2.1 Unit reduced but tenable. If the taking reduces the size of a unit and the remaining portion of the unit can be made tenable, the award for the taking of a portion of the unit shall be used for the following purposes in order stated and the following changes shall be effected in the condominium:

(a) The unit shall be made tenable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owner of the unit.

(b) The balance of the award, if any, shall be distributed to the owner of the unit and to each mortgagee of the unit, the remittance being payable jointly to the owner and mortgagee.

(c) If there is a balance of the award distributed to the
unit owner or mortgagee, the share in the common elements appurtenant to the unit shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the unit immediately prior to the taking, and then recomputing the shares of all unit owners in the common elements as percentages of the total of their shares as reduced by the taking.

17.2.2 Unit made untenable. If the taking destroys or so reduces the size of a unit that it cannot be made tenable, the award for the taking of the unit shall be used for the following purposes in the order stated and the following changes shall be effected in the condominium:

(a) The market value of such a unit immediately prior to the taking shall be paid to the owner of the unit and to each mortgagee of the unit, the remittance being payable jointly to the owner and mortgagee and such owner shall have no further interest in the common elements of the condominium.

(b) The remaining portion of such unit, if any, shall become a part of the common elements and shall be placed in condition for use by all of the unit owners in the manner approved by the board of directors; provided, if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner elsewhere required for further improvement of the common elements.

(c) The shares in the common elements of the units which continue as a part of the condominium shall be equitable adjusted to distribute the ownership of the common elements among the reduced number of owners. This shall be done by recomputing the shares of such continuing owners in the common elements as percentages of the total of the shares of such owners as they exist prior to the adjustment.

(d) If the amount of the award for the taking is not sufficient to pay the market value of the condemned unit to the owner and to condition the remaining portion of the unit for use as a part of the common elements, the additional funds required for such purposes
shall be raised by assessments against all of the unit owners who will continue as owners of units after the changes in the condominium effected by the taking. Such assessments shall be made in proportion to the shares of such owners in the common elements after the changes effected by the taking.

17.2.3 Arbitration. If the market value of a unit prior to the taking cannot be determined by agreement between the unit owner and mortgagee of the unit and the Association within 30 days after notice by either party, such values shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be three appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the unit, and a judgment of specific performance upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The cost of arbitration proceedings shall be assessed against all unit owners in proportion to the shares of the owners in the common elements as they exist prior to the changes effected by the taking.

ARTICLE XVIII

Enforcement

18.1 Enforcement. The Association or any owner shall have the right to enforce by any proceeding at law or equity all restrictions, conditions, covenants and reservations imposed by this Declaration, and a similar right shall exist with respect to recovery of damages for any such violation. In any suit or action contemplated by this section, the prevailing party shall be entitled, in addition to costs thereof, to such attorney fees as may be awarded by the court in such suit or action, including attorney fees on any appeal of any judgment or decree.

ARTICLE XIX

General Provisions

19.1 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose in creating
a uniform plan for the development and operation of a condominium project.

19.2 Amendment. Unless otherwise provided herein, this Declaration may be amended by an instrument in writing signed and acknowledged by owners holding seventy-five percent (75%) of the voting rights hereunder; provided, however, that except as provided in ORS 91.500 to 91.671 and 91.990, no amendment may change the allocation of undivided interest in the common elements, right to common profits or voting rights of any unit unless such amendment has been approved by the owners of the affected units. The amendment, however, shall not be effective for any purpose until a copy thereof is recorded in the office of the recording officer of Yamhill County, Oregon. Before any amendment may be recorded, it must be approved by the State of Oregon Real Estate Commission.

19.3 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

19.4 Effective date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, Northgate Arms, Inc. has executed the foregoing Declaration as of the day and year hereinabove first set forth.

NORTHGATE ARMS, INC.

By: [Signature]

STATE OF OREGON, } ss.
County of Multnomah) October 31, 1979

Personally appeared Hans W. Juhr, President of Northgate Arms, Inc., an Oregon corporation and acknowledged the foregoing instrument to be its voluntary act and deed, and declared that the statements therein contained are true and that he signed the same by authority of its Board of Directors.

Before me:

Notary Public for Oregon
My Commission Expires: 1-25-89

23 ...DECLARATION OF UNIT OWNERSHIP
The foregoing Declaration is approved pursuant to ORS 91.512
this 6 day of November, 1979.

