

EXHIBIT B

BY-LAWS

BOOK 1361 PAGE 850

OF

RIDGECREST CONDOMINIUM OWNERS' ASSOCIATION

ARTICLE I

GENERAL

1. Application. These By-Laws govern the Ridgecrest Condominium Owners' Association and the administration of the property known as Ridgecrest Condominium located in the City of Lake Oswego, County of Multnomah, State of Oregon, and more particularly described in the Declaration dated _____, 19____, and recorded in Deed Records, Multnomah County, in Book _____ at Pages _____ to _____.

2. Definitions. The terms used in these By-Laws, which are defined in the Declaration, shall have the meanings given to them by the Declaration, unless the context in which they are used in the By-Laws otherwise requires.

3. Incorporation. The Association is a non-profit corporation organized and existing under and by virtue of the laws of the state of Oregon. The "President" of the Association is ex-officio "Chairman" for the purposes of the Oregon Unit Ownership Law.

4. Principal Office. The principal office of the Association shall be maintained in Multnomah County, Oregon, at Condominium Management, Inc., Camelot Court, 278 S.W. Arthur Street, Portland, Oregon 97201, phone--(503) 224-2295.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

1. Membership. Each person who is a record owner of a fee or undivided fee interest in a unit is a member of the Association, except that a person who holds an interest merely as a security for performance of an obligation is not a member. Membership in the Association means membership in the corporation for the purposes of the Oregon Non-Profit Corporation Law.

2. Suspension of Membership. During a member's default in payment of any annual or special assessment levied by the Association against the unit in which the member owns a fee interest, the member's voting rights and right to use of recreational facilities

may be suspended by the Board. Suspension, if ordered, may be continued until the assessment is paid. Those rights of a member may also be suspended after notice and hearing, for a period not to exceed 30 days for each violation of any rule or regulation established by the Board governing use of common elements.

3. Proxies. At any meeting of members each member may vote in person or by proxy. A proxy given by a unit owner to any person who represents the owner at meetings of the Association shall be in writing signed by the owner and shall be filed with the Board. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Subject to the immediately preceding sentence and subject to limitation by the terms of the proxy, a proxy shall be deemed valid until revoked in writing. An executor, administrator, guardian, conservator or trustee may vote, in person or by proxy, at any meeting of Association with respect to any unit owned or held by him in fiduciary capacity, whether or not the unit has been transferred to his name, if he satisfies the Secretary of the Association that he is the executor, administrator, guardian, conservator or trustee holding the unit in that fiduciary capacity. When a unit is owned by two or more jointly, according to records of Association, the vote for the unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. If a co-owner protests, no one co-owner shall be entitled to vote without approval of other co-owners.

ARTICLE III

MEETINGS

1. Annual Meeting. The annual meeting of the Association shall be held on the 1st Wednesday in August of each year at 7:30 o'clock p.m., unless otherwise determined by resolution of the Board. The annual meeting shall be for the purpose of electing directors and for the transaction of any other business brought before the meeting. The parliamentary authority for each annual or special meeting shall be "Roberts Rules of Order Newly Revised."

2. Special Meetings. A special meeting of the Association may be called at any time by the Chairman, by the Board of Directors or upon request of 30% of unit owners. At any such special meeting only business which is specifically or generally described in the notice for the meeting shall be transacted.

3. Notice. Written or printed notice stating the place, day and hour of each annual or special meeting of the Association and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) nor more than fifty (50) days before the date of the meeting.

either personally or by mail, by or at the direction of the Chairman, or the Secretary, or the persons calling the meeting, to each member entitled to vote at the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States Mail, with postage fully prepaid, addressed to the member at the member's most recent address as it appears on the records of the Association. Notice of each annual or special meeting shall also be given by posting the notice in at least one conspicuous location within the common elements not fewer than seven (7) nor more than fourteen (14) days before the meeting. No notice of a meeting need be given to any owner who waives the notice in writing or who is present at the meeting, in person or by proxy. Written ratification by an owner of any action taken at a meeting is equivalent to waiver of notice of the meeting by the one so ratifying.

4. Majority. As used in these By-Laws, "majority" or "majority of the unit owners" means the owners of more than 50% in the aggregate of the undivided ownership interests appertaining to each unit as expressed in the Declaration. Whenever a percentage of unit owners is specified, percentage means the percentage in the aggregate of such undivided ownership.

