

BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF
EASTSIDE OAK STREET ROWHOUSES

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section 1. Name and Location. These are the bylaws of the ASSOCIATION OF UNIT OWNERS OF EASTSIDE OAK STREET ROWHOUSES (hereinafter the "Association"). EASTSIDE OAK STREET ROWHOUSES (hereinafter the "condominium") is located in the City of Portland, Multnomah County, Oregon, and has been submitted to the Oregon Unit Ownership Law by a declaration filed simultaneously herewith (hereinafter called "the Declaration"). The location of the condominium is more specifically described in the Declaration.

Section 2. Principal Office. The principal office of the Association shall be located at such address as may be designated by the Board of Directors from time to time.

Section 3. Purposes. This Association is formed under the provisions of the Oregon Unit Ownership Law to serve as the means through which the unit owners may take action with regard to the administration, management and operation of the condominium.

Section 4. Applicability of Bylaws. The Association, all unit owners, and all persons using the condominium property shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder. Failure to comply therewith shall be grounds for an action maintainable by the Association through its Board of Directors, or by an aggrieved unit owner.

Section 5. Composition of Association. The Association shall be composed of all the unit owners of the condominium, including the Oak Street Development Group and its successors and assigns (hereinafter, "the developer"), and the Association, itself, to the extent any of these own any unit or units of the condominium.

Section 6. Definitions. Except as otherwise provided herein, the definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

Section 7. Incorporation. Upon approval by a majority vote of the unit owners the Association may be incorporated under the Oregon Non-Profit Corporation law. In such event, the Articles of Incorporation shall be consistent with the Declaration and these Bylaws, and these Bylaws shall constitute the Bylaws of the incorporated association.

ARTICLE II

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

Section 1. Membership in the Association. Upon becoming the legal

owner or contract purchaser of a unit, said owner shall automatically be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason. Unit ownership shall be determined, for all purposes of the Bylaws and the administration of the property, from the record of unit ownership maintained by the Association. The Board of Directors may, at its discretion, require that a unit owner file with the Association satisfactory proof of ownership, including a copy of the deed to or land sale contract for his unit, to which shall be affixed the certificate of the recording office of the County of Multnomah, Oregon, showing the date and place of recording of such deed or contract. Notwithstanding the foregoing, the Developer shall be the owner of all previously unsold units, although no deed or land sale contract, with respect to such units, has been filed with the Association.

Section 2. Voting. The owners of each unit shall have one vote. The Developer shall be entitled to vote as the unit owner of any previously unsold units. The Board of Directors shall be entitled to vote as to any units owned by the Association. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the vote of such unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

Section 3. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of those owners holding at least fifty percent (50%) of the vote shall constitute a quorum. A subsequent joinder of a unit owner in the action taken at a meeting by signing and conferring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of the unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

Section 4. Majority Vote. The term "majority vote" shall mean the vote of more than fifty percent (50%) of the unit owners, present in person or by proxy, at a meeting at which a quorum is constituted. The majority vote shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

Section 5. Proxies. A vote may be cast in person or by proxy. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing and signed by such owner, and shall be filed with the Secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the unit by its owner. A unit owner may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled hereunder

and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

Section 6. Fiduciaries. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held by them in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the Secretary that he is the executor, administrator, guardian or trustee, holding such unit in such capacity.

Section 7. Authority to Vote. All owners shall be entitled to vote, and this shall be true if they have leased their premises to a third party. An owner's right to vote may not be revoked.

ARTICLE III

ADMINISTRATION, MEETINGS

Section 1. Association Responsibilities. The Association, through its Board of Directors, will have 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 project, including negotiating and contracting with and supervising any person, persons, or business entity with respect to such matters.

Section 2. Place of Meetings. Formal meetings of the Association shall be held at such suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. Ballot Meetings. A meeting of the Association may be by proxy ballot, as the Directors may elect, rather than a formal gathering. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposal specifically propounded on the ballot. The vote of a ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Each unit owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned, within ten (10) days after the ballots have been counted.

Section 4. First Organizational Meeting. Within three (3) years after the Developer has submitted the condominium to unit ownership and adopted these Bylaws as owner of all the units, or within ninety (90) days after Developer has sold and conveyed eighty percent (80%) or more of the units in the condominium, whichever is earlier, the Developer shall call the first meeting of the unit owners to organize the Association and to elect directors. In the event of lack of quorum at such first organizational meeting, it may be adjourned to the time of the next annual meeting.