[Signature]
Yamhill County Assessor

The foregoing Declaration is approved pursuant to ORS 91.512
this 6 day of December 1979.

[Signature]
Yamhill County Tax Collector
State of Oregon

Department of Commerce
Real Estate Division

APPROVAL OF DECLARATION

THE UNDERSIGNED, pursuant to ORS 91.512, as Real Estate Commissioner of the State of Oregon, hereby approves the Declaration of Unit Ownership for

NORTHGATE ARMS CONDOMINIUM

In Yamhill County, Oregon.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed hereto the seal of the Real Estate Division of the Department of Commerce of the State of Oregon this

5th day of November, 1979.

WILLIAM F. GWINN
Real Estate Commissioner

BY
Donald B. Campbell, Examiner
Condominium Program
EXHIBIT "A"

A parcel of land in the Northeast Quarter of Section 16, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon, the boundary of which is described as follows:

BEGINNING at the intersection of the South right of way line of 27th Street with the East right of way line of McDonald Lane, which point is South 0°04'20" East 30.002 feet and South 89°26'00" East 10.002 feet from a monument at the intersection of the centerlines of said 27th Street and McDonald Lane; thence South 89°26'00" East, along said South right of way line 453.82 feet; thence South 0°04'20" East 250.016 feet; thence North 89°26'00" West 453.82 feet to a point on said East right of way line; thence North 0°04'20" West 250.016 feet to the point of beginning.

Legal for Northgate Arms Condominiums
Revised

EXHIBIT C

OWNER'S PERCENTAGE INTEREST IN COMMON ELEMENTS

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<th>Unit No.</th>
<th>Approximate area (square footage)</th>
<th>Percentage of Ownership</th>
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*Units 1 through 6 also include a single garage of approximately 305 square feet.
### NORTHGATE ARMS CONDOMINIUM

**EXHIBIT "D"**

**ASSIGNMENT OF LIMITED COMMON ELEMENTS**

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<th>Unit No.</th>
<th>Parking Spaces</th>
<th>Patios &amp; Decks</th>
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BYLAWS OF
NORTHGATE ARMS CONDOMINIUM
UNIT OWNERS ASSOCIATION

ARTICLE I
Name and Applicability

1.1 Name. This Association shall be known as the NORTHGATE ARMS CONDOMINIUM UNIT OWNERS ASSOCIATION, which is an unincorporated association composed of unit owners of Northgate Arms Condominium, a condominium project.

1.2 Definitions. The terms used in these bylaws shall have the meanings defined in ORS 91.500 and the Declaration of Unit Ownership of Northgate Arms Condominium, hereinafter referred to as the Declaration.

1.3 Applicability. Each owner, upon acceptance of the deed to a unit, shall be deemed to have consented to the applicability of the provisions of these bylaws to such owner and to all rules and regulations promulgated by the Association pursuant thereto as the same may from time to time be amended. These bylaws and such rules and regulations shall likewise be applicable to the families of owners and tenants, employees, and guests of owners.

ARTICLE II
Purpose and Authority

2.1 Purpose. This Association is formed pursuant to the provisions of ORS Sec. 91.527 of the Oregon Unit Ownership Law, to provide a means for administration of the condominiums located on the properties described in the Declaration.

2.2 Authority. The Association shall have the authority set forth in the Declaration and in the State of Oregon Unit Ownership Law. The Association shall assume the administrative responsibility of the condominium immediately upon the filing of the Declaration.

ARTICLE III
Composition and Voting Rights

3.1 Composition. The Association shall be composed of all the owners of units in the condominium known as Northgate Arms Condominium.

3.2 Each unit owner shall have the number of votes equal to the percentage for such unit expressed in Exhibit C, attached to the Declaration on any and all matters on which voting rights are...
provided by the Oregon Unit Ownership Law or these Bylaws.

When there is more than one record owner of a unit, all such owners may attend and participate in any meeting; but the vote for each unit shall be exercised as the persons holding such interests shall determine between themselves, provided that in no event shall there be more votes cast with respect to any such unit than the unit is entitled to as set forth above.

ARTICLE IV

Meetings

4.1 Initial and Annual Meeting. The annual meeting of the owners shall be held in McMinnville, Oregon, or at such other place in Yamhill County and at such date and time in the month of April of each year as may be prescribed by the Board of Directors. The initial meeting of the owners shall be the first annual meeting. Notice of the initial meeting shall be given in accordance with sub-paragraph 4.3 of this article.