5. Quorum. At any meeting of the unit owners, a majority of the unit owners shall constitute a quorum for any and all purposes except where by express provisions a greater vote is required, in which event a quorum shall be the number required for such vote. In the absence of a quorum, the Chairman may adjourn the meeting from time to time, without notice other than by announcement at the meeting, until the holders of the amount of interest required to constitute a quorum shall attend. At any adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

6. Voting. Each unit owner shall have the number of votes for election of directors and on all matters coming before the Association equal to the percentage for the unit expressed in Declaration Exhibit D. When a quorum is present at any meeting, the vote of the unit owners representing more than 50% of the undivided ownership of common elements, present in person, or represented by proxy, shall decide any questions of business before the meeting, including election of directors, unless the question is one upon which, by express provision of the Oregon Unit Ownership Law, the Declaration or these By-Laws, a different vote is required, in which case the express provisions shall govern and control the decision of the question. All votes may be cast either in person or by proxy. All proxies shall be in writing and, in the case of proxies for the annual meeting, shall be delivered to the Secretary at least five (5) days before the annual meeting.

Proxies for a special meeting of the Association shall be delivered to the Secretary at least two days before the special meeting.

7. Designation of Voting Owners. There shall be one "voting owner" of each unit. The voting owner shall be designated by the record owner or owners of each unit by written notice to the Association and need not be a unit owner. If the designation is to a first mortgagee or a trust deed beneficiary of a unit, it may be in the form of an irrevocable proxy. If the designation is otherwise, it shall be in the form of a proxy revocable at any time by actual notice to the Association of the death or judicially declared incompetency of any unit owner or by written notice to the Association signed by the record owner or owners of any unit. Such powers of designation and revocation may be exercised by the guardian of a record owner's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of a record owner's estate, by his executor or administrator where the latter's interest in the property is subject to administration in his estate. Where no designation is made and where a designation has been made but is revoked and no new designation has been made, the voting owner of each unit shall be the group composed of all of its record owners. Any or all of such owners may be present at any meeting of the voting owners in person or by proxy. If those present act unanimously, they may vote or take any other action as a voting owner. A vote by one co-owner constitutes a unanimous vote of all members of the group of owners if no member present protests.

Place of Meetings. All meetings of the Association shall be held at its principal office, unless otherwise stated in the call and all meetings shall be held in the state of Oregon.

ARTICLE IV

BOARD OF DIRECTORS

1. Election. Upon filing of the Declaration, Declarant, as developer and owner of all units, shall appoint an interim Board of three directors who are officers or agents of developer and who shall serve until their successors have been elected by the owners at the first organizational meeting of the Association.

Within one hundred twenty (120) days after the filing of the Declaration and the adoption of these By-Laws the developer, as owner of all units, shall call the first meeting of owners to organize the Association. At that time the interim Board designated by the developer shall resign, and the owners shall elect a new Board as provided in these By-Laws. At that first organizational meeting of the Association, the owners shall elect five (5) directors. The term of office of three (3)

of these directors shall be fixed at one year and the term of office of two (2) of these directors shall be fixed at two years. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve for a term of two (2) years so that the terms of at least two-fifths of the directors shall expire annually. Each director shall hold office until his respective successor has been elected by the unit owners.

2. Vacancies. Vacancies in the Board 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 remaining directors, even though they may constitute less than a quorum. Each person so elected shall be a director until his successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose.

3. Powers and Duties. The Board shall have all powers and duties necessary for administration of affairs of the Association except powers and duties which by law, by the Declaration or by these By-Laws may not be delegated to the Board by the owners. The powers and duties to be exercised by the Board, directly or indirectly through a manager or managing agent, include, but are not limited to:

(a) Operation, care, upkeep, maintenance and repair of the common elements;

(b) Determination of amounts required for operation, maintenance and other affairs of the Association and making of such expenditures;

(c) Collection of common expenses from owners;

(d) Employment and dismissal of personnel necessary for efficient management, maintenance, upkeep and repair of the common elements;

(e) Employment of legal, accounting or other personnel for reasonable compensation to perform services required for proper administration of the Association;

(f) Opening and operating bank accounts on behalf of the Association and designating signatories required therefor;

(g) Purchasing units of the development at foreclosure or other judicial sales in the name of the Association or its designee on behalf of all owners as provided in these By-Laws; 15

(h) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for election of directors), or otherwise dealing with, units of the development acquired by the Association or its designee on behalf of all owners;

(i) Obtaining insurance or bonds pursuant to provisions of the Declaration or these By-Laws;

(j) 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 \$1,000 unless the unit owners have enacted a resolution authorizing the project by a majority vote;

(k) Enforcement by legal means of the Declaration, these By-Laws and rules and regulations adopted under the Declaration or under these By-Laws;

(l) Performance of any duty or function required to be done by the Association as set forth in the Declaration.

