FIRST AMENDMENT TO
BYLAWS
FOR ORCHARD LAIR HANGAR CONDOMINIUMS

This First Amendment to the Bylaws for Orchard Lair Hangar Condominiums in the city of Newberg, Yamhill County, Oregon (this "First Amendment") is made this 4th day of MARCH, 2009, and effective as of the date of its recording in the Yamhill County Records, by Third Street Development, LLC, an Oregon limited liability company ("Declarant").

RECITALS:

A. On September 5, 2007, Declarant recorded those certain Bylaws for Orchard Lair Hangar Condominiums against the Real Property as Instrument No. 200815128, Yamhill County Records (the "Bylaws").

C. Declarant owns all of the condominiums located within the Orchard Lair Hangar Condominiums.

E. Declarant desires to amend the Bylaws for the benefit of all of condominium owners in the Orchard Lair Hangar Condominiums for purposes of providing certain permanent rights between the Lots of the Orchard Lair No. 1 subdivision and the Hangar Units of the Orchard Lair Hangar Condominiums, as required pursuant to Section 151.449.2 of the City of Newberg Development Code, which rights are set forth in that certain Second Amendment to Conditions Covenants and Restrictions For Orchard Lair No. 1 recorded March 11, 2009, as Instrument No. 200903242, Yamhill County Records.

NOW, THEREFORE, in consideration of the foregoing and pursuant to Article 11 of the Bylaws, the Bylaws are amended as follows:

1. Section 7.2 of the Bylaws is deleted and restated in its entirety as follows:

"Section 7.2. Use. Each hangar may be used for any nonhazardous hangar use allowed within the applicable zone and permitted by the City of Newberg, except that the hangar may not be used for residential dwelling purposes. All common Elements shall be used in a manner conducive to such purpose. Any lease 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."

2. Section 7.11 of the Bylaws is deleted and restated in its entirety as follows:

"7.11 Vehicle Restrictions. Vehicular traffic on the parking areas and
driveways on Condominium property shall be limited to five (5) miles per hour as
a safety precaution. This speed limit shall apply to bicycles, motor scooters,
motorcycles, automobiles and trucks."

3. The heading and text of Section 7.13 of the Bylaws is hereby deleted in their
entirety and restated as follows:

"Section 7.13 Leasing Units. Subject to Section 7.2 of these Bylaws and
to the right of first refusal provisions of Section 12.4 of the Conditions Covenants
and Restrictions for Orchard Lair No. 1 recorded in the Official Records of
Yamhill County as Instrument No. 200721373, as amended by First Amendment
to Conditions Covenants and Restrictions for Orchard Lair No. 1 recorded in the
Official Records of Yamhill County as Instrument No. 200805254, and as
amended by that Second Amendment to Conditions Covenants and Restrictions
For Orchard Lair No. 1 recorded March 11, 2009, as Instrument No. 200903242,
Yamhill County Records, and as same may be amended from time to time, a Unit
Owner may rent or lease his or her entire Unit for a period of not less than thirty
(30) days, provided the occupancy is only by the lessee, his or her visitors, and
guests."

4. Section 7.15 of the Bylaws is deleted and restated in its entirety as follows:

"7.15 Trash and Recycling Receptacles. No trash or recycling receptacles
are available. Unit Owners are responsible to dispose of their own trash."

5. Except as expressly amended by this First Amendment, the Bylaws remain
unchanged.

[Signatures begin on the following page.]
This First Amendment has been executed as of the date first written above by the Declarant, who at the time of execution, constituted at least seventy-five (85%) of the Owners.

DECLARANT:

THIRD STREET DEVELOPMENT, LLC
an Oregon limited liability company

By: Newberg Development Group LLC
Its: Member
By: Michael Willcuts
Its: Member

STATE OF OREGON

COUNTY OF YAMHILL

On this 16TH day of MARCH, 2009, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Michael Willcuts, me known to be the person who signed as a member of Newberg Development Group LLC, an Oregon limited liability company, as member of Third Street Development LLC, an Oregon limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the limited liability company and that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Oregon, residing at 300 DEPOAH RD STE 200 NEWBERG OR. My appointment expires: DEC 3, 2011.
The foregoing First Amendment to Declaration is approved pursuant to ORS 100.110 this 26\textsuperscript{e} day of March, 2009, and in accordance with ORS 100.110(7), this approval shall automatically expire if this First Amendment is not recorded within two (2) years from this date.

\textbf{Oregon Real Estate Commissioner}

By: \underline{\text{[Signature]}}

Print/Type Name: \underline{Laurie Skluman}
FIRST AMENDMENT TO
DECLARATION OF CONDOMINIUM OWNERSHIP
FOR ORCHARD LAIR HANGAR CONDOMINIUMS

This First Amendment to Declaration of Condominium Ownership for Orchard Lair Hangar Condominiums (the “First Amendment”) is made this 14th day of March, 2009, and effective as of the date of its recording in the Yamhill County Records, by Third Street Development, LLC, an Oregon limited liability company (“Declarant”).

RECITALS:

A. On September 5, 2008, Declarant recorded that certain Orchard Lair Hangar Condominiums Declaration of Condominium Ownership against the Real Property as Instrument No. 200815127, Yamhill County Records (the “Declaration”) and those certain Orchard Lair Hangar Condominiums Bylaws recorded as Instrument No. 200815128, Yamhill County Records.

C. Declarant owns all of the Hangar Units located within the Orchard Lair Hangar Condominiums.

E. Declarant desires to amend the Declaration as provided in this First Amendment for the benefit of all fourteen (14) Hangar Units associated with the Orchard Lair Hangar Condominiums for purposes of providing certain permanent rights between the Lots of the Orchard Lair No. 1 subdivision and the Hangar Units of the Orchard Lair Hangar Condominiums, as required pursuant to Section 151.449.2 of the City of Newberg Development Code, which rights are set forth in that certain Second Amendment to Conditions Covenants and Restrictions For Orchard Lair No. 1 recorded March 11, 2009, as Instrument No. 200903242, Yamhill County Records.

NOW, THEREFORE, in consideration of the foregoing and pursuant to Section 27 of the Declaration, the Declaration is amended as follows:

1. Defined Terms. Capitalized words and terms used herein without definition shall have the respective meaning as set forth in the Declaration.
2. **Section 8.** Section 8 of the Declaration is deleted and restated in its entirety as follows:

"Each individual Unit, together with its undivided interest in the Common Elements, if any, shall be owned in fee simple by the Unit Owner and shall remain in fee simple title with the Unit Owner. As noted in Section 1 above and pursuant to Newberg Development Code Sections 151.449.1 and 151.449.2 (which applies the Newberg Residential Airport Zoning District to the Condominium property), each Unit is required to have "permanent rights" to a residential lot in the adjacent Orchard Lair No. 1 residential subdivision, and each residential lot in the Orchard Lair No. 1 residential subdivision is required to have "permanent rights" to a Unit in the Condominium. The City of Newberg has approved the right of first refusal as provided in Section 12 of the Conditions Covenants and Restrictions for Orchard Lair No. 1 recorded in the Official Records of Yamhill County as Instrument No. 200721373, as amended by First Amendment to Conditions Covenants and Restrictions for Orchard Lair No. 1 recorded in the Official Records of Yamhill County as Instrument No. 200805254, and as amended by that Second Amendment to Conditions Covenants and Restrictions For Orchard Lair No. 1 March 11, 2009, as Instrument No. 200903242, Yamhill County Records (the "CC&Rs"), as providing such "permanent rights" in satisfaction of the requirement of the Newberg Residential Airport Zoning District Section 151.449.2 of the City of Newberg Development Code, which approval is evidenced in that certain letter dated March 9, 2009, from the Planning and Building Director of the City of Newberg, which is attached to the CC&Rs as Exhibit B thereto. Except as provided in Section 12 of the Orchard Lair No. 1 CC&Rs, as may be amended from time to time, the fee simple ownership interest in each Unit may not be leased, sold, or permanently conveyed separate from the fee simple ownership of the related residential lot in the Orchard Lair No. 1 residential subdivision. Each Unit Owner shall be entitled to the exclusive possession, and enjoyment of his or her Unit, and each Unit Owner shall also be subject to all the rights and duties assigned to the Unit Owners under the terms of this Declaration and the Bylaws. When there are unsold Units, Declarant shall also enjoy the same rights, and Declarant assumes the same duties as they relate to each individual unsold Unit. Each Unit Owner has an unrestricted right of ingress and egress to his or her Unit, as this right shall be perpetual so that it passes with the Unit as transfers of ownership or lease interest of the Unit occur. Any conveyance, encumbrance, judicial sale or other transfer (whether voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred."
3. Section 26 of the Declaration is hereby deleted.

4. The letter of approval dated March 9, 2009, from the Planning and Building Director of the City of Newberg referenced in the amended Section 8 of the Declaration set forth above is attached to this First Amendment as Exhibit A, for ease of reference.

5. Except as expressly amended by this First Amendment, the Declaration remains unchanged.

[Signatures begin on the following page.]
This First Amendment has been executed by the Declarant, who at the time of execution, constituted at least seventy-five (75%) of the Owners.

DECLARANT:

THIRD STREET DEVELOPMENT, LLC
an Oregon limited liability company

By:  Newberg Development Group LLC
Its:  Member
By:  Michael Willcuts
Its:  Member

STATE OF OREGON
)

) ss.

COUNTY OF YAMHILL
)

On this 17TH day of MARCH, 2009, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Michael Willcuts, me known to be the person who signed as a member of Newberg Development Group LLC, an Oregon limited liability company, as member of Third Street Development LLC, an Oregon limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the limited liability company and that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Oregon, residing at 700 DECEPTION FID SE 200 NEWBERG OR 97132
My appointment expires: DEC 3, 2011
The foregoing First Amendment to Declaration is approved pursuant to ORS 100.110 this 26 day of March, 2009, and in accordance with ORS 100.110(7), this approval shall automatically expire if this First Amendment is not recorded within two (2) years from this date.