4.2 Special meetings. Special meetings of the owners may be called at any time by the Board of Directors and shall be called by the secretary of the Association upon written request of any two or more owners.

4.3 Notice. Notice of all meetings of owners shall be mailed by or at the direction of the secretary to each owner, postage prepaid, at the address thereof as shall appear in the records of the Association or is supplied by such owner to the Association for the purpose of notice. Such notice shall be mailed not less than seven (7) nor more than forty (40) days prior to the date of such meeting.

The notice of the meeting shall specify the place and time of the meeting, and in the case of a special meeting, the purpose of the meeting. For purpose of this section only, if ownership of a unit is divided among several persons or entities, notices shall be sent to each such person or entity.

4.4 Waiver of notice. Whenever any notice is required to be given to any owner in accordance with these bylaws, waiver thereof in writing signed by the person or persons entitled to such notice, whether it be before or after the time stated therein,
shall be equivalent to the giving of such notice.

4.5 Quorum. The presence at any meeting in person or by proxy of a majority of the owners shall constitute a quorum for any action.

4.6 Proxy. An owner may vote in person or by proxy executed in writing and filed with the secretary prior to commencement of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Such proxy shall be revocable and shall automatically terminate upon termination of an owner's status as such.

4.7 Vote required. Except for matters on which a greater vote is required by the Oregon Unit Ownership Law, the Declaration or these Bylaws, the action of a majority of all votes which are present at any duly called meeting of the Association at which a quorum is present shall constitute action of the Association.

4.8 Action by unanimous consent. Any action which may be taken by the Association may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the owners entitled to vote with respect to such matter. Such consent shall have the same force and effect as a unanimous vote and may be so described in any document required to be filed under the Oregon Unit Ownership Law, the Declaration or these bylaws.

ARTICLE V

Board of Directors

5.1 Number. The affairs of this Association shall be managed by a board of three directors. Until the first annual meeting, such directors shall be: Hans W. Juhr, Kenneth J. Juhr and Roger A. Nelson.

After the first annual meeting, all directors shall be owners; provided, however, that an owner that is a corporation may designate its officers or agents to serve as directors.

5.2 Term. The directors named in the preceding section shall serve until the first annual meeting. At the first annual
meeting owners shall elect two directors for a term of two years
and one director for a term of one year. At each annual meeting
thereafter, the owners shall elect directors for a term of two
years to fill the term of office of the directors whose terms
expire at such annual meeting. Directors shall serve until their
successors are elected and assume office.

5.3 Vacancies. In the event of the death or resignation
of a directors, his successor shall be elected by a majority vote
of the remaining directors. A director elected to fill a
vacancy shall hold office during the remainder of the term of the
director succeeded.

5.4 Removal. Any director may be removed from office
at any time with or without cause, upon the majority vote of all of
the votes in the association taken at a meeting of the Association;
provided, however, that the notice of such meeting shall have stated
that such removal was to be considered. The successor of such director
shall be elected at the same meeting for the then unexpired term,
of the director so removed.

5.5 Compensation. No director shall receive compensation
for any services he may render to the Association as a director.
However, any director may be reimbursed for his actual expenses
incurred in the performance of his duties as a director and may receive compensation for services to the Association in other
capacities than as a director.

5.6 Manner of Election. In any case where the number
of nominations for the Board of Directors exceeds the number of
vacancies, election shall be by secret written ballot. At each
election the owners or their proxies may cast in respect to each
vacancy as many votes as they are entitled to cast by the
provisions of these bylaws. Persons receiving the largest number
of votes shall be elected.

ARTICLE VI
Meetings of the Board of Directors

6.1 Regular meetings. Within ten days after each
annual meeting of the Association, the directors elected at
such meeting and those holding over shall hold an organizational meeting for the purpose of electing officers as hereinafter provided and for transaction of such other business as may come before the meeting. If all directors are present at the time and place of such meeting, no prior notice of such meeting shall be required to the directors.

The Board of Directors by resolution may establish the date, time and place for other regular meetings of the Board.

6.2 Special meetings. Special meetings may be called by the chairman and must be called by the chairman at the request of at least two directors. Such special meeting may be held at such time and place as the Board of Directors or the chairman shall determine and any business may be transacted at such meeting.