4. Removal. Any elected director may be removed, without cause, at a meeting of the Association, upon the vote of a majority of the unit owners. The notice of the meeting shall state that the removal is to be considered. A successor director shall be elected at the same meeting for the then unexpired term of the director removed. With respect only to the interim Board of Directors, any director appointed by the Declarant, as developer, may be removed from office at any time without cause by the Declarant by delivering to the Secretary of the Association and to the director a written statement that the director is removed from office. Forthwith upon the removal, the Declarant shall appoint a successor interim director.

5. Compensation. The directors shall serve without compensation.

6. Regular Meetings. A regular meeting of the Board shall be held in the first six months of each calendar year and in the second six months of each calendar year at a time to be determined by the Board. After such determination of the time of the meeting, no further notice of the regular meeting shall be required. If the day for the regular meeting is a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

7. Special Meetings. A special meeting of the Board shall be held when called by the Chairman or by three directors after not fewer than five (5) days' notice to each director in writing.

8. Waiver of Notice. The transaction of any business at any meeting of the Board of Directors, however called or noticed, or wherever held, shall be valid as though done at a meeting duly held after regular call and notice if a quorum is present and if either before or after the meeting each director not present signs a written waiver of notice, a consent to the holding of the meeting or an approval of the minutes. The Secretary shall file each such waiver, consent or approval with the records of the Association, and each such waiver, consent or approval shall be made part of the minutes of the meeting.

9. Quorum. A majority of the directors shall constitute a quorum for the transaction of business, and an affirmative vote of a majority of the Board shall be necessary to the validity of any act. No expenditure which over any annual period would exceed \$1,000 shall be made unless approved by an affirmative vote of a majority of the whole Board or detailed in the annual budget.

10. Action Taken Without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

11. Rules and Regulations. Subject to Article VII, the Board by resolution may adopt and establish rules and regulations which the Board deems necessary for management, maintenance, operation and control of the property. The rules and regulations shall have the binding force of and shall be enforceable as these By-Laws. The Board from time to time by resolution may alter, amend or repeal the rules and regulations. When a copy of any alteration, amendment or repeal has been furnished to unit owners, the alteration, amendment or repeal takes effect as and shall be a part of the rules and regulations. Unit owners at all times shall obey the rules and regulations and shall see that they are faithfully observed by those persons over whom they have or may exercise control and supervision. The rules and regulations apply to and are expressly binding upon all unit owners and occupants of Ridgcrest Condominium.

ARTICLE V

OFFICERS

1. Office, Election and Approval. The Board shall elect annually, at its first meeting after the annual meeting of the Association, a Chairman (ex-officio President for purposes of Oregon Non-Profit Corporation Law), a Vice-Chairman, a Secretary and a Treasurer, all of whom shall be elected by and from the Board and each of whom shall serve for the ensuing year and until his successor is elected. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any officer shall be subject to removal at any time by the affirmative vote of a majority of the Board. If the office of any officer becomes vacant for any reason, the Board shall elect a successor to fill the unexpired term.

2. 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. 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 at his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

3. Vice-Chairman. The Vice-Chairman shall take the place of the Chairman and perform his duties whenever the Chairman is absent or unable to act. If neither the Chairman nor the Vice-Chairman is able to act, the Board shall appoint some other members of the Board to act in the interim. The Vice-Chairman also shall perform other duties which from time to time are imposed upon him by the Board.

4. Secretary. The Secretary shall keep the minute books in which all resolutions duly passed and all other action taken at any meeting by the Association and by the Board shall be recorded. The Secretary shall give notice of all meetings of the Association and of special meetings of the Board. The Secretary shall have the powers and perform the duties customarily assigned to him from time to time by the Board.

5. Treasurer. The Treasurer shall keep all the Association's financial records and books of account and have custody of all funds and securities of the Association and be responsible for the safekeeping of all monies, notes, bonds and other money instruments belonging to the Association. The Treasurer shall be bonded and, if directed by a vote of a majority of the Board, he shall cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year. The Treasurer shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statements shall be presented to the membership at its regular annual meeting. The Treasurer shall have the powers and perform the duties customarily incidental to his office and other powers and duties assigned to him by the Board.