Oregon Real Estate Commission

By: [Signature]

Print/Type Name: Laurie Skillman
The foregoing First Amendment to Declaration is approved this 2 day of April, 2009, in accordance with ORS 100.110.

Yamhill County Assessor

By: ____________________________

Print/Type Name: ____________________________
The foregoing First Amendment to Declaration is approved this 2 day of April, 2009, in accordance with ORS 100.110.

Yamhill County Tax Collector

By: ________________________________

Print/Type Name: Scott Martletby
March 8, 2009

Third Street Development, LLC
Attn: Marc Williams
c/o Mr. Jeff Smith
4388 SW Macadam Ave, Ste 305
Portland, OR 97239

Re: Orchard Lark No. 1 and Orchard Lark Hangar Condominiums, Newberg, Oregon

Mr. Williams:

I am writing with reference to Section 151.449.2 (Permitted Buildings and Uses) of the Airport Residential District regulations of the Newberg Development Code. Subsection (B) of that Section provides, in pertinent part, as follows (emphasis added):

151.449.2 PERMITTED BUILDINGS AND USES.

(B) The buildings and uses are subject to the general provisions and exceptions set forth in this code:

1. Residential Airpark Development. meaning one residence per lot with addition of a tiedown or hanger for an airplane. At a minimum, a paved tiedown or hanger shall be provided on the property; or the property shall include permanent rights to a private hanger within the subdivision.

2. Accessory uses and structures.

3. Aircraft hanger. No aircraft hanger shall be constructed on any parcel or lot without a residential dwelling, except if it is provided with permanent rights to a nearby airport residence as per (B)(1) above. An aircraft hanger cannot be used as a residence.

"Working Together For A Better Community—Serving All Who Serve"

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Third Street Development, LLC
March 9, 2009
Page 2 of 2

This letter is to confirm that the right of first refusal for the owner of a residence within the subdivision is purchased or leased by a private buyer within the subdivision, as provided for in the language of the Exculsion, Second Amendment to Conditions, Covenants and Restrictions For Orchard Lane No. 3 dated March 6, 2009, to which this letter is attached as Exhibit B thereto, if approved by the City at satisfying the requirements of "permanent rights" under Section 151.449.2 of the Development Code.

Thank you for your inquiry.

Yours truly,

[Signature]

Ramon Brierley, AICP
Planning and Building Director

STATE OF OREGON )

COUNTY OF YAMHILL )

On the 9th day of March, 2009, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Ramon Brierley, an Planning and Building Director of the City of Newberg, Oregon, known to me to be the person who executed the within and foregoing instrument, and acknowledged said instrument to be his free and voluntary act and deed in such capacity, and with all authority, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

[Signature of Notary]

Notary Public in and for the State of Oregon - Yamhill County

My appointment expires: May 29, 2017

"Working Together For A Better Community"
CORRECTION INSTRUMENT TO VOID EFFECT OF RECORDATION 
OF CONDOMINIUM DISCLOSURE STATEMENT

FOR ORCHARD LAIR HANGAR CONDOMINIUMS

Declarant, Third Street Development, LLC, created Orchard Lair Hangar Condominiums
by recording that certain Orchard Lair Hangar Condominiums Declaration of Condominium
Ownership as Instrument No. 200815127, Yamhill County Records (the "Declaration") and
those certain Orchard Lair Hangar Condominiums Bylaws recorded as Instrument No.
200815128, Yamhill County Records (the "Bylaws"). Declarant also recorded that certain
Condominium Disclosure Statement adopted and issued July 28, 2008, File No. CO-36-0208-
028-NR for Orchard Lair Hangar Condominium and recorded in the Yamhill County Records on
September 5, 2008, as Recording No. 200815129 (the "Disclosure Statement").

WHEREAS, the Disclosure Statement was recorded in error; and

WHEREAS, such recording is therefore without force and effect;

NOW, THEREFORE, Declarant hereby declares by this Correction Instrument that the
recording of the Disclosure Statement is without any force or effect and is void ab initio and has
executed this instrument on the date set forth below with respect only to the Disclosure
Statement. The Declaration and Bylaws are not affected by this instrument.

DATED this 12TH day of March, 2009.

[Signature and Acknowledgment on the following page.]
THUS EXECUTED by Declarant on the date set forth above.

DECLARANT:

THIRD STREET DEVELOPMENT, LLC
an Oregon limited liability company

By: Newberg Development Group LLC
Its: Member
By: Michael Willcuts
Its: Member

STATE OF OREGON )
) ss.
COUNTY OF YAMHILL )

On this 10TH day of March, 2009, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Michael Willcuts, me known to be the person who signed as a member of Newberg Development Group LLC, an Oregon limited liability company, as member of Third Street Development LLC, an Oregon limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the limited liability company and that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Oregon, residing at 100 DEBORAH RD. STE 200 NEWBERG, OR 97132
My appointment expires: DEC 3, 2011
AFTER RECORDING RETURN TO:

Charles E. Harrell
GU N N C A I N & K I N N EY LLP
Attorneys at Law
700 Deborah Road, Suite 250
Newberg, Oregon 97132

SEND ALL TAX STATEMENTS TO:

No Change

BYLAWS
FOR
ORCHARD LAIR HANGAR CONDOMINIUMS

ARTICLE 1 - PLAN OF UNIT OWNERSHIP

Section 1.1 Unit Ownership. This said Condominium, located in the City of Newberg, County of Yamhill, State of Oregon, known as ORCHARD LAIR HANGAR CONDOMINIUMS, is submitted to the provisions of ORS 100.005 et seq., the Oregon Condominium Act (the term "Condominium" as used herein shall include the real property and all improvements constructed thereon).

Section 1.2 Applicability of Bylaws. The provisions of these Bylaws are applicable to the Condominium, the Orchard Lair Hangar Condominiums Owners' Association (herein known as the "Association"), and the entire management structure thereof.

Section 1.3 Applicability of Declaration of Condominium Ownership. The provisions of the Orchard Lair Hangar Condominiums Declaration of Condominium Ownership are applicable to the Condominium, the Orchard Lair Hangar Condominiums Owners' Association (herein known as the "Association"), and the entire management structure thereof.

Section 1.4 Personal Application. All present or future Unit Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the condominium in any manner, are subject to the provisions of these Bylaws. The acquisition, occupancy, or rental of any of the Units of the Condominium, or the mere act of occupancy of any such Units will constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

Section 1.5 Definitions. Except as otherwise provided herein, the terms used in these Bylaws shall have the same meanings and definitions as set forth in the Oregon Condominium Act, ORS 100.005 et seq., as supplemented by the Declaration, and the statute and definitions are incorporated herein to these Bylaws by this reference.

PAGE 1 OF 35 - BYLAWS FOR ORCHARD LAIR HANGAR CONDOMINIUMS
ARTICLE 2 - ASSOCIATION, MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, AND PROXIES

Section 2.1 Membership in the Association. Membership in the Association is limited to Unit Owners associated with the said Condominium. Upon the recording of a conveyance or contract to convey a Unit, the purchaser set forth in the conveyance or contract shall automatically become a member of the Association, and shall remain a member of the Association until that said person's Ownership interest ceases for any reason. For all purposes of the condominium declaration (herein known as "Declaration"), and the administration of the property, Unit Ownership shall be determined, from the records maintained by the Association. The record of Ownership shall be established by the Unit Owner filing with the Association a copy of the deed or land sale contract for his or her Unit, and the Unit Owner shall affix thereto the certificate of the recording officer of the County of Yamhill, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as a Unit Owner unless a copy of the deed or contract has been filed with the Association as provided above showing him to be the current Owner or contract purchaser of a Unit. Notwithstanding the above, the Declarant shall be the Owner of all previously unsold Units, although no deed, land sale contract, lease agreement or memorandum of lease with respect to such Units has been filed with the Association.

Section 2.2 Voting.
A. Each Unit shall be entitled to one vote per Unit. If there are co-Owners of a particular Unit, that Unit shall have only one vote, unless a valid court order establishes the authority of a co-Owner to vote. The calling, scheduling, and conducting of all meetings of the Association and the exercise of voting rights shall be controlled by Articles 2 and 3 of these said Bylaws.

B. As used in this section, “electronic ballot” means a ballot given by:
   1. Electronic mail;
   2. Facsimile transmission
   3. Posting on a website; or
   4. Other means of electronic communication acceptable to the Board of Directors.

C. Unless the Declaration or these Bylaws, as they may be amended from time to time, prohibit or provide for other methods of electronic ballots, the Board of Directors of the Association, in the Board’s discretion, may provide that a vote, approval or consent of a Unit Owner may be given by electronic ballot.

D. An electronic ballot shall comply with the requirements of ORS Chapter 100 and the Declaration and these Bylaws, as they may be amended from time to time.

E. An electronic ballot may be accompanied by or contained in an electronic notice in accordance with the applicable provisions of ORS Chapter 100.
F. If an electronic ballot is posted on a website, a notice of posting shall be sent to each Unit Owner and shall contain instructions on obtaining access to the posting on the website.

G. A vote made by electronic ballot is effective when it is electronically transmitted to an address, location or system designed by the Board of Directors for that purpose.

H. Unless otherwise provided in the Declaration or these Bylaws or ruled adopted by the Board of Directors, as they may be amended from time to time, a vote made by electronic ballot may not be revoked.