Section 5. Annual Meeting. The first annual meeting of the Association shall be held approximately one year following the initial organizational

meeting and shall be set by action of the Board of Directors. The date for successive annual meetings, at the discretion of the Board of Directors, may be changed from time to time, but must be held annually under the rules and regulations as set out in the Bylaws. At such meetings those members of the Board of Directors whose terms have expired shall be elected by the owners in accordance with the requirements of Section 3 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 6. Special Meetings. It shall be the duty of the Chairman to call a special meeting of the owners as directed by the resolution of the Board of Directors or upon a petition signed by at least thirty percent (30%) of the unit owners having been presented to the Secretary. All meetings called because of petition of unit owners shall be held at a formal gathering and not by ballot. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the unit owners or as otherwise set out in these Bylaws.

Section 7. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual meeting, special meeting, or meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each owner of record, at least ten (10) days but not more than sixty (60) days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The mailing shall be to the owner's address last given the Secretary in writing by the unit owner. If unit ownership is split or the unit has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given the Secretary in writing, then mailing to the condominium unit shall be sufficient. The mailing or actual delivery of a notice in the manner provided in this Section shall be considered notice served. Notice of meeting may be waived by any unit owner before or after meeting.

Section 8. Adjourned Meetings. If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. No notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place. The adjournment provisions of this section do not apply to meetings by ballot.

Section 9. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (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, if any.
- (f) Election of directors.
- (g) Unfinished business.

- (h) New business.
- (i) Adjournment.

ARTICLE IV

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BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of six to ten (6 - 10) persons. All directors, other than interim directors appointed by Developer, must be the owner or the co-owner of a unit. For purposes of this section, the officers of any corporate owner and the partners of any partnership shall be considered co-owners of any units owned by such corporation or partnership. Co-owners of the same unit may not serve as directors simultaneously.

Section 2. Interim Directors. Upon the recording of the Declaration, the Developer hereby appoints the following interim board of three directors who shall serve until replaced by Developer or until their successors have been elected by the unit owners as hereinafter provided:

Dennis Gilman
Juli Johnson
Phillipa Harrison

Section 3. Election and Term of Office. At the initial organizational meeting of the unit owners, the interim directors shall resign and six to ten (6 - 10) successors shall be elected as herein provided. The owner or owners of each unit shall have the right to nominate one candidate for a directorship. Upon closing the nominations, the unit owners shall elect a Board of Directors by a single ballot. All candidates receiving one or more votes shall be elected to a term of office of one (1) year or until the next annual meeting of the Association. At the expiration of the term of office of the Directors, successor Directors shall be nominated and elected in the same manner. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 4. 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 by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, or by a sole remaining Director. Each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve. Vacancies in interim directors shall be filled by Developer.

Section 5. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors, other than interim Directors, may be removed with or without cause, by a majority of the owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners may be given an opportunity to be heard at the meeting.

Section 6. Open Meetings. All meetings of the Board of Directors shall be open to unit owners. For other than emergency meetings, notice of

the time and place and subject matter of Directors' meetings shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform unit owners of such meetings.

Section 7. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally hold such meeting, providing a majority of the newly elected Directors are present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or Secretary or on the written request of at least two (2) Directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place, and purpose of the meeting.

Section 10. Conference Call Meetings. In emergency situations, meetings of the Board of Directors may be conducted by telephonic communication. Such telephonic meetings may 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 Chairman to be used for telephonic meetings.

Section 11. Waiver of Notice. Before, at, or after any meeting of the Board of 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 of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to such Directors shall be required, and any business may be transacted at such a meeting.

Section 12. Board of Directors' Quorum. At all meetings of the Board of Directors, the presence of three (3) of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of those Directors present at a meeting at which a quorum is constituted shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

Section 14. Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have authority to carry out and be responsible for the following matters:

(a) Operation, care, upkeep, maintenance, repair and supervision of the general common elements and the limited common elements, except to the extent this obligation is imposed herein on the unit owner.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association.

(c) Collection of common expenses from the owners, both pro-rata assessments and individual assessments.

(d) Payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories on checks and vouchers thereon as shall be reasonably necessary to prevent any misuse of Association funds.

(e) Employment and dismissal of such personnel as is necessary for the maintenance, upkeep and repair of the general common elements and the limited common elements.

(f) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(g) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(h) Purchasing units of the condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these Bylaws; provided, however, that no such purchase can be undertaken unless the unit owners have enacted a resolution authorizing the purchase by a vote of at least seventy-five (75%) of the unit owners.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to, or otherwise dealing with units of the condominium acquired by the Association or its designee on behalf of all the unit owners.

(j) Obtaining insurance or bonds pursuant to the provisions of these Bylaws.

(k) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the Board if the total cost will exceed the amount of one hundred fifty dollars (\$150), unless the project has been approved by at least sixty percent (60%) of the unit owners. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to paragraph (a) above.