6. Compensation. No officer who is a member of the Board shall receive compensation from the Association for acting as officer unless compensation is authorized by resolution adopted by the owners. The Board may fix compensation to be paid to any officer who is not a member of the Board.

ARTICLE VI COMMITTEES

The standing committees of the Association shall be established by the Board.

ARTICLE VII

RULES AND REGULATIONS

To assure peaceful and orderly use and enjoyment of the property and particularly of common elements, the Association from

time to time may adopt, establish, alter, amend or repeal, in whole or in part, rules and regulations governing the conduct of persons in and upon the property and the use of common elements as the Association deems necessary or appropriate by a vote of a majority of unit owners, in person or by proxy, at any meeting, the notice of which states that the adoption, establishment, alteration, amendment or repeal will be considered. A copy of the rules and regulations, upon adoption and establishment, and a copy of each alteration, amendment or repeal, shall be delivered by the Secretary promptly to each unit owner and shall be binding on all unit owners and occupants of all units from the date of delivery. Rules and regulations shall not be inconsistent with existing contracts for commercial renting of any unit used for residential purposes only.

ARTICLE VIII

INSTITUTIONAL HOLDER'S RIGHTS

1. Abandonment or Termination. Before Ridgecrest Condominium can be abandoned or terminated by vote of the Association, the Association shall first obtain the written approval of each institutional holder of a first mortgage or deed of trust.

2. Amendments. Before any material amendments to the Declaration, the Articles of Incorporation or the By-Laws of the Association, including, but not limited to, any amendment which would change the percentage interests of the unit owners in Ridgecrest Condominium can be made, the Association shall first obtain written approval of each institutional holder of a first mortgage or deed of trust.

3. Termination of Professional Management. Before Ridgecrest Condominium or the Association can terminate professional management and assume self management of Ridgecrest Condominium, the Association shall first obtain written approval of each institutional holder of a first mortgage or deed of trust.

ARTICLE IX

ASSESSMENTS

1. Expenses and Assessments. Each unit owner shall contribute money for the common expenses of the Association in accordance with the percentage of such expenses assigned in the Declaration of Unit Ownership for the condominium unit. Such expenses shall include, but not be limited to, the cost of operation, landscaping, maintenance and repair, and replacement of all common elements, and the cost of insurance, in the proportion to the unit owner's interest in the common elements. Notwithstanding the foregoing provisions, the portion of premium for casualty and fire insurance with extended coverage, if any, payable by the unit owner, shall be

that percentage of the total premium expense which is directly proportionate to the value which the value of the unit owner's unit bears to the total value of units covered by such insurance. For example, if the total value of all insured units is \$1,000,000 and the value of Unit No. 1 is \$100,000, the portion of insurance premium expense payable by the unit owner of Unit No. 1 is 10% of the total premium expense. The Board shall fix a monthly assessment in an amount sufficient to provide for all current expenses, a reasonable reserve for future expenses and such other expenses as the Board may deem necessary. Such monthly assessments shall be due and payable monthly in advance on the first day of every calendar month without demand, and delinquent accounts shall bear interest at the rate of ten (10) percent per annum from the due date until paid. The amounts received shall be held by the Treasurer in trust at or not at interest, as the Board shall determine, until expended for the purposes for which they were assessed.

2. Lien and Foreclosure. Each assessment under paragraph 1 of this Article IX and interest on the assessment shall constitute a lien upon the unit assessed and shall be collected as provided in ORS 91.546. Upon foreclosure of the lien, the unit owner shall be required to pay a reasonable rental for the unit from the date of filing of the suit until the date of foreclosure sale of the unit. Plaintiff in the foreclosure shall be entitled to appointment of a receiver to collect the rent. A suit to recover a money judgment for an unpaid assessment and interest shall be maintainable against any unit owner without either foreclosing or waiving the lien securing the assessment or the interest.

3. Supremacy of Declaration. All provisions of this Article IX are expressly subject to the provisions of the Declaration for protection and priority of mortgages or other encumbrancers.

4. Initial Working Capital Fund. Each first unit owner who purchases from Declarant shall, upon purchase, pay to Ridgcrest Condominium Owners' Association the unit's share of the unexpired portion of initial casualty and fire insurance premium, and shall, upon purchase, contribute to the Association's initial working capital and reserves a sum equal to two month's estimated common expenses apportioned to the unit, and shall contribute to the Association the first month's apportionment of common expenses. The initial working capital and reserves shall not be applied or credited to future monthly apportionments of common expenses for the unit.