I. The Board of Directors may not elect to use electronic ballots unless there are procedures to ensure:

1. Compliance with ORS 100.425 if the vote conducted by written ballot under ORS 100.425 uses the procedures specified in ORS 100.425(2)(b); and

2. That the electronic ballot is secret, if the Declaration or these Bylaws or ruled adopted by the Board, as they may be amended from time to time, requires that the electronic ballots be secret.

J. If the Unit Owner leases the Hangar Unit on a 99-year lease, the Lessee under the said 99-year lease may be granted by proxy, as provided in Section 2.5 below, from the Hangar Unit to vote on the Unit Owner’s behalf on all matters that Unit Owners are entitled to vote upon.

Section 2.3 Majority of Owners. As set forth in these Bylaws, the term "majority of Owners" is defined as those Owners holding over fifty percent (50%) of the voting rights allocated to the Unit Owners in accordance with the Declaration and Section 2.2 as set forth above. The term "majority of Owners present" shall be defined as those Owners who hold over fifty percent (50%) of the votes that are present at any legal meeting.

Section 2.4 Quorum. A quorum is defined as a majority of the outstanding Unit Owners entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the Association. If less than a majority of the outstanding Unit Owners are represented at a meeting, a majority of the Unit Owners so represented may adjourn the meeting from time to time without further notice.

Section 2.5 Proxies and Ballots. At all meetings of Unit Owners, a Unit Owner may vote by proxy executed in writing by the Unit Owner or by his or her duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

///
Section 2.6 Authority to Vote. All Unit Owners shall be entitled to vote, including those who have sub-leased their Unit to a third party. A Unit Owner's right to vote may not be revoked. A purchaser under a contract for sale shall be deemed the Owner of the said Unit, unless otherwise set forth in the said contract for sale.

Section 2.7 Fiduciaries and Joint Owners. A Unit Owner who is an executor, administrator, guardian, or trustee may vote, in person, by proxy, or ballot, at any meeting of the Association with respect to any Unit owned or held by him or her in such capacity, whether or not the same shall have been transferred to his name; provided that he or she shall satisfy the Secretary that he or she is the executor, administrator, guardian, or trustee, holding such Unit in such capacity. Whenever any Unit is owned by two or more persons jointly according to the records of the Association, the vote of the Unit may be exercised by any one of the Owners then present, in the absence of protest or objection by a co-Owner. In the event of such protest or objection by a said co-Owner, no one co-Owner shall be entitled to vote without the approval of all the said co-Owners. In the event of disagreement among the co-Owners, the vote of the Unit shall be disregarded completely in determining the proportion of votes given with respect to such matter, as that said Unit is not entitled to any vote.

Section 2.8 Actions by Association and Legal Meetings. Except as otherwise set forth in the Declaration, these Bylaws or the Oregon Condominium Act, decisions and resolutions of the Association shall require approval by a majority of Owners present at any legal meeting, as a legal meeting is defined as duly called pursuant to these Bylaws where a quorum is present in person, by proxy, or by ballot at a ballot meeting.

ARTICLE 3 - ADMINISTRATION

Section 3.1 Association Responsibilities.
A. The Owners of the said Units constitute the members of the Association, which is known as Orchard Lair Hangar Condominium Association. The said Association has the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments, and arranging for the operation, management, and maintenance of the condominium, including negotiating and contracting with and supervising any person, persons, or business entity with respect to such matters. The Association shall be considered as an Oregon nonprofit corporation and shall be registered as such.

B. Subject to the Declaration and Bylaws, the Association may:

1. Adopt and amend bylaws and rules and regulations;
2. Adopt and amend budgets for revenues, expenditures and reserves and levy and collect assessments for common expenses from Unit Owners;
3. Hire and terminate managing agents and other employees, agents and independent contractors;
4. Defend against any claims, proceedings or actions brought against it;
5. Initiate or intervene in litigation or administrative proceedings in its own name, and without joining the individual Unit Owners, subject to Article 16, Dispute Resolution of these Bylaws, in the following:
   i. Matters relating to the collection of assessments and the enforcement of declarations and bylaws;
   ii. Matters arising out of contracts to which the association is a party;
   iii. Actions seeking equitable or other non-monetary relief regarding matters that affect the common interests of the Unit Owners, including but not limited to the abatement of nuisance;
   iv. Matters relating to or affecting Common Elements, including but not limited to damage, destruction, impairment or loss of use of a Unit or portion thereof, if resulting from a nuisance or a defect in or damage to a Common Element or required to facilitate repair to any common element; and
   v. Any other matter to which the Association has standing under law or pursuant to Declaration, Bylaws or any Articles of Incorporation.

6. Make contracts and incur liabilities;

7. Regulate the use, maintenance, repair, replacement and modification of Common Elements;

8. Cause additional improvements to be made as a part of the Common Elements;

9. Acquire by purchase, lease, devise, gift or voluntary grant real or personal property or any interest therein and take, hold, possess and dispose of real or personal property or any interest therein;

10. Impose and receive any payments, fees or charges for the use, rental or operation of the common elements;

11. Impose charges for late payments of assessments, attorney fees for collection of assessments and, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the declaration, bylaws and rules and regulations of the association;

12. Adopt rules regarding the termination of utility services paid for out of assessments of the association and access to and use of recreational and service facilities available to Unit Owners and, after giving written notice and an opportunity to be heard, terminate the rights of any Owners to receive such benefits or services until the correction of any violation covered by such rule has occurred;

13. Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of assessments;

14. Assign its right to future income, including the right to receive Common Expense assessments;

15. Provide for the indemnification of its officers and executive Board and maintain Directors’ and officers’ liability insurance;

16. Exercise any other powers conferred by the Declaration or Bylaws;
17. Exercise all other powers that may be exercised in this state by any such association; and
18. Exercise any other powers determined by the Association to be necessary and proper for the governance and operation of the Association.

**Section 3.2 Place of Meetings.** The Board of Directors may designate any place, either within or without the State of Oregon, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all Directors entitled to vote at a meeting may designate any place, either within or without the State of Oregon, as the place for the holding of such meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the registered office of the Association in the State of Oregon.

**Section 3.3 Turnover Meeting.**

A. The turnover meeting (which shall constitute the initial organizational meeting) shall be held not later than ninety (90) days following the earlier of conveyance to persons other than Declarant of fifty percent (50%) of the number of Units or three years from the date of conveyance or lease of the first Unit to someone other than Declarant in the Condominium, whichever is earlier. The turnover meeting shall be called by notice to all of the Unit Owners of the time, place, and purpose thereof not less than ten (10) nor more than fifty (50) days before the meeting. If such meeting is not called by the said Declarant within the time specified herein, the meeting may be called and notice given by any Unit Owner. Notice shall state the purpose of the meeting and time and place where it is to be held.

1. If a quorum of the Unit Owners is present at the turnover meeting, the Unit Owners shall elect not fewer than the number of directors sufficient to constitute a quorum of the Board of Directors in accordance with the Declaration or Bylaws of the Condominium.

2. At the said turnover meeting, the Declarant shall relinquish control of the administration of the Association, and the Unit Owners shall assume such control, and the Unit Owners shall elect a Board of Directors as set forth in the provisions of Article 4 of these said Bylaws. Furthermore, Declarant shall deliver to the Association those items specified in the Oregon Condominium Act to be turned over by Declarant at the turnover meeting, including the maintenance plan. In order to facilitate an orderly transition, during the 3-month period following the turnover meeting, Declarant or an informed representative of Declarant shall be available to meet with the Board of Directors on at least three (3) mutually acceptable dates to review the documents delivered to the Association as required by the Oregon Condominium Act and referred to above.

B. If the said turnover meeting required under paragraph a as set forth above is not called by the Declarant within the said time specified, the meeting may be called and notice given by a Unit Owner or any first mortgagee of a Unit.
Section 3.4 Annual Meetings. The first annual meeting of the Association shall be held in the calendar year following the calendar year in which the turnover meeting is held and shall be scheduled by action of the Board of Directors. The time of this meeting, at the discretion of the Board of Directors, may be changed from time to time, but must be conducted annually under the terms and conditions as set out in these said Bylaws. At such annual meetings, new members of the Board of Directors shall be elected by the Owners pursuant to the terms and conditions of Section 4.6 as set forth herein, to replace those Directors whose terms have expired. The Unit Owners may also transact such other business of the Association as may properly be presented to them.

Section 3.5 Written Ballots.
A. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The Board of Directors must provide Owners with at least ten (10) days’ notice before written ballots are mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by:

1. A secrecy envelope;
2. A return identification envelope to be signed by the Owner; and
3. Instructions for marking and returning the ballot.

B. The notice required under this subsection shall state:

1. The general subject matter of the vote by written ballot;
2. The right of Owners to request secrecy procedures specified in paragraph (b) of this subsection;
3. The date after which ballots may be distributed;
4. The date and time by which any petition must be received by the Board of Directors requesting secrecy procedures; and
5. The address where any petition must be delivered.

Section 3.6 Special Meetings.
A. It shall be the duty and responsibility of the Chairperson to call a special meeting of the Owners as directed by the Chairperson, or a resolution made by a majority of the Board of Directors or upon a petition signed by forty percent (40%) or more of the Owners having been presented to the Secretary of the said Association. All meetings called because of petition of Unit Owners shall be held at a formal gathering and not by ballot, and shall be held within sixty (60) days after receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose of the said meeting. No business shall be transacted at a special meeting except as stated in the notice unless there is consent of all the Unit Owners of the Units or as otherwise set forth in these said Bylaws.
B. If the Unit Owners request a special meeting, and the Association does not give notice of the special meeting within thirty (30) days after written request is delivered to the chairperson or Secretary, any one of the Unit Owners who signed the request for the special meeting may set the time and place of the special meeting and give notice thereof.