6.3 Notice to Directors. Notice of both regular and special meetings shall be given at least three days prior to the date of such meeting either personally, by mail, telephone or telegraph. Attendance at a meeting shall constitute a waiver of notice thereof.

6.4 Notice to Unit Owners. Except for emergency meetings, notice of both regular and special meetings shall be posted at a place or places on the property at least three days prior to the meeting.

6.5 Open meetings. All meetings of the Board of Directors shall be open to the unit owners.

6.6 Quorum. A majority of the directors shall constitute a quorum but no action of the Board of Directors shall be valid unless it is approved by an affirmative vote of at least two directors.

6.7 Action without a formal meeting. Only emergency meetings of the Board of Directors may be conducted by telephonic communication. Any action so taken shall have the same effect as though taken at a formal meeting of the Board of Directors.

ARTICLE VII
Powers and Duties of the Board of Directors

7.1 General Powers. The Board of Directors shall have power to:

7.1.1 Exercise for the Association all powers, duties,
and authority vested in or delegated to the Association and not reserved to the owners by other provisions of these bylaws or the Declaration.

7.1.2 Adopt, amend, revoke, publish and cause to be enforced rules and regulations not inconsistent with the Declaration governing the use of the common elements, and the personal conduct of owners, their families, tenants and guests thereon, and to establish penalties and fines for the infraction thereof. Such rules and regulations shall become effective when due notice thereof is given by mail to each owner at his address as indicated in the records of the Association.

7.2 Duties of the Board of Directors. It shall be the duty of the Board of Directors to:

7.2.1 Cause the common elements to be maintained, repaired and replaced as necessary, and in case of casualty and subject to the limitations in the Declaration, to reconstruct and re-establish the properties.

7.2.2 As more fully set forth in Article IX of the Declaration, to fix the amount of the annual assessment for each owner’s proportionate share of the difference between common expenses and common income, to fix the amount of the monthly reserve fund assessment and to give the owner subject thereto written notice of such assessments at least thirty days prior to the due date thereof; to cause to be prepared a roster of units subject to assessments with the assessments applicable to each such unit and to keep such roster in the Association office subject to inspection by any owner.

7.2.3 To cause to be obtained and maintained in full force and effect policies of casualty and liability insurance meeting the specifications therefor set forth in Article XIV of the Declaration.

7.2.4 To employ, replace and fix the terms of compensation of a manager; provided, that any management agreement shall be terminated by the Board of Directors for cause upon thirty days written notice and that the term of any management agreement shall not exceed one year, subject to renewal on agreement of the parties for successive one-year terms. The manager may be an individual or a corporation. The manager shall have such authority to act on behalf of the Board of Directors and the Association as may be delegated to

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him or it from time to time by the Board of Directors.

7.2.5 To cause to be employed such personnel as may be necessary for the maintenance, upkeep and repair of the common elements.

7.2.6 To cause to be kept a complete record of all of its acts and the proceedings of its meetings, and to cause to be presented at the annual meeting of the Association a report reviewing the business and affairs of the Association for the year.

7.2.7 To cause all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties, the premium on such bond to be paid by the Association as a part of the common expenses. The bond shall meet the provisions set forth in Section 14.1.3 of the Declaration.

7.2.8 To obtain legal and accounting services necessary or proper in the operation of the properties or the enforcement of the Declaration or these bylaws.

7.3 Approval of payment vouchers. The treasurer shall pay or cause to be paid all vouchers signed by the manager for expenditures of up to $1,000.00. Vouchers for any expenditures in excess of $1,000.00 shall require the signature of the chairman and the manager.

7.4 Authority with respect to capital improvements. The Board of Directors shall not have authority to make expenditures in excess of $1,000.00 for capital additions to or capital improvements of the common elements without the prior approval of the Association by a vote of a majority of all of the votes in the association.

ARTICLE VIII
Officers

8.1 Officers. The officers of this Association shall be a chairman, who shall be a member of the Board of Directors, and a secretary and a treasurer, who may, but need not, be members of the Board of Directors. The Board of Directors may appoint an assistant secretary or an assistant treasurer by resolution
entered in its minutes. The offices of secretary and treasurer may be held by the same person. Officers shall be elected at the organization meeting of the Board of Directors each year, and the term of office shall be for a term of one year and until their successors are elected and assume office unless such officer resigns or is removed.