(l) Executing, acknowledging, delivering and recording on behalf of the unit owners easements, rights of ways, licenses and other

similar interests affecting the general common elements; provided, however, that the granting of any such interest shall be first approved by at least seventy-five percent (75%) of the unit owners. The instrument granting such an interest shall be executed by the Chairman and Secretary, shall be appropriately acknowledged, and shall state that such grant was approved by at least seventy-five (75%) of all the unit owners.

(m) Promulgation of rules of conduct for unit owners, employees, and invitees which shall be consistent with the restrictions set out in Article VII, Section 6 of these Bylaws.

(n) Promulgation of a uniform Renters' Policy.

(o) Enforcement by legal means of the provisions of the Oregon Unit Ownership Law, the Declaration, these Bylaws and any rules and regulations adopted hereunder.

(p) In addition, the Board of Directors may perform all other acts and duties as provided in ORS 91.527 and as the same may be amended from time to time, as may be necessary for the administration of the affairs of the Association and as may be agreed upon by a majority vote of unit owners.

Section 15. Reports and Audits.

(a) The Board or its designee, shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the common elements, itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the unit owners at convenient hours of weekdays.

(b) An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all unit owners and to all mortgagees of units who have requested the same within ninety (90) days after the end of each fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. 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 16. Managing Agent. The Board of Directors may employ a managing agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 14 of this Article and the duties otherwise delegated to the Secretary or Treasurer in Article V. The managing agent shall have the right to contract with any unit owner, individually or collectively with other unit owners, for the management or lease of a particular unit or units.

Section 17. Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses not exceeding one

hundred dollars (\$100) in any three (3) month period, unless such compensation is approved by majority vote of the unit owners.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a Chairman, who shall be a member of the Board of Directors, a Secretary, and a Treasurer, all of whom shall be elected by the unit owners. The Chairman, Secretary, and Treasurer shall be unit owners. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and any such other officers as in their judgment may be necessary or desirable.

Section 2. Election of Officers. The officers of the Association shall be elected by the unit owners at the initial organizational meeting and thereafter at the annual meetings of the Association, immediately following the election of Directors.

Section 3. Vacancies. If any office shall become vacant by reason other than removal by a vote of the Association, the Board of Directors shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors, or at any special meeting of the Board called for that purpose.

Section 4. Removal of Officers. At any legal annual or special meeting, other than a meeting by ballot, any officer may be removed with or without cause, by a majority of the owners, and a successor may then and there be elected to fill the vacancy thus created.

Section 5. Chairman. The Chairman shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to the unit owners and Directors. He shall have charge of such records of the Association as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as may be required by the Directors.

Section 7. Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the

name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. He shall perform all other duties incident to the office of Treasurer and as may be required by the Directors.

Section 8. Directors as Officers. Any Director may be an officer of the Association.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by a majority vote of the unit owners.

ARTICLE VI

EXPENSES AND ASSESSMENTS

Section 1. Assessments. All unit owners are obligated to pay monthly assessments imposed by the Board of Directors on behalf of the Association to meet all the common expenses. All unit owners shall be assessed in accordance with the allocation of undivided interest in the common elements assigned to each unit by the Declaration; provided, however, that unit owners may be assessed additional amounts individually for common expenses incurred through such unit owner's fault or direction. Assessments may not be waived due to limited or nonuse of common elements or abandonment of a unit. Assessments shall commence upon closing of the first sale of a unit in the condominium. The Board of Directors shall take prompt action to collect from a unit owner any assessment which remains unpaid by him for more than thirty (30) days from the due date for its payment.

Section 2. Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (d) Costs of funding reserves.
- (e) Any deficit in common expenses for any prior period.
- (f) Utilities for the common elements and other utilities with a common meter or commonly billed, such as sewer and trash collection.
- (g) Any other items properly chargeable as an expense of the Association.
- (h) Any other items agreed upon as common expenses by all unit owners.

Section 3. Budget. The initial assessment shall be determined by the Developer, and each purchaser-owner shall execute a consent to such initial assessment. The initial assessment shall thereafter be subject to review by the Board of Directors. The Board shall from time to time, and at least annually, prepare a budget for the Association and estimate the common expenses expected to be incurred, less any previous over-assessment. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis. The Board shall advise each unit owner in writing of the amount of assessment payable by him, and shall furnish copies of the budget on which such assessments are based.

Section 4. Special Assessments.

(a) At the time of closing of the initial sale of each unit, the purchaser shall make a non-refundable payment of twenty-five dollars (\$25) as a special assessment. Said assessment shall be used to purchase supplies and equipment as needed to administer the Association and maintain the project.

(b) Capital Improvements. In the case of any duly authorized capital improvements to the common elements, the Board of Directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution.

(c) Reserve Trust Funds. In establishing reserves for the maintenance, repair or replacement of the common elements, the Board of Directors may elect by resolution to establish one or more trust funds for the maintenance, repair or replacement of specific items, in which case the Board shall either designate part of the regular assessment or establish separate assessments for such purposes. The proceeds therefrom shall be held in such trust funds and used only for the designated maintenance, repairs or replacements.