Section 3.7 Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Chairperson, or the Secretary, or the officer or persons calling the meeting, to each Unit Owner of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Unit Owner at his address as it appears on the books of the Association, with postage thereon prepaid.

Section 3.8 Adjourned Meetings. If any gathering of Owners is not a legal meeting because a quorum is not present, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours or more than twenty (20) days from the time the original meeting was called. The Board of Directors may postpone the date for counting the ballots of a ballot meeting, in one or more postponements, for up to ninety (90) days after the originally scheduled ballot return date if a quorum of ballots has not been returned and/or for matters on which a certain percentage approval is required and that vote has not been received nor have sufficient votes in opposition been received to negate such approval.

Section 3.9 Electronic Notices.
A. Subject to subsection B of this Section 3.9 and notwithstanding any requirement under the Declaration or these Bylaws or the Oregon Condominium Act, in the discretion of the Board of Directors of the Association of Unit Owners, any notice, information or other written material required to be given to a Unit Owner or Director under the Declaration or Bylaws or the Oregon Condominium Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board of Directors.

B. Notwithstanding subsection A of this Section 3.9, electronic mail, facsimile or other form of electronic communication may not be used to give notice of:

i. Failure to pay an assessment;
ii. Foreclosure of an Association lien under ORS 100.450;
iii. An action the Association may take against a Unit Owner; or
iv. An offer to use to dispute resolution program under ORS 100.405.

C. A Unit Owner or Director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the Board of Directors to provide notice in the manner required under the Declaration or Bylaws or the Oregon Condominium Act.
Section 3.10 Order of Business. The order of business at all meetings of the Unit Owners shall be as follows unless the Board of Directors sets a different agenda:

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

ARTICLE 4 - BOARD OF DIRECTORS

Section 4.1 Number and Qualification. The business and affairs of the Association shall be governed by a Board of Directors which is composed of three (3) persons, each of whom must be a Unit Owner or the co-Owner of a Unit.

Section 4.2 Powers and Duties of Board of Directors. In addition to the powers and duties as set forth in ORS 100.405(4), the Board of Directors shall have the powers and duties necessary for the administration of the business and affairs of the Association and may do all such acts and things as are not by law or by these said Bylaws directed to be exercised and done by the Unit Owners, including but not limited to the following acts:

1. Care, upkeep, replacement, and supervision of the condominium, Association property and the General Common Elements and the Limited Common Elements, if any, and assigning, supervising assignments, or approving any assignment of the use of any Common Element, General or Limited, as may be required by the Declaration;

2. Establishing and maintaining replacement reserve accounts and other reserves that are required to be maintained by the Oregon Condominium Act or these said Bylaws and such other reserve accounts as are permitted by these said Bylaws. Reviewing and updating the reserve study and maintenance plan in accordance with ORS 100.175;

   a. The maintenance plan shall: (1) describe the maintenance, repair and replacement to be conducted; (2) include the schedule for the maintenance, repair and replacement; (3) be appropriate for the size and complexity of the condominium; (4) address issues for all items for which the Association has responsibility; and (5) must be reviewed and updated by the Board as necessary.

3. Designation and collection of monthly assessments from the Owners, as set forth herein in these said Bylaws, the Declaration, and the Oregon Condominium Act;
4. Establishing a budget pursuant to ORS 100.412 for the payment of all Common Expenses of the Association, and creation of and maintenance of a system for such payment as may be reasonably necessary to prevent any misuse of Association funds in accordance with ORS 100.520;

5. Obtaining and maintaining insurance policies and payment of premiums thereof out of the Common Expense funds in respect to both the common elements and individual Units as set forth in Article 8 herein and in accordance with ORS 100.435;

6. Designation, hiring, and dismissal of the personnel necessary for the maintenance and operation of the Condominium, the General Common Elements, and the Limited Common Elements, if any;

7. Insuring the preparation of and distribution of annual financial statements of the Condominium to each of the said Unit Owners as set forth in Article 12 herein within the time period required as set forth in ORS 100.480;

8. Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Elements; provided, however, that any such rules or regulations shall always be subject to rescission or amendment by the Association upon a majority vote of the Unit Owners present at any properly called meeting attended by a quorum as set forth herein;

9. Filing of all applicable income tax returns annually. The Board of Directors of the Association shall cause to be filed the necessary income tax returns for the Association annually;

10. Insuring that the Association complies with ORS 100.480 relating to maintenance of documents delivered to the Association by Declarant and maintenance and distribution of financial statements. The Board of Directors is also responsible to maintain copies suitable for duplication of the following documents: Declaration, Bylaws, Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association.

   a. A Director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the action taken unless the Director votes against the action or abstains from voting on the action because the Director claims a conflict of interest.

   b. When action is taken on any matter at a meeting of the Board of Directors, the vote or abstention of each Director present must be recorded in the minutes of the meeting.
c. Directors may not vote by proxy or by secret ballot at meetings of the Board of Directors.

d. Notwithstanding subsection (c) of this section, officers may be elected by secret ballot.

11. The Association shall keep financial records sufficient for proper accounting purposes. All assessments shall be deposited in a separate bank account, located within the State of Oregon, in the name of the Association. All expenses of the Association shall be paid from the Association bank account.

Section 4.3 Management Agents. In its discretion, the Board of Directors may employ a management agent, to be compensated in an amount determined by the Board, to perform such duties and services as the Board shall authorize.

Section 4.4 Interim Directors. Until the turnover meeting has occurred as set forth herein, the Board's rights, duties and responsibilities shall be exercised by the Declarant.

Section 4.5 Election and Term of Office. At the turnover meeting of the Association, the term of office of two (2) Directors shall be fixed for a period of two (2) years, and the term of office of one (1) Director shall be fixed for a period of one (1) year. At the expiration of the initial term of office of each respective Director, his/ her successor shall be elected to serve a term of two (2) years. Each Director shall hold office his/her successor has been elected. At the turnover meeting, upon agreement by vote of the Unit Owners, the Board of Directors may be elected by a single ballot with each Unit Owner authorized to vote for three (3) nominees. In such event, the two (2) nominees receiving the highest number of votes shall be the two-year Directors and the one (1) nominee receiving the next highest number of votes shall be the one-year Director.

Section 4.6 Appointment of a Receiver.
A. Subject to subsection B of this Section 4.6, if the Association or Unit Owners fail to fill vacancies on the Board of Directors sufficient to constitute a quorum in accordance with these Bylaws, any Unit Owner or a first mortgagee of a Unit may request that the Yamhill County Circuit Court appoint a receiver under Oregon Rule of Civil Procedure 80 to manage the affairs of the Association.

B. At least 45 days before a Unit Owner or first mortgagee of a Unit requests that the Yamhill County Circuit Court appoint a receiver under subsection A of this Section 4.6, the Unit Owner or first mortgagee shall mail, by certified or registered mail, a notice to the Association and shall post a copy of the notice at a conspicuous place or places on the condominium property or provide notice by a method otherwise reasonably calculated to inform Unit Owners of the proposed action.

C. The notice shall be signed by the Unit Owner or first mortgagee of the Unit and shall include:

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1. A description of the intended action;
2. A statement that the intended action is pursuant to this Section 4.6 of the Bylaws;
3. The date, not less than 30 days after mailing of the notice, by which the Association must fill vacancies on the Board sufficient to constitute a quorum;
4. A statement that if the Association fails to fill vacancies on the Board by the specified date, the Unit Owner of first mortgagee may file a petition with the Lincoln County Circuit Court under subsection A of this Section 4.6;
5. A statement that if a receiver is appointed, all expenses of the receivership will be Common Expenses of the Association as provided in subsection D of this Section 4.6.

D. If a receiver is appointed, the salary of the receiver, court costs, attorneys’ fees and all other expenses of the receivership shall be Common Expenses of the Association.

E. A receiver appointed under this Section has all of the powers and duties of a duly constituted and elected Board of Directors and shall serve until a sufficient number of vacancies on the Board are filled to constitute a quorum.

F. If at a turnover meeting held in accordance with ORS 100.210 the Unit Owners fail to elect the number of Directors sufficient to constitute a quorum of the Board of Directors, in addition to the notice requirements specified in subsections B and C of this Section 4.6, a Unit Owner shall give the notice to all other Unit Owners as provided in these Bylaws.

G. Notwithstanding subsections B and C of this Section 4.6, in the case of an emergency, the Yamhill County Circuit Court may waive the notice requirements of subsections B and C of this Section 4.6.

Section 4.7 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each Directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected upon expiration of the term for which the person was elected by the other Directors to serve.

Section 4.8 Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed, with or without cause, by a majority vote of the said Unit Owners, and a successor may then be elected to fill the vacancy thus created. Any such Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting to state his view as to the matter. Any Director who fails to attend three (3) successive meetings of the Board of Directors that have
been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a 12-month period which have been properly called, may be removed by a majority of the remaining Directors.

Section 4.9 Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of Unit Owners. The Board of Directors may hold additional regular meetings at such time and place as shall be determined, from time to time, by a majority vote of the Directors. Notice of regular meetings of the Board of Directors may be called by the Chairperson on three (3) days notice to each Director, given personally or by mail, telephone, telegraph, or other similarly reliable method, which notice shall state the time, place (as set forth herein), and purpose of the meeting.

Section 4.10 Special Meetings.
A. A special meeting of the Board of Directors may be called by the Chairperson or on the written request of a majority of the Board of Directors or on written request of forty (40) percent of the Unit Owners.

B. Not less than ten (10) and not more than (50) days before any meeting called under this section, the Secretary or other officer of the Association specified herein shall cause notice to be hand delivered or mailed to the mailing address of each Unit or to the mailing address designated in writing by the Owner, and to all mortgagees that have requested such notice. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the declaration or bylaws, any budget changes or any proposal to remove a Director or officer from the Association.