8.2 Removal, Resignation and Vacancies. Any officer may be removed from office with or without cause by the Board of Directors. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.3 Chairman. The chairman shall preside at all meetings of the Association and of the Board of Directors. He shall sign for the Association such contracts and other documents as he may be authorized by the Board of Directors to sign and as prescribed by these bylaws, and shall perform all acts and duties usually performed by a presiding officer or as prescribed by the Board of Directors.

In the absence of or disability of the chairman, the member of the Board of Directors senior in service shall preside and perform the duties of the chairman.

8.4 Secretary. The secretary shall keep or cause to be kept a complete record of all meetings of the Association and of the Board of Directors and of the owners; keep appropriate current records showing the names and addresses of the owners, perform such duties as he is required to perform in connection with assessments; and shall perform such other duties as may be required by the Board. The assistant secretary may be authorized by the Board of Directors to perform the duties of the secretary.

8.5 Treasurer. The treasurer shall pay or cause to be paid vouchers in accordance with the terms of these bylaws; shall keep such records, make such reports and perform such other duties as may be required from time to time by the Board of Directors.

8 ... BYLAWS
8.6 Delegation and change of duties. In the event of absence or disability of any officer, the Board of Directors may delegate, during such absence or disability, the powers or duties of such officer to any other officer or any director.

ARTICLE IX

Collection of Share of Common Expenses

9.1 Basis and determination. Each owner's share of the excess of common expenses over common income and the reserve fund shall be collected as assessments on the basis and in the manner set forth in Article VIII of the Declaration. The Board of Directors may fix an annual assessment in any amount less than the maximum set forth in the Declaration and shall fix a monthly reserve fund assessment in an amount not exceeding the maximum set forth in the Declaration. The maximum annual assessment established in the Declaration and the maximum reserve fund assessment established in the Declaration may be changed as provided in the Declaration by vote of the owners. Special assessments for capital improvements may likewise be established by vote of the owners as set forth in the Declaration.

9.2 Certificates with respect to assessment. The secretary shall cause to be furnished to an owner liable for an assessment upon demand of such owner a letter setting forth whether the assessments on property of such owner have been paid.

9.3 Lien as reasonable value. Each owner agrees that in the event an unpaid assessment or fine becomes a lien upon his condominium in accordance with the provisions of the Declaration and ORS 91.580, that the amount of such lien shall conclusively be deemed to be the reasonable value of such common expenses, reserves and fines as are represented by such lien.

9.4 Provisions in the event of foreclosure of lien. In any foreclosure suit against a unit, the owner shall be required to pay a reasonable rental for the unit, and the Association shall be entitled to the appointment of a receiver to collect such rental. The manager acting on behalf of the Association shall have power to bid on the unit at the foreclosure sale and to acquire and hold, lease, mortgage and convey such unit. Any rental received shall be applied first to the costs of renting such unit and secondly to
the amount of such unpaid assessments and fines thereon.

ARTICLE X

Books, Records, Audit

10.1 Inspection by Members. The books and records of the Association shall at all times during reasonable business hours be subject to inspection by any owner or institutional holder at the office of the Association.

10.2 Audit. An audit shall be made at any time upon order of the Board of Directors or upon a majority vote of the votes present at a regular or special meeting of the Association.

10.3 Execution of Documents. When the execution of any instrument has been authorized by the Board of Directors without specifying the executing officer, such instrument may be executed by any two of the following officers: chairman, secretary, treasurer and assistant secretary. The Board of Directors may, however, authorize any one of such officers to sign any such instrument for and on behalf of the Association and may designate officials or employees of the Association other than those named above who may sign such instrument.

ARTICLE XI

Mortgagees

11.1 Notice to Association. Any unit owner who mortgages his interest in a unit shall notify the Association, through the managing agent, of the name and address of his mortgagee and the secretary shall maintain such information in the record of ownership of the Association.

112. Notice of Unpaid Assessments. The managing agent or Board of Directors shall notify the applicable institutional holder of any assessments which are not paid within thirty (30) days of the due date.