Section 5. Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Association the assessed common expenses, including prorata or individual assessments, such unit owner shall be obligated to pay interest at the rate of ten percent (10%) per annum on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom as provided in Article XVI. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, and expenses of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Unit Ownership Law. The Board of Directors shall notify the first mortgagee of a unit of any default not cured within thirty (30) days of the date of default.

Section 6. Lien of Association Against Unit. The Association, upon complying with ORS 91.546(2) or as the same may be amended shall have

a lien upon the individual unit and undivided interest in the common elements allocated to such unit for all lawfully chargeable common expenses assessed to such unit's owner and for any unpaid assessments and interest. The lien shall be prior to all other liens or encumbrances upon the unit except:

- (a) Tax and assessment liens, and
- (b) A first mortgage or trust deed of record.

Section 7. Foreclosure of Liens for Unpaid Common Expenses. In any suit brought by the Association to foreclose a lien on a unit because of unpaid common expenses, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association and subject to Article IV, Section 14(h), shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing the liens securing the same.

Section 8. Statement of Common Expenses. The Board of Directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common expenses.

Section 9. Expenses on Voluntary Conveyance. In a voluntary conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid charges against the latter for his proportionate share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser, the Board of Directors shall make and deliver a statement of the unpaid charges against the prospective grantor, and the grantee in that case shall not be liable for, nor shall the unit when conveyed be subject to, a lien filed thereafter for any unpaid charges against the grantor in excess of the amount therein set forth.

ARTICLE VII

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

Section 1. Maintenance and Repair.

(a) Each unit owner must perform promptly all cleaning, maintenance and repair work within his own unit, which if omitted would affect the common elements of the condominium or a part thereof belonging to other owners, and shall be responsible for the damages and liabilities that his failure to do so may cause.

(b) Each unit owner shall be responsible for the repair, maintenance, or replacement of windows, doors, and any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, lighting fixtures and

lamps, fireplaces, refrigerators, dishwashers, ranges, ovens, or other appliances and accessories that may be in or connected with his unit, regardless of whether such items are designated common elements.

(c) Each unit owner shall keep the patios and decks and other limited common elements appurtenant to his unit in a neat, clean and sanitary condition.

(d) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and/or facility damaged through his fault or at his direction, not otherwise covered by insurance policies carried by the Association for the owner's and the Association's benefit.

(e) All other maintenance, repair and replacement to the general and limited common elements shall be made by the Association as a common expense.

Section 2. Use of Units, Internal Changes, Alterations.

(a) All units shall be used for residential purposes only, and all common elements shall be used in a manner conducive to such purposes. No unit owner shall be permitted to lease his unit for hotel or transient purposes, nor to lease less than the entire unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing and shall be consistent with the uniform renters' policy, if any, promulgated by the Board of Directors pursuant to Article IV, Section 14(n) of these Bylaws.

(b) A unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the condominium property, reduce the value thereof, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners affected is first obtained. Subject to this limitation, however, a unit owner may:

(i) Make any improvements or alterations to his unit that do not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium.

(ii) After acquiring an adjoining unit or an adjoining part of an adjoining unit, may submit a written request to the Board of Directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition in whole or in part is a common element. The Board of Directors shall approve the change unless it determines within forty-five (45) days that the proposed change will impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium. The Board of Directors may require the unit owner, at his own expense, to submit an opinion of a registered architect or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the condominium or lessen the support of

any portion of the condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

Section 3. Use of the Common Elements. A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without permission of the Board of Directors. Subject to limitations contained in these Bylaws, a unit owner may use the common elements in accordance with the purposes for which they are intended; but a unit owner may not hinder or encroach upon the lawful rights of the other unit owners.

Section 4. Relocation of Boundaries.

(a) The boundaries between adjoining units, including any intervening common elements, may be relocated or eliminated by an amendment to the Declaration. The owners of the affected units shall submit to the Board of Directors a proposed amendment which shall identify the units involved, state any reallocations of common element interest, voting rights, common expense liability and right to common profits and contain words of conveyance. The Board of Directors shall approve the amendment unless it determines within forty-five (45) days that the reallocations are unreasonable or the relocation or elimination will impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium.

(b) The Board of Directors may require the owners of the affected units to submit an opinion of a registered architect or registered professional engineer that the proposed relocation or elimination will not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium.

(c) The Board of Directors or any agent appointed by the Board of Directors may supervise the work necessary to effect the boundary relocation or elimination.

(d) Any expenses incurred under this section shall be charged to the owners of the units requesting the boundary relocation or elimination.