Section 4.11 Waiver of Notice to Directors. Any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

Section 4.12 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the binding acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until there is a said quorum present. At any such adjourned meeting, any business that could have been transacted at the meeting as originally called may be transacted without further notice; provided, however, that a said quorum is present.

Section 4.13 Board of Directors Meetings Open to All Association Members.
A. All meetings of the Board of Directors shall be open to all members of the Association; except that in the discretion of the Board, the following matters any be considered in executive session:
i. Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters;  

ii. Personnel matters, including salary negotiations and employee discipline;  

iii. Negotiation of contracts with third parties; and collection of unpaid assessments.

B. Except in the case of an emergency, the Board shall vote in an opening meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes of the meeting.

Section 4.14 Notice to Association Members of Board of Directors Meetings.  
For other than emergency meetings, notice of Board of Directors meetings shall be posted at a place on the condominium property at least three (3) days prior to the meeting, or notice shall otherwise be provided to each member of the Association reasonably calculated to inform each member of such meetings. The posting of the notices shall be at a reasonable location which has been generally publicized to the Unit Owners.

Section 4.15 Telephonic Meetings. In the event of an emergency, telephonic meetings may be held by the Board of Directors. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the Chairperson to be used for telephonic meetings. No notice to either Directors or Association members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency action; provided, however, that no such telephonic meeting shall occur unless an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

Section 4.16 Compensation of Directors. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director.

Section 4.17 Removal of Directors. The Unit Owners may remove any member of the Board of Directors of the Association, other than members appointed by the Declarant or persons who are ex officio Directors, with or without cause, by a majority vote at any meeting of
the Unit Owners at which a quorum is present. No removal is effective unless the matter of removal is an item on the agenda and stated in the notice for the meeting required under ORS 100.407.

Section 4.18 Rules of Order. Meetings of the Association and the Board of Directors shall be conducted according to the latest edition of Robert’s Rules of Order published by the Robert’s Rules Association. A decision of the Association or the Board of Directors may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the rights to be heard was denied. A decision of the Association and the Board of Directors is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

ARTICLE 5 - OFFICERS

Section 5.1 Principal Officers. The officers of the Association shall be a Chairperson, a Secretary, and a treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The same person may hold any two or more offices, and any officer may also be a Director of the Association.

Section 5.2 Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the turnover meeting of the Board of Directors held after each annual meeting of the Unit Owners. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 5.3 Removal of Officer. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.5 Chairperson. The Chairperson shall be the principal officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all the business and affairs of the Association. He or she shall, when present, preside at all meetings of the Board of Directors and the Unit Owners. The Chairperson shall perform in
general all duties incident to the office of Chairperson and such other duties as may be prescribed by the Board of Directors from time to time. The Chairperson must also be a member of the Board of Directors.

Section 5.6 Secretary. The Secretary shall: (a) keep the minutes of the Unit Owners and of the Board of Directors meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws; (c) keep a register of the post office address of each Unit Owner which shall be furnished to the Secretary by such Unit Owner; and (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chairperson or by the Board of Directors.

Section 5.7 Treasurer.
A. The treasurer shall: (a) have charge and custody and be responsible for all funds of the Association, receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositaries as shall be selected in accordance with the provisions of these Bylaws; and (b) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Chairperson or by the Board of Directors.

ARTICLE 6 - OBLIGATIONS OF THE OWNERS

Section 6.1 Assessments. All Unit Owners are required to pay annual assessments imposed by the Association to meet all the Condominium's Common Expenses, which shall include premiums for insurance required or permitted under Article 8 as set forth herein. In the discretion of the Board of Directors, the annual assessment may be made payable, semiannually, quarterly, or monthly. The annual assessment shall commence at the time of the first conveyance or lease of a Unit by Declarant to a Unit Owner. Prior to such conveyance or lease, Declarant is required to pay all operating expenses of the Condominium. All of the reserve accounts created pursuant to these Bylaws shall be funded by allocation and payment from the monthly assessment of Unit Owners. The assessment of all Unit Owners who may be benefited by expenditure of reserve funds may be increased as necessary, so the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established. The Declarant shall pay assessments due for operating expenses on all unsold Units from the date of the conveyance of the first Unit in the condominium.

1. Except as otherwise provided in the Declaration or these Bylaws, each Unit will be liable for the common expense in equal shares;
2. The annual assessment of Units shall include the following items, which shall be defined as Common Expenses:

   Expense items
   a). Administrative expenses;
b). Maintenance, repair or replacement of the common elements expenses;
c). Any deficit (shortage) in common expenses for any prior period;
d). Utilities for the Common Elements and other utilities with a common meter or commonly billed, such as water and sewer;
e). Cost of insurance or bonds obtained in accordance with these Bylaws;
f). Professional management cost if authorized by the Board of Directors;
g). Legal, accounting, and other professional expenses;
h). Access or other fees payable by the Association pursuant to any written agreement(s) or contract(s) with Sportsman Airpark; and
i). Any other items properly chargeable as an expense of the Association.
Reserve items:
a). Any reserve account for the purpose of effectuating replacements of structural elements, mechanical equipment, and other common elements of the condominium which will normally require replacement in more than one (1) year and less than thirty (30) years. Payment into this account shall be deemed a contribution to capital improvement (not an expense item) as and when made. Pursuant to provisions of the Oregon Condominium Act, Declarant has established a reserve account for replacement of such Common Elements such as this. The reserve accounts for replacement shall be funded by assessment against the same Units that are assessed for the maintenance of the items for which the reserve account is established. Accordingly, the reserve account for replacement of those General Common Elements and Limited Common Elements, the maintenance of which is provided by assessment against all Owners, is created by assessment against all Owners. The reserve account for replacement of those Limited Common Elements, the maintenance of which is provided by assessment of less than all Units shall be created by assessment only against the specific Units responsible for the maintenance of such Limited Common Elements.

The Board of Directors is required to prepare a schedule of the Common Elements having a remaining useful life of more than one (1) year and less than thirty (30) years, together with the current replacement cost of such Common Elements. The amount of the periodic payments to the reserve account shall be adjusted at regular intervals to recognize changes in remaining useful lives and replacement costs over time. Except as set forth in the Oregon Condominium Act, the reserve account shall be used only for replacement of Common Elements and shall be kept separate from accounts for maintenance.

b). Other special reserve funds as may be set up by the Board of Directors via special assessments of the Unit Owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association of Unit Owners to be appropriate, including a reserve fund for any lease payments.
c). Each said reserve account shall be kept in an account in the name of the Association with a safe, responsible, and reputable bank or savings and loan association located in the State of Oregon and shall be accounted for separately. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Units; provided, however, that nothing herein shall prevent sellers of Units from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement (i.e. a pro-rate to be handled between the seller and the purchaser of a specific Unit). No Unit Owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective Units may increase in proportion to each Unit's right to receive repair, maintenance, and replacement therefrom.

Payment of Amounts Due

a). At a minimum of once per month, all bills that have amounts owing shall be submitted to the Board of Directors for approval for payment, with the Board of Directors designating the specific person (s) who shall pay all amounts that are owing.

Section 6.2 Initial Assessment. The amount of the initial assessment to Unit Owners other than Declarant shall be determined by Declarant. Thereafter, the assessment shall be subject to review by the Board of Directors. Except as set forth herein, the assessment for all Units shall be payable from the date the Declaration is recorded.

Section 6.3 Special Assessments. The Board of Directors shall have the authority to assess special assessments against an Owner or all Owners in the following manner for the following purposes:

1). To pay for a deficit in the operating budget by vote of a majority of the Board;
2). To pay for a deductible in an insurance policy held by the Association or for the benefit of the Association;
3). To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;
4). To make repairs or renovations to the common elements if sufficient refunds are not available from the operating budget or replacement reserve accounts (by a vote of the majority of the Board of Directors);
5). To make capital acquisitions, additions, or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to Units in the Condominium.

Section 6.4 Declarant's Obligation for Assessments. From the date the Declaration and plat is recorded, Declarant shall be required to:

1). Pay assessments due for operating expenses on all unsold Units;
2). Pay assessments due for reserves on all unsold Units, or, at Declarant's option, pay or require the Unit Owner to pay all accrued reserve assessments against the Unit at the time of the initial sale or lease to the Unit Owner.

Section 6.5 Budget, Income Tax Returns, Determination of Fiscal Year.
A. The fiscal year of the association shall be a calendar year unless otherwise determined by the Board of Directors.

B. The Board of Directors is responsible for insuring that all required income tax returns to be filed by the Association are promptly filed.

C. Not less than sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be Common Expenses by the Oregon Condominium Act, the condominium Bylaws and Declaration, or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the condominium and the rendering to the Unit Owners of all related services.

1). This said budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital and such general operating reserve accounts, contingency, and other reserve accounts as the Board shall determine. The amounts designated for replacement reserves shall be adjusted annually to reflect current replacement cost and remaining useful life of the said items. Not less than thirty (30) days before the beginning of each fiscal year, the Board of Directors shall forward to each Unit Owner a copy of the budget in a reasonably itemized and readable form that sets forth the amount of the common expenses and any special assessment payable by each Unit Owner. This said budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Condominium.

D. The failure of the Board of Directors to timely prepare and/or to present a budget to the Unit Owners shall not be cause or a valid reason for any Owner to fail or refuse to pay assessments. In such case, the assessments shall continue, based on the last adopted or accepted budget, until a new budget is created and announced. The Board of Directors shall have the authority to make retroactive increases in assessments to make up for any deficiency.