ARTICLE XII

Amendments

12.1 These bylaws may be amended at any annual or special meeting of the Association provided that notice of the
amendment shall be included in notice of the meeting. No such amendment shall be effective unless and until approved by the vote of owners of not less than 75% of the units and until a copy of the bylaws as so amended, certified by the chairman and secretary of the Association, is recorded with the Recording Officer of Yamhill County, Oregon.

Any matters stated in these bylaws to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration.

ARTICLE XIII

13.1 The following persons are hereby declared to be the officers of the Association until their successors are elected and assume office:

Chairman — Hans W. Juhr
Secretary — Roger A. Nelson
Treasurer — Kenneth J. Juhr

The declarant hereby certifies that these bylaws are the duly adopted bylaws of the Northgate Arms Condominium Unit Owners Association.

IN WITNESS WHEREOF, Northgate Arms, Inc. has executed the foregoing Bylaws as of the day and year hereinabove first set forth.

NORTHGATE ARMS, INC.

BY: [Signature]

STATE OF OREGON, )
) ss.

County of Multnomah

[Signature]

October 31, 1979

Personally appeared Hans W. Juhr, President of Northgate Arms, Inc., an Oregon corporation and acknowledged the foregoing instrument to be its voluntary act and deed, and declared that the statements therein contained are true and that he signed the same by authority of its Board of Directors.

Before me:

[Signature]

Notary Public for Oregon

My Commission Expires: 1-25-80

11 ...BYLAWS
AMENDMENT TO DECLARATION OF UNIT OWNERSHIP
OF
NORTHGATE ARMS CONDOMINIUM

THIS AMENDMENT TO DECLARATION OF UNIT OWNERSHIP OF
NORTHGATE ARMS CONDOMINIUM, made this 6th day of May,
1980, by NORTHGATE ARMS, INC., an Oregon corporation, the owner
of all of the units in NORTHGATE ARMS CONDOMINIUM, hereinafter
referred to as "Declarant;"

WITNESSETH:

WHEREAS, the Declaration of Unit Ownership of Northgate
Arms Condominium was recorded in the Deed Records of Yamhill
County, Oregon, on the 7th day of November, 1979; and

WHEREAS, the Declaration of Unit Ownership of Northgate
Arms Condominium Section 19.2 provides that the Declaration can
be amended by an instrument in writing signed and acknowledged
by owners holding 75% of the voting rights; and

WHEREAS, Declarant now owns 100% of the units in Northgate
Arms, Inc. and holds 100% of the voting rights; and

WHEREAS, Declarant desires to amend the Declaration of
Unit Ownership of Northgate Arms Condominium as hereinafter set
forth;

NOW, THEREFORE, Declarant hereby amends the Declaration of
Unit Ownership of Northgate Arms Condominium as follows:

1. Paragraph 9.8 of the Declaration of Unit Ownership of
Northgate Arms Condominium is hereby deleted in its entirety
and the following is substituted therefor:

"9.8 Date of commencement of annual assessments. The
initial annual assessment for the excess of common expenses over
common income shall commence on the 1st day of January, 1981,
and shall be due and payable on the 15th day of January, 1981.
Annual assessments for any year after the first year shall
become due and payable on January 15th of such year or such
other date or dates fixed by the Board.

1 - AMENDMENT TO DECLARATION OF UNIT OWNERSHIP
The due date of any special assessment shall be fixed in the resolution authorizing such assessment."

2. Except as amended herein, the original Declaration of Unit Ownership of Northgate Arms Condominium shall remain in full force and effect.

IN WITNESS WHEREOF, NORTHGATE ARMS, INC. has executed the foregoing Amendment to Declaration as of the day and year hereinabove first set forth.

[Signature]

STATE OF OREGON

County of Multnomah

May 6, 1980

Personally appeared HANS W. JUHR, President of Northgate Arms, Inc., an Oregon corporation, and acknowledged the foregoing instrument to be its voluntary act and deed, and declared that the statements therein contained are true and that he signed the same by authority of its Board of Directors; and that Northgate Arms, Inc. is the owner of 100% of the units in Northgate Arms, Inc. and holds 100% of the voting rights.

Before me:

[Signature]

Notary Public for Oregon

My Commission expires: 8/29/83

The foregoing Amendment is approved pursuant to ORS 91.521 this 12th day of May, 1980.

WILLIAM F. GWINN
Real Estate Commissioner

[Signature]

2 - AMENDMENT TO DECLARATION OF UNIT OWNERSHIP