(e) The amendment shall be executed by the owners and mortgagees or trust deed beneficiaries of the affected units, certified by the Chairman and Secretary of the Association and approved and recorded in accordance with paragraph (b) of subsection (1) of ORS 91.521.

(f) A plat and floor plans necessary to show the altered boundaries between the adjoining units shall be recorded in accordance with subsection (4) of ORS 91.515.

Section 5. Right of Entry, Encroachments.

(a) In case of an emergency originating in or threatening his unit, or other condominium property, an owner hereby grants 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. Each unit owner shall, upon request, leave a key to his unit with the Board of Directors or manager to be used in such emergencies.

(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 now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. In the event any building, unit, adjoining unit, or adjoining common element, shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the building shall stand.

(d) Developer and its agents, successors and assigns shall have an easement over and upon the common elements as may be reasonably necessary for the purpose of completing construction and landscaping, making repairs to existing structures, and carrying out sales and rentals of units, including, without limitation, and the right to use a unit owned by Developer as a sales office.

(e) Upon request and at reasonable times, any unit owner shall be permitted to enter and travel through areas otherwise restricted to the use of another unit owner for the purpose of maintaining or moving large objects into the area restricted in use to the unit owner making such request. The request shall be made to the unit owner whose private area will be entered. Any unreasonable refusal shall be brought to the immediate attention of the Board of Directors.

Section 6. Rules of Conduct. The following rules and restrictions are in addition to all other restrictions and requirements contained in the Declaration and these Bylaws. Failure by an owner (his family, invitees, or lessees) to comply with these rules of conduct and restrictions contained in the Declaration, Bylaws, or others promulgated by the Board of Directors will be cause for which the Board of Directors may deny or restrict such owner's right to use any common element facility with respect to which such owner otherwise had a right of use, in addition to all other actions which the Board of Directors may take against such owner.

(a) Residents shall exercise extreme care about creating disturbances, making noises, or using musical instruments, radios, television, and amplifiers that may disturb other residents.

(b) No animals or fowl shall be raised, kept, or permitted within the condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit. No animals of any kind shall be kept, bred, or raised for commercial purposes. The Board of Directors may by rule set a maximum number of pets per unit of two cats or one dog, provided that said rule shall not be applied retroactively to existing pets. Dogs must be accompanied by their owners in the common areas of the condominium. Those unit owners keeping pets will abide by municipal sanitary regulations, Humane Society regulations, and rules or regulations promulgated by the Board of Directors. A unit owner may be required to remove a pet after receipt of two (2) notices in writing from the Board of Directors of violations of any such laws, rules, or regulations governing pets.

(c) No garbage, trash or other waste shall be deposited or maintained on any part of the property except in areas or containers designated for such items.

(d) No owner, resident, or lessee shall install wiring for electrical or telephone installation, television antenna, machines or air conditioning units, or similar devices on the exterior of the project or cause them to protrude through the walls or the roof of the project except as authorized by the Board of Directors. No exterior window guards, awnings, or shades, or exterior lights or noise making devices shall be installed without the prior consent of the Board of Directors.

(e) In order to preserve the attractive appearance of the condominium, the Board of Directors or the manager may regulate the nature of items which may be placed in or on windows, decks, patios, and the outside walls so as to be visible from other units, the common elements or outside the condominium. All such items shall be maintained in a neat, clean and sanitary manner by the unit owner.

(f) The driveways designated as limited common elements in the Declaration are intended for use of automobiles of owners and guests. In compliance with requirements of the City of Portland, vehicles parked in the driveways shall not encroach upon the sidewalks on SE Oak Street or SE 14th Avenue or SE 13th Avenue. Failure to abide by this rule may, without further notice, result in the offending vehicle being towed at the owner's expense.

(g) No house trailers, motorhomes, pickup campers, mobile homes, or like recreational vehicles shall be used for residential purposes, nor stored on the common elements, or on any roadways or other ways of egress or entry thereto. The restrictions herein do not apply to the parking of pickup campers, trailers, motorhomes, or other such recreational vehicles for a reasonable period by visiting guests of the unit owners.

(h) No commercial activities of any kind shall be carried on in any unit or in any other portion of the condominium without the consent of the Board of Directors or manager, except activities relating to the rental or sale of units. This provision, however, shall not be construed so as to prevent or prohibit a unit owner from maintaining his professional personal library, keeping his personal business or professional records or accounts,

handling his personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in his unit.

(i) Nothing shall be done or kept in any unit or in the common elements which will increase the cost of insurance on the common elements. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in cancellation of insurance on any unit or any part of the common elements.

(j) No flammable liquids in quantities in excess of one gallon shall be stored on any part of the condominium property, including the unit itself, except fuel in automobile tanks.