E. If the Board of Directors fails to timely adopt a budget for a new fiscal year, the number of Unit Owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Unit Owners, and immediately commence assessments based on the newly adopted budget. Additionally, at any
general or specially called meeting, the number of Unit Owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, assessments to Unit Owners shall be based on the budget as so amended until a new budget is adopted in accordance with these said Bylaws.

Section 6.6 Default by a Unit Owner. Failure by a Unit Owner to pay any assessment of the Association shall be a default by such Owner of his or her obligations pursuant to these Bylaws and the Oregon Condominium Act. Notwithstanding the other remedies of the Association provided in the Declaration, this said default by the Unit Owner shall entitle the Association to declare the balance of such Owner's annual assessment otherwise being paid in installments to be immediately due and payable in full. Interest shall be charged on delinquent assessments at a rate as may be set by the Board of Directors, not to exceed the highest rate permitted by applicable law. Prior to the change in any interest rate charged on delinquent assessments, the Board of Directors shall give thirty (30) days written notice to all Owners.

1). The Association shall provide, within 10 business days of receipt of a written request from an Owner, a written statement that provides the amount of assessments due from the Owner and unpaid at the time the request was received, including regular and special assessments; fines and other charges; accrued interest; and late payment charges. This written statement shall also include the percentage rate at which interest accrues on assessments that are not paid when due and the percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

a). The Association shall not be required to comply with Section 6.6 (A) 1) requiring a written statement within 10 days if the Association has commenced litigation by filing a complaint against the Owner for unpaid amounts due and the litigation is pending when the statement would be otherwise due.

2). The Association shall also be entitled to a lien that may be enforced on compliance with the provisions of ORS 100.450. In any foreclosure suit by the Association with respect to the lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his or her Unit or shall be entitled to the appointment of a receiver pursuant to ORS 100.460. Liability for all assessments, charges, interest, fees (including attorney fees and other cost advancements), and other sums owing by the Unit Owner pursuant to the Declaration, these Bylaws, the Oregon Condominium Act, and rules and regulations of the Association shall be the personal obligation of the Unit Owner and may be enforced by suit for a money judgment, in addition to all other remedies of the Association.

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Section 6.7  Maintenance and Repair.

A. Every Unit Owner is required to promptly all maintenance and repair work within his or her own Unit, which if not repaired would affect the Common Elements of the Condominium or a part thereof belonging to other Owners. Each Unit Owner shall be responsible for the damages and liabilities that his or her failure to do so may cause.

B. The Unit Owner at his or her sole expense shall be responsible for all repairs of internal and external installations of each Unit, such as water, lights, gas, power, sewage, telephones, air conditioners and sanitary installations, doors, windows, lamps, and all other accessories belonging to the Unit area.

C. Each Unit Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Elements and/or facility damaged through his or her fault, not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and Association's benefit. In such circumstances, the insurance obtained by the Owners shall be deemed the primary coverage and the insurance obtained by the Association shall be deemed the secondary coverage.

Section 6.8  Right of Entry: Encroachments and Easements for Maintenance.

A. In case of an emergency originating in or threatening a Unit, the Owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether or not the Owner is present at the time.

B. An easement is reserved to the Association in and through any Unit and the Common Elements providing access at reasonable times and with reasonable notice for purposes of maintenance, repair, and replacement of the Common Elements. If in the process of such repair and maintenance by the Association, it is necessary to alter or damage any Unit or Common Elements, such alterations or damages will be permitted without compensation, provided the Unit and/or Common Elements are promptly restored to substantially their prior condition by the Association.

C. If any portion of the Common Elements encroaches on a Unit, or a Unit encroaches on any portion of the Common Elements, a valid easement for the encroachment and for the maintenance of the same, as long as it stands, shall exist. If the structures are partially or totally destroyed and then rebuilt, the Owners of the Units agree that minor encroachment of parts of the Common Elements due to such rebuilding shall be allowed and an easement shall exist for such purpose.

ARTICLE 7 - USE AND OCCUPANCY RESTRICTIONS AND RULES OF CONDUCT

Section 7.1  Right to Restrict Use of Common Elements. Failure by an Owner (his or her family, invitees, or lessees) to comply with the rules of conduct and restrictions set

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forth here or others adopted by the Board of Directors shall be cause for the Board of Directors to deny or restrict the Owner's right to use any Common Element facility with respect to which the Owner otherwise had a right of use.

**Section 7.2 Use.** Each hangar may be used for any non-hazardous hangar use allowed within the applicable zone and permitted by the City of Newberg, except that the hangar may not be used for residential dwelling purposes. All Common Elements shall be used in a manner conducive to such purpose. No Unit Owner shall be permitted to sub-lease his or her Unit for a period of less than twelve (12) months. No Unit Owner may sub-lease less than the entire Unit. Any lease agreement shall be required to provide that the terms of the sub-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 sub-lease.

**Section 7.3 Restriction on Alteration to Unit.** No Unit Owner shall make structural modifications or alterations in his or her Unit or installations located therein without previously notifying the Association in writing by certified mail to the management agent, if any, or to the Chairperson of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration; provided, however, that nothing herein contained shall waive or limit an Owner's obligation to comply with the provisions of ORS 100.535.

**Section 7.4 Vehicle Parking.** Vehicle parking shall only be in accordance with the established and future rules and regulations of the City of Newberg and such further rules and regulations as may be established by the Board of the Association. Vehicles must not be parked, stored, or placed in any way or manner which may block the movement of aircraft or other vehicles within the Common Elements.

**Section 7.5 Use of the Common Elements.** No Owner shall place or cause to be placed in the Common Elements of the Condominium any objects of any kind without the prior written consent of the Board of Directors. Such areas shall be used for no purpose other than what is normal.

**Section 7.6 Pets.** No pets or animals shall be stored, kept, raised or bred in the Condominium for any purpose.

**Section 7.7 Appearance of Condominium Building.** No Unit Owner will cause anything to be hung, displayed, or placed on the walls, doors, windows, walkways, ceilings of walkways, or roof of the Condominium building or any other Common Element nor otherwise change the appearance of any portion of the Common Elements without the prior written consent of the Board of Directors. No “For Sale” or “For Rent” signs will be allowed on any part of the Condominium property without the prior written consent of the Board of Directors, except that the Declarant may post reasonable signs in reasonable places on the Condominium property advertising any Unit for sale or for lease.
Section 7.8 Nuisances. No nuisances shall be allowed on the Condominium property nor any use or practice that is the source of annoyance to residents or that interferes with the peaceful possession, enjoyment, and proper use of the property by its residents. Residents shall exercise extreme care and caution about creating disturbances, making noises, or using musical instruments, radios, televisions, and amplifiers that may disturb other residents. All parts of the Condominium shall always be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate, nor any fire hazard allowed to exist. All such garbage and trash shall be placed inside disposal containers. No Unit Owner shall permit any use of his or her Unit or make any use of the Common Elements that will increase the cost of insurance on the Condominium property.

Section 7.9 Improper, Offensive, or Unlawful Use. No improper, offensive, or unlawful use shall be made of the Condominium property or any part of it. At all material times herein, each Unit Owner is responsible for obeying and adhering to all valid laws, zoning ordinances, and regulations of governmental bodies having jurisdiction. The responsibility of meeting the requirements of governmental bodies for maintenance, modification, or repair of the Condominium property will be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

Section 7.10 Restriction on Exterior Installations. No Unit Owner, resident, or lessee shall install wiring for electrical or telephone installation, exterior antennae, machines or air conditioning Units, or similar devices on the exterior of the Condominium building or cause them to protrude through the walls or the roof of the Condominium except as authorized by the Board of Directors. No window guards, awnings, or shades shall be installed without the prior consent of the Board of Directors.

Section 7.11 Vehicle Restrictions. Vehicular traffic on the parking areas and driveways on Condominium property shall be limited to five (5) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles, and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair, or similar items may be parked or kept on Condominium property.

Section 7.12 Use of Common Elements. All General Common Elements are provided for the use of the Owners and their guests. Rules and regulations associated with that usage shall be posted, setting out the conditions attendant thereto, and it is essential that all Unit Owners comply with the said rules and regulations.

Section 7.13 Subleasing Units. Subject to approval by the Board of Directors, and subject to the right of first refusal to lease a Unit granted to the Declarant in the Declaration of Condominium Ownership, a Unit Owner may rent or lease his or her entire Unit for a period of not less than twelve (12) months, provided the occupancy is only by the sub-lessee, his or her visitors, and guests. Prior to entering into any such agreement, a Unit Owner shall notify the Board of Directors of his or her intent, the name and address of the proposed tenant, and the circumstances of the proposed arrangement. If the Board of Directors finds that such proposed tenancy will not be detrimental to the Association, the well-being of the Condominium, and the
enjoyment by other Unit Owners of their Units and the Common Elements, it shall approve such tenancy; provided, however, that such tenants shall always be under the control of and subject to the Declaration, Bylaws, rules, and regulations of the Association and the Board of Directors. At any time during the tenancy, in its sole discretion, if the Board of Directors determines that it is in the best interest of the Association to do so, the Board of Directors may cause its termination and evict the tenants for cause with or without joining the Unit Owner of such Unit in any such action.

Section 7.14 Additional Rules. Rules and regulations concerning other use of the Condominium property may be made and amended from time to time by the Association or the Board of Directors. Copies of such rules and regulations will be furnished to all Unit Owners and residents of the Condominium on request.

ARTICLE 8 - INSURANCE

Section 8.1 Board of Directors to Maintain Insurance. The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts set forth herein, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other condominiums similar in construction and design, and which insurance shall be governed by the provisions in this article.

Section 8.2 Types of Insurance Policies. At all material times herein, the Board of Directors shall obtain and maintain and shall pay for out of the Common Expense funds, or a special assessment as provided in Section 6.3, if necessary, for the following, including the payment of deductibles, the following insurance to the extent available at reasonable cost:

1). A policy or policies of property insurance including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the maximum insurable value, if available, of all common elements, specifically excluding the building Units which shall be the sole responsibility of the Unit Owner, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the Owners and their mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss-payable endorsement in favor of the mortgagee or mortgagees, of each Unit, if any. For the purposes of any policy or policies of fire insurance, the term "building" shall be defined as fixtures, installations, or additions comprising a entirety of the building both interior and exterior of the individual condominium Units initially installed or replacement thereof, in accordance with the original condominium plans and specifications, or installed by or at the expense of any Unit Owner or Owners;

2). A policy or policies insuring the Association, its Board of Directors, the Unit Owners individually, and the manager against any liability to the public or the Owners of Units and their invitees or tenants, incident to the Ownership,
supervision, control, or use of the Condominium (with this said policy naming all of the aforesaid persons and/or parties as named insureds). Limits of liability under such insurance shall be not less than $2,000,000 per occurrence for bodily injuries and property damage liability; provided, however, that the said liability limits and coverage shall be reviewed at least annually by the Board of Directors, which may increase the limit of and/or coverage, in its discretion. The policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsements wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured;

3). Workers' compensation insurance to the extent necessary to comply with any applicable laws;

4). If necessary, a fidelity bond shall be obtained naming such persons as may be designated by the Board of Directors as principals and the Association and the Owners as obligees, for the amount determined by the Board of Directors; provided, however, that the Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association;

5). The Association shall not be responsible for any loss or damage to personal property of any Owner, whether stored on the common elements or in the Owner's Unit, nor shall the association maintain any insurance coverage for such loss.

Section 8.3 Insurance Companies Authorized. All policies shall be written by a company licensed to conduct business in Oregon. Any said insurance company must hold a State of Oregon Commissioner's rating of "A".

Section 8.4 Authority to Adjust Losses. All losses under policies hereafter in force regarding the Condominium property shall be settled exclusively by the Board of Directors or its authorized representative; provided, however, that when a first mortgagee has been designated as a loss payee by a Unit Owner and the first mortgagee has requested the opportunity to exercise the rights provided by this section, the mortgagee shall be entitled to settle losses as to the mortgaged Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two Directors.

Section 8.5 Value of Owner Improvements. Each Owner must inform the Board of Directors of the value of improvements made to his or her Unit in excess of $1,000 so that the Board of Directors may make any desired adjustments to the said insurance coverage. Nothing in this paragraph shall permit an Owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Article 7 as set forth herein.
Section 8.6 Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

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

2). A provision that the master policy on the condominium cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual Owners;

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

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

Section 8.7 Reconstruction Costs. If the Association is required or elects to reconstruct any of the Common Elements or Units that have been damaged or destroyed, all affected Unit Owners (i.e., Owners whose Units or Limited Common Elements have been damaged or destroyed) shall contribute to the Association all amounts received by them from property loss insurance policies to the Association to help pay for the repairs. To the extent such insurance proceeds are unavailable or unpaid when needed, the Association shall assess any Owner the amount of the Association's "deductible" under its policy to pay the cost of repairing or reconstructing such Owner's Unit or limited common elements. The assessment shall be both a personal obligation of the Owner and a lien against the Owner's Unit in the same manner as any other Association assessment.

Section 8.8 Insurance Deductible/Owner and Tenant Insurance.
A. The Board of Directors shall determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this said requirement.

B. The Association shall have no responsibility to procure, obtain, or assist in procuring property loss insurance for any Owner or tenant for: (a) damage to a Unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsements) or (b) for any damage or loss to the Owner's or tenant's personal property. Each Unit Owner shall be responsible for purchasing insurance policies insuring his Units and appurtenant limited common elements for the deductible amount under the Association's policies and for insuring his own personal property for any loss or damage. Tenants of Unit Owners shall be responsible for insuring their own
personal property for any loss or damage. The Board of Directors shall notify all Owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Board of Directors shall give at least thirty (30) days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies Owners and tenants of all Units shall procure and maintain comprehensive liability policies having combined limits of not less than $50,000 for each occurrence. Such insurance shall provide coverage for, but not limited to, the negligent acts of the Owner and tenant and their guests or other occupants of the Unit for damage to the general and limited common elements and other Units and the personal property of others located therein.

Section 8.9 Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association of Unit Owners, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

ARTICLE 9 - DAMAGE AND DESTRUCTION

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

Section 9.2 Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to or destruction of the buildings shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on the buildings for that purpose and all the Unit Owners shall be liable for assessment for any deficiency for the reconstruction, with the said deficiency to take into consideration any individual policy insurance proceeds provided by such Owner; provided, however, that if three-fourths or more in value of all the buildings are destroyed or substantially damaged and if the Owners of at least sixty percent (60%) of the Units so vote, and on the approval of holders of at least fifty-one percent (51%) of the mortgages on Units in the Condominium, the manager, or Board of Directors shall record with the county recorder a notice setting forth such facts, and on the recording of such notice:

1). The Condominium property shall be deemed to be owned in common by the Owners;
2). The respective interest of each Unit Owner in the property shall be determined by the provisions of ORS 100.610 that are in effect on the date the Condominium Declaration is recorded;
3). Any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the Owners in the project;
4). The Condominium shall be subject to an action for partition at the suit of any Owner. If a decree of partition orders the sale of the Condominium property, the

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net proceeds of sale, together with the net proceeds of the policies of insurance on
the Condominium, if any, shall be considered as one fund and shall be divided
among all the Owners in proportion to their respective undivided interests, after
first paying, out of the respective shares of the Owners, to the extent such share is
sufficient for the purpose, all liens on the undivided interest in the project owned
by each Owner.

Section 9.3 Architectural Changes After Damage or Destruction.  To the fullest
practical extent possible, reconstruction of the damaged or destroyed building as used in this
article means restoring the buildings to substantially the same condition in which they existed
before the fire, casualty, or disaster and shall be performed substantially in accordance with the
Declaration and the original plans and specifications unless other action is approved by the
holders of at least fifty-one percent (51%) of the mortgages on Units in the Condominium. Such
reconstruction shall be accomplished under the direction of the manager or the Board of
Directors. Notwithstanding all other provisions hereof, the Owners may, by an affirmative vote
of sufficient Owners to amend these Bylaws, cause an amendment to be made to the
Condominium documents so as to facilitate architectural changes that the Owners affected
thereby and the Association deem desirable if, and only if, the partial or total destruction of the
Condominium, or any buildings thereof, by fire, casualty, or any other disaster is so great as to
require the substantial reconstruction of the whole of the Condominium, or the buildings, and on
approval by the holders of at least fifty-one percent (51%) of the mortgagees in the
Condominium; provided, however, that any such amendment of such Condominium documents
shall be valid only on: (a) compliance with all applicable provisions of the Oregon Condominium
Act; (b) approval by the Oregon Real Estate Commissioner; (c) recording thereof with the
Recording Clerk of Yamhill County; and (d) recording with that recording officer of the approval
thereof of each mortgagee and each other lienholder of record having a lien against any part of
the project or building affected by such amendment.

Section 9.4 Reallocation of Percentage Interest.  In the event of a partial
destruction of the Condominium buildings or Units therein, the Unit Owners may not reallocate
percentage interest in the Common Elements without the prior approval of the mortgagees of all
the remaining Units, whether existing in whole or in part. Any such reallocation shall also
comply with the Oregon Condominium Act and other provisions of the Declaration, any
applicable supplemental Condominium Declaration and Bylaws.

ARTICLE 10 – CONDEMNATION

The Board of Directors shall have the sole authority to negotiate with any public or
private body or person having the power of eminent domain and to sue or defend in any litigation
involving such bodies or persons with respect to the Common Elements of the Condominium and
shall assist any Unit Owner whose Unit or a part thereof is the subject of any condemnation or
eminent domain proceeding; provided, however, that nothing in this or any document or
agreement relating to the Condominium shall be construed to give a Unit Owner or any party
priority over the rights of the first mortgagees of any Condominium Units in the case of a
distribution to the Unit Owner of any such condemnation awards for losses to or a taking of a
Unit and/or the Common Elements. In the event of a taking or acquisition of part or all of the common elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any trustee, for the use and benefit of the Unit Owners and their mortgage holders as their interest may appear. The Board of Directors shall distribute the proceeds of any such award or settlement on a reasonable and equitable basis among the Unit Owners.

ARTICLE 11 - AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Owners holding a majority of the total voting rights allocated to the Units in a duly constituted meeting or ballot meeting called for such purpose, and no amendment shall take effect unless approved by Owners holding a majority of the voting rights as otherwise set forth in the declaration and any supplemental Condominium Declaration. Any amendments adopted hereby shall be reduced to writing, certified by the Chairperson and Secretary of the Association to be the amendment adopted by the Association, and the certified amendment shall be recorded in the Deed and Mortgage Records of Yamhill County, Oregon; provided, however, that no amendment of these Bylaws reducing or eliminating the right of any first mortgagee shall be made without the prior written consent of the first mortgagee, and provided further that no amendment of these Bylaws may be made without the consent of Declarant as long as Declarant owns any Unit in the Condominium, but no such consent shall be required after conveyance to Owners other than Declarant of seventy-five percent (75%) of the Units or three (3) years after the first conveyance of a Unit in the condominium, whichever is earlier. ANY AMENDMENTS TO THESE BYLAWS MADE WITHIN FIVE YEARS OF THE RECORDING DATE HEREOF MUST BE APPROVED BY THE OREGON REAL ESTATE COMMISSIONER PRIOR TO RECORDING.