(k) In order to enhance the liveability of the condominium, two-bedroom units shall be limited to four (4) permanent occupants, and three-bedroom units shall be limited to six (6) permanent occupants, unless otherwise approved by the Board of Directors. Guests of owners residing in a unit less than thirty (30) days shall not be considered permanent occupants.

(l) In addition, the Board of Directors from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium property. Such action may be modified by vote of not less than sixty-six percent (66%) of the unit owners present, in person or by proxy, at any meeting at which a quorum is constituted, the notice of which shall have stated that such modification or revocation or rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

Section 7. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted hereunder or the breach of any Bylaw contained herein or of any provision of the Declaration shall give the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these Bylaws:

(a) to enter the unit or limited common element in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty of any manner of trespass; or

(b) to enjoin, abate, or remedy such thing or condition, by appropriate legal proceedings.

In addition, any aggrieved unit owner may bring an action to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE VIII

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INSURANCE AND BONDS

Section 1. Fidelity Bonds. The Board of Directors shall require that any person or entity who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

Section 2. Insurance. The Board of Directors shall secure and maintain in the name of the Association, as trustee for the unit owners, the following insurance coverage on the condominium project, and shall pay for the same out of common expense funds.

(a) Fire and extended coverage. A policy or policies of property insurance equal to full replacement value (i.e., 100% of current "replacement" cost) exclusive of land, foundation, excavation, and other items normally excluded from coverage of the condominium project, but including all buildings, units, service equipment and the like and any fixture or equipment within an individual condominium unit which is financed under a mortgage, with an Agreed Amount Endorsement or its equivalent, if available. Such insurance shall provide for a separate loss payable in favor of all mortgagees and shall provide protection against at least the following: Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and by sprinkler leakage, debris removal, vandalism, malicious mischief, windstorm, and water damage, and such other risks as are customarily covered in similar projects. In no event shall such policy or policies have a deductible clause in excess of One Thousand Dollars (\$1,000) per unit.

(b) Liability coverage. A comprehensive policy or policies insuring the Board of Directors, the manager, and their agents and employees, the unit owners and their lessees, tenants, or occupants against any liability to the public or to the unit owners, incident to the ownership and/or use of a condominium project, and including the personal liability exposure of the unit owners, incident to the ownership and/or use of a condominium project, and including the personal liability exposure of the unit owners, which policy or policies must contain a severability of interest endorsement, or equivalent coverage, which would preclude the company from denying the claim of a unit owner because of the negligent acts of the Association or a unit owner. Limits of liability under such insurance policy or policies shall not be less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence and such policy or policies shall include protection against all such risks as are customarily covered in similar projects. Further, such policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsements wherein the rights of named insureds under the policy or policies shall not be prejudiced as in respect to his, her or their action against another named insured.

(c) Insurance coverage maintained pursuant to paragraphs (a) and (b) above may not be brought into contribution with insurance purchased by owners of the condominium units or their mortgagees and such coverage shall be further subject to the following:

1. Such coverage must not be prejudiced by (a) any act or neglect of the owners of condominium units when such act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control.

2. Coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least thirty (30) days' prior written notice to all insureds and their mortgagees, if any.

3. All policies must contain a waiver of subrogation by the insurer as to any and all claims against the Association, and the owner of any condominium unit and/or their respective agents, employees, or tenants, and of any defenses based on co-insurance or invalidity arising from the acts of the insured.

4. All policies of property insurance must provide that, despite any provisions giving the carrier the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercised without the prior written approval of the Association or when in conflict with any requirement of law.

(d) Fidelity coverage. In addition to the coverages outlined above, the Board of Directors shall secure and maintain in the name of the Association as obligee, fidelity insurance to protect the Association against dishonest acts by its officers, directors, trustees and employees, and all others who shall be responsible for handling the funds of the Association. All such insurance shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the condominium project, including reserves, and all such coverage shall contain waivers of any defenses based upon the exclusion of persons who serve without compensation from any definition of "employee", or similar expression. Such insurance shall be subject to the condition that it may not be cancelled or substantially modified (including cancellation for non-payment of premiums) without at least thirty (30) days' written notice to the insured or to the mortgagee or mortgagees.

(e) In addition to all other insurance coverage required herein, the Board of Directors shall secure and maintain in the name of the Association, workers' compensation coverage to the extent necessary to comply with any applicable laws and such other insurance for such other risks of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use.

(f) Exclusive authority to adjust losses under policies hereafter in force in the project shall be vested in the Board of Directors or its authorized representative.

(g) Each unit owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under paragraph (a) above, and against his liability not covered under paragraph (b) above, unless the Association agrees otherwise; provided, however, that no unit owner

shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of all the unit owners, may realize under any insurance policy which the Board of Directors may have in force on the project at any particular time.

(h) Notwithstanding any other provision herein to the contrary, the Association shall continuously maintain in effect such casualty, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a mortgagee or owner of a condominium within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

Section 3. Value of Owner Improvements. Each owner must inform the Board of Directors of the value of improvements made to his unit in excess of One Thousand Dollars (\$1,000) so that the Board of Directors may make any desired adjustments in insurance coverage. Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval pursuant to Article VII, Section 2(b).

Section 4. Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association, which review shall include an appraisal of all improvements made to the project by a representative of the insurance carrier writing the master policy.

ARTICLE IX

DAMAGE AND DESTRUCTION

Section 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 property damaged or destroyed, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed property, as used in this paragraph, means restoring the property to substantially the same condition in which it existed prior to the fire, casualty, or disaster, with each unit and the common area having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished under the direction of the manager or the Board of Directors.

Section 2. Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed property, the damage to, or destruction of, such property shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on such property for that purpose, and all the unit owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by such owner. Provided, however, if seventy-five percent (75%) or more in value of all the property is destroyed or substantially damaged and if seventy-five percent (75%) or more of the unit owners agree that the property shall not be repaired, reconstructed or rebuilt, then the property shall be considered removed from the provisions of the Oregon Unit Ownership Law, and:

(a) The property shall be deemed to be owned in common by all the unit owners;

(b) The respective interest of a unit owner shall be the total of the fair market value of his unit and common element interest appertaining to such unit immediately before termination of the condominium. The proportion of any unit owner's interest to that of all unit owners shall be determined by dividing the fair market value of that unit owner's unit and common element interest by the total fair market values of all units and common element interests. The fair market value of each unit and common element interest appertaining to such unit shall be determined by:

(i) Agreement of all unit owners; or

(ii) An independent appraiser selected by the Board of Directors. The decision of the appraiser shall be distributed to the unit owners and shall become final unless within fifteen (15) days after the distribution, the Board of Directors receives written objection from at least twenty-five percent (25%) of the unit owners. In such event, a new appraiser shall be selected by the presiding judge of the circuit court for Multnomah County. Such appraiser's decision shall be final.

(c) All costs and expenses incurred under this section shall be common expenses.

(d) In the event any part of the property has been damaged or destroyed, the appraiser may use any available data and information pertaining to the condominium including, but not limited to, building plans, prior appraisals and information on file with governmental authorities.

(e) Liens affecting any unit shall be liens, in accordance with the then existing priorities, against the undivided interest of the unit owner in the property owned in common.

(f) The property shall be subject to an action for partition at the suit of any unit owner. If a decree of partition orders the sale of the property, the net proceeds of sale, together with the net proceeds of the policies of insurance on the property, if any, shall be considered as one fund and shall be divided among the unit owners and (their mortgagees as their interests may appear) in proportion to the unit owners' respective undivided interests in said fund after first paying out of the respective shares of the unit owners, to the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each unit owner.

ARTICLE X

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. Prompt written notice of any such proceeding shall be given to the unit owners and their mortgagees. With respect to a taking of the common elements or any part thereof, the Board of Directors shall arrange for the repair or restoration of said common elements out of the proceeds of the award unless seventy-five percent (75%) or more of the unit owners agree not to repair or restore said common elements. In that event, the Board of Directors shall disburse the net proceeds of such award to the unit owners (and their mortgagees as their interests may appear) according to the formula and procedure prescribed herein in Article IX, Section 2(b), (c), and (d).

ARTICLE XI

AMENDMENTS TO BYLAWS

The Bylaws may be amended by the Association in a duly constituted meeting or ballot meeting called for such purpose, and no amendment shall take effect unless approved by seventy-five percent (75%) or more of the unit owners and by the Developer so long as Developer owns twenty percent (25%) or more of the units in the condominium. Developer's consent shall not be required after three (3) years from the date of recording of the Declaration. Neither Article XII nor any provision of the Bylaws which is for the benefit of mortgagees may be amended without written consent of all mortgagees. Any amendments adopted hereby shall be reduced in writing, certified by the Chairman and the Secretary of the Association of Unit Owners to be the amendment so adopted by the Association.

Prior to the recordation of such amendment, the Association will submit the proposed Amended Bylaws or Amendment to a Bylaw to the Oregon State Real Estate Commissioner for approval in accordance with the Oregon Unit Ownership Law. If approved, said amendments shall be recorded in Multnomah County.

ARTICLE XII

MORTGAGEES

Section 1. Definition of Mortgagee. "Mortgagee" as used in these Bylaws shall include the beneficiary of a trust deed. "Institutional holder" shall mean a mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any state or federal agency.

Section 2. Notice to Association. An owner who mortgages his unit shall notify the Association through the managing agent, if any, or the Chairman in the event there is no managing agent, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Units".

Section 3. Notice of Change in Documents or Manager. The Association shall give the mortgagees written notice thirty (30) days prior to the effective date of (1) any change in the condominium documents, and (2) any change of manager (not including change in employees of corporate manager) of the condominium project.