ARTICLE 12 – RECORDS AND AUDITS

Section 12.1 General Records.

A. The Board of Directors and the management agent or manager shall keep detailed records of the actions of the Board of Directors, and the management agent or manager, shall keep minutes of the meetings of the Association. The Board of Directors shall maintain a list of the Unit Owners entitled to vote at meetings of the Association and a list of all mortgagees of Units. Further, the Association shall maintain a copy, suitable for the purpose of duplication, the following:

1). The declaration and bylaws, including amendments or supplements in effect, the recorded plat, if feasible, and the association rules and regulations currently in effect;
2). The most recent annual financial statement;
3). The current operating budget of the association;
4). The reserve study;
5). The maintenance plan; and
6). Architectural standards and guidelines, if any.
B. The following documents, however, kept by or on behalf of the Association, may be withheld from examination and duplication to the extent that the records concern the following:

1). Personnel matters relating to a specific identified person or a person's medical records, and any communications with legal counsel related thereto;

2). Contracts, leases and other business transactions that are currently under negotiation to purchase or provide goods or services, and any communications with legal counsel related thereto;

3). Any disclosure of information that would be in violation of law;

4). Documents, correspondence or management or Board reports compiled for or on behalf of the Association or the Board of Directors by its agents or committees for consideration by the Board of Directors in executive session;

5). Documents, correspondence or other matters considered by the Board of Directors in executive session; and

6). Files of individual Owners, other than those of a requesting Owner or requesting mortgagee of an individual Owner, including any individual Owner's file kept by or on behalf of the association.

C. The general records, specification records, and all other records not withheld by the Association under section 12.1 (b) previously, shall be reasonable available for examination upon written request of a Unit Owner and any mortgagee of a Unit so long as that request is made in good faith for a proper purpose. The Association, within 10 business days after receipt of a written request by an Owner for records that are not withheld under section 12.1 (b) previously, shall furnish the requested information to the Owner along with any fee for the duplication including personnel costs incurred to furnish such information.

Section 12.2 Specification Records. The Board of Directors and the management agent or manager shall keep the following records, if received, as permanent records:

1). The as-built architectural, structural, engineering, mechanical, electrical and plumbing plans;

2). The original specifications indicating thereon all material changes;

3). The plans for underground site service, site grading, drainage and landscaping together with cable television drawings; and

4). Any other plans and information relevant to future repair or maintenance of the property.

Section 12.3 Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Elements, itemizing the maintenance expenses of the Common Elements and any other expenses incurred. The records and the vouchers authorizing said payments shall be available for examination by the Unit Owners and mortgagees at reasonable times on weekdays.
Section 12.4 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. The said account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owner, the dates and amounts in which the assessment comes due, the amounts paid on the account, and the balances due on the assessments.

Section 12.5 Proxies and Ballots. The Board of Directors or its designee shall keep proxies and ballots for a period of one (1) year from the date of the determination of the vote.

Section 12.6 Availability of Records, Fees. The Board of Directors, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of any documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.

Section 12.7 Payment of Common Expenses. The Board of Directors shall authorize the treasurer, the management agent, or another specified party to pay all legitimate expenses of the Association. These said payments shall be made pursuant to the payment system adopted by the Board of Directors as described herein.

Section 12.8 Reports and Audits. The Board of Directors shall prepare or cause to be prepared an annual report of the receipts and expenditures of the Association and a balance sheet and an income and expense statement setting forth the financial condition of the Association as of the end of each fiscal year. The report shall be prepared according to generally accepted accounting principals and procedures and shall be distributed to all Unit Owners and to all mortgagees of Units within ninety (90) days after the end of each fiscal year. At any time any Owner or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

Section 12.9 Notice of Sale, Mortgage, Rental, or Lease. Immediately upon the sale, mortgage, rental, or lease of any Unit, the Unit Owner shall promptly inform the Secretary or manager of the name and address of such vendee, mortgagee, lessee, or tenant.

Section 12.10 Annual Report. The Board of Directors shall insure that an annual report, including any amendments, is filed with the Oregon Real Estate Agency pursuant to ORS 100.250.

ARTICLE 13 - COMPLIANCE

It is the intent that these said Bylaws comply with the provisions of the Oregon Condominium Act, with those provisions of the said Act incorporated herein, and it is also the intent that these said Bylaws supplement the provisions set forth in the Declaration. If there is any conflict between the provisions set forth in these said Bylaws and the Declaration, the provisions in the said Declaration shall apply.
ARTICLE 14 - INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

To the fullest extent possible, the Association shall indemnify and hold harmless any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (other than any proceeding instituted by the Association) by reason of the fact that he or she is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees and costs which have been incurred), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such suit, action, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association.

The termination of any action, suit, or proceeding by judgment, order, or settlement shall not of itself create a presumption that a person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his or her conduct was unlawful.

Payment under this clause may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that the person had no right to such payments.

ARTICLE 15 - ASSESSMENTS, ETC.

In case suit or action is filed to enforce any term or condition of these Bylaws and the associated Declaration and the associated rules and regulations of the Association and to collect unpaid amounts due by the said Unit Owner (s), the said Unit Owner (s) is liable for the payment of the reasonable attorney fees and costs incurred. In case the Association is required to retain the services of an attorney to enforce any term or condition of these said Bylaws and the associated Declaration and the associated rules and regulations of the Association and to collect any amounts due by the Unit Owner (s), the said Unit Owner (s) is liable for the payment of attorney fees and costs incurred by the Association, even though no action is instituted.

ARTICLE 16 - DISPUTE RESOLUTION

Section 16.1 Dispute Resolution.

A. Subject to paragraph (f) of this subsection, before initiating litigation or an administrative proceeding in which the association and an Owner have an adversarial relationship, the party that intends to initiate litigation or any administrative proceeding shall offer to use any disputed resolution program available within the county in which the condominium is located that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand-delivered or mailed by certified
mail, return receipt requested, to the address, contained in the records of the association, for the other party.

B. If the party receiving the offer does not accept the offer within ten (10) days after receipt by written notice hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the association, for the other party, the initiating party may commence the litigation or the administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

C. If a qualified dispute resolution program exists within the county in which the Condominium is located and an offer to use the program is not made as required under paragraph (a) of this subsection, litigation or an administrative proceeding may be stayed for thirty (30) days upon a motion of the non-initiating party. If the litigation or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

D. Unless a stay has been granted under paragraph (c) of this subsection, if the dispute resolution process is not completed within thirty (30) days after receipt of the initial offer, the initiating party may commence litigation or an administrative proceeding without regard to whether the dispute resolution is completed.

E. Once made, the decision of the court or administrative body arising from litigation or an administrative proceeding may not be set aside on the ground that an offer to use a dispute resolution program was not made.

F. The requirements to this subsection do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

ARTICLE 17 - MISCELLANEOUS PROVISIONS

Section 17.1 Notices. All notices required to be sent to the Association or the Board of Directors shall be sent in care of the management agent, or to the principal office of the association or any other address that the Board of Directors may designate.

Section 17.2 Waiver. Failure by any party to require performance by another party of any of the provisions hereof shall in no way affect the waiving party's rights hereunder to enforce the same, nor shall any waiver of any party of any breach hereof be held to be a waiver of any succeeding breach, or a waiver of this non-waiver clause.

Section 17.3 Number, Gender, Etc. As used hereunder, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine, and neuter as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these said Bylaws.
Section 17.4 Invalidity. If any portion of these said Bylaws are deemed to be invalid, that said determination shall not have any effect upon the validity or enforcement of the remaining terms and conditions of the said Bylaws.

ADOPTION OF BYLAWS

The undersigned Declarant hereby adopts the foregoing on behalf of the Association as the Bylaws of the Association as of the date set forth below.

Dated this 28th day of May, 2008.

THIRD STREET DEVELOPMENT, LLC AN OREGON LIMITED LIABILITY COMPANY

By: Newberg Development Group LLC
Its: Member
By: Michael Willcuts
Its: Member

State of Oregon )
) ss
County of Yamhill )

Personally appeared the above-named Michael Willcuts before me who stated that he was a member of Newberg Development Group, LLC, which is itself a member of Third Street Development, LLC and that he had the authority of the other members of Third Street Development, LLC to execute this said document and who acknowledged that execution of the foregoing instrument to be his voluntary act and deed.

Subscribed and sworn to before me this 28th day of May, 2008.

[Signature]
Notary Public for Oregon
My commission expires: August 14, 2010
Exhibit A

A tract of land in Section 20, Township 3 South, Range 2 West, Willamette Meridian, being all of Tract A of "ORCHARD LAIR PHASE 1" Subdivision, Yamhill County Plat Records, the exterior boundary of which is described as follows:

BEGINNING at the southeast corner of Tract A of "ORCHARD LAIR PHASE 1" Subdivision; thence North 0°09′14″ West 218.94 feet to the northeast corner of said Tract A; thence North 66°58′18″ West 132.82 feet to an angle point in the north line of said Tract A; thence South 61°18′53″ West 32.28 feet to an angle point in the north line of said Tract A; thence North 66°58′18″ West 45.00 feet to the northwest corner of said Tract A, said point being on east margin of Air Park Way (a private street), thence South 23°01′42″ West 196.80 feet to a curve point in the west line of said Tract A, said point being the beginning of a curve having a radius of 151.00 feet and being concave to the southeast; thence Southwesterly 61.43 feet along said curve (Chord= South 11°22′29″ West 61.00 feet); thence South 0°16′44″ East 33.44 feet to the southwest corner of said Tract A; thence North 89°43′23″ East 281.42 feet to the POINT OF BEGINNING.