Section 4. Notice of Default by Mortgagor. The Association shall give each mortgagee written notification of any default by the mortgagor of such unit in the performance of such mortgagor's obligation under the condominium documents which is not cured within thirty (30) days.

Section 5. Mortgagee Exempt from Certain Restrictions. Any mortgagee who comes into possession of a mortgaged unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "rights of first refusal" or other restriction on the sale or rental of the mortgaged unit, including, but not limited to, restrictions on the age of unit occupants and restrictions on the posting of signs pertaining to the sale or rental of the unit.

Section 6. Discharge of Lien Upon Foreclosure. Where the mortgagee of a first mortgage, or beneficiary of a first trust deed of record, or other purchaser of a unit obtains title to a unit as a result of foreclosure of the first mortgage or first trust deed, such acquirer of title, its successors and assigns, shall not be liable for the unpaid common expenses or assessments by the Association chargeable to such unit which became due prior to the acquisition of title to such unit by such acquirer. Such unpaid expenses or assessments shall be deemed to be a common expense and shall be reallocated on a prorata basis to all of the unit owners, including such acquirer, his successors and assigns. Provisions of this Section shall apply only to mortgagees of a first mortgage of record of beneficiaries of a first trust deed of record constituting first liens against the unit or purchasers holding under them. Junior lien holders or purchasers under them who acquire title to a unit as a result of foreclosure of such junior lien shall take title subject to the lien of any unpaid expenses.

Section 7. Written Consent of Mortgagee Required in Certain Cases. Unless all first mortgagees of individual units have given their prior written approval, the Association shall not:

(a) Forfeit the right to employ a professional manager for the condominium project; provided, however, any agreement for professional management of the condominium project shall provide that the management contract may be terminated for cause on thirty (30) days' written notice, and the term of any such contract shall not exceed one (1) year;

(b) Change the prorata interest or obligations of any unit for (1) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, and for (2) determining the prorata share of ownership of each unit in the common elements.

(c) Partition or subdivide any unit;

(d) By act or omission seek to abandon or terminate the condominium status of the project except as provided by statutes in case of substantial loss to the units and common elements of the condominium project;

(e) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended

use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause;

(f) Use hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than the repair, replacement, or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or common elements of the condominium project; and

(g) Otherwise materially amend these Bylaws in any manner substantially affecting the rights of the first mortgagee.

Section 8. Proxy Held by Mortgagee in Certain Cases. The first mortgagee may attend a meeting of the Association with the proxy of the mortgagor of said unit for the purpose of voting to maintain the common elements. Provided, however, such right shall arise only in the event the mortgagee reasonably believes that the Association has failed to maintain the common elements in a sufficient manner to prevent excessive wear and tear. The first mortgagee shall, upon written request to the Association, be entitled to receive the same notice of all meetings thereof as is required to be given the members of the Association, and shall be entitled to attend all such meetings through the duly appointed representative, regardless of whether entitled to vote thereat by proxy as above provided.

Section 9. Right to Examine Books and Records. All first mortgagees shall have the right to examine the books and records of the Association upon reasonable notice and at reasonable times, and, on written request to receive copies of all financial statements prepared by and for the Association.

Section 10. Notice in Event of Loss or a Taking. The Association shall give all first mortgagees written notice of any loss exceeding Five Thousand Dollars (\$5,000) to, or taking of, the common elements of the condominium project or any unit thereof.

ARTICLE XIII

COMPLIANCE

These Bylaws are intended to comply with the provisions of the Oregon Unit Ownership Law, which are incorporated herein. In case any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply.

ARTICLE XIV

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

The Association shall indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that he 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's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action, proceeding, or appeal therefrom, if he acted in good faith and in a manner he 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 no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he 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 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 to seek reimbursement of any such payment, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent shall have a right of contribution over and against all other Directors, officers, employees, or agents and members of the Association who participated with or benefitted from the acts which created said liability.

ARTICLE XV

SUITS AND ACTIONS

In the event suit or action is commenced by the Directors for the collection of any amount due or enforcement of any rights of the Association pursuant to these Bylaws, or the Declaration, or the Oregon Unit Ownership Law, the owner or owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorney's fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys fees in the appellate court to be fixed by such court.

ARTICLE XVI

MISCELLANEOUS

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

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

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

It is hereby certified that these Bylaws have been adopted by Oak Street Development Group, a partnership, Declarant of Eastside Oak Street Rowhouses, and will be recorded in the Deed Records of Multnomah County, together with the Declaration of Unit Ownership for said condominium, after said Declaration and Bylaws are approved by the Assessor of said County.

DATED this 22 day of July, 1980.

Oak Street Development
Group

By [Signature]

By Richard D. Harrison