ARTICLE X

MISCELLANEOUS

1. Execution of Instruments. All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts and other instruments

shall be signed by the person or persons designated by general or special resolution of the Board and, in the absence of any such general or special resolution applicable to any instrument, the instrument shall be signed by the Chairman.

2. Persons Affected. All unit owners, tenants of such owners, employees of owners or tenants and any other persons who may in any manner use the property shall be subject to the Declaration and these By-Laws and all rules and regulations made under the Declaration and these By-Laws.

3. Adoption of Initial By-Laws. Declarant may adopt, on behalf of all unit owners, these By-Laws as the initial By-Laws of the Association.

4. Authorization for Payment of Vouchers. Notwithstanding any other provision of these By-Laws, the Treasurer shall be authorized to approve and pay all vouchers submitted to the Association for payment in an amount less than \$50.00. Each voucher or obligation of the Association in excess of the sum of \$50.00 shall be approved, prior to payment, by the Board or by a committee or agent of the Board.

ARTICLE XI

AMENDMENT

These By-Laws may be amended at any annual or special meeting of the Association in the notice of which meeting the proposed amendment is announced. Amendments shall not be effective unless approved by 75% of the unit owners and until a copy of the By-Laws as amended or of the amendment, certified by the Chairman and Secretary of the Association, is recorded with the Recording Officer of Multnomah County, Oregon.

ARTICLE XII

FISCAL YEAR

The fiscal year of the Association begins on the first day of January of each year.

CERTIFICATION

We, John R. Baunach and Dennis G. Baunach, President and Secretary of Baunach & Son Construction, Inc., an Oregon corporation, certify that these By-Laws were duly adopted by the Board of Directors of the Association at a meeting on the 20 day of June, 1971.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 20th day of JUNE, 1979.

BAUNACH & SON CONSTRUCTION, INC.

By John R. Baunach
John R. Baunach, President

By Dennis G. Baunach
Dennis G. Baunach, Secretary

STATE OF OREGON)

County of Multnomah) ss JUNE 20 - 1979

Personally appeared John R. Baunach and Dennis G. Baunach who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of Baunach & Son Construction, Inc., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:

Burton S. Kelley
Notary Public for Oregon
My commission expires: 12/12/82



EXHIBIT D

BOOK 1361 PAGE 862

<u>Unit No.</u>	<u>Bldg.</u>	<u>Floor</u>	<u>Percentage Of Ownership Common Elements</u>	<u>Wooden Deck</u>	<u>Parking Space</u>
1	A	1st	2.439024390	1	1
2	A	1st	1.995565411	2	2
3	A	1st	2.882483370	3	3
4	A	1st	2.439024390	4	4
5	A	2nd	2.439024390	5	5
6	A	2nd	1.995565411	6	6
7	A	2nd	2.882483370	7	7
8	A	2nd	2.439024390	8	8
9	B	1st	2.439024390	9	9
10	B	1st	1.995565411	10	10
11	B	1st	2.882483370	11	11
12	B	1st	1.995565411	12	12
13	B	1st	2.882483370	13	13
14	B	2nd	2.439024390	14	14
15	B	2nd	1.995565411	15	15
16	B	2nd	2.882483370	16	16
17	B	2nd	1.995565411	17	17
18	B	2nd	2.882483370	18	18
19	B	2nd	2.439024390	19	19
20	C	1st	2.439024390	20	20
21	C	1st	1.995565411	21	21
22	C	1st	2.882483370	22	22
23	C	1st	1.995565411	23	23
24	C	1st	2.882483370	24	24
25	C	1st	2.439024390	25	25
26	C	2nd	2.439024390	26	26
27	C	2nd	1.995565411	27	27
28	C	2nd	2.882483370	28	28
29	C	2nd	1.995565411	29	29
30	C	2nd	2.882483370	30	30
31	C	2nd	2.439024390	31	31
32	D	1st	2.439024390	32	32
33	D	1st	1.995565410	33	33
34	D	1st	2.882483370	34	34
35	D	1st	2.439024390	35	35
36	D	1st	2.439024390	36	36
37	D	2nd	2.439024390	37	37
38	D	2nd	1.995565410	38	38
39	D	2nd	2.882483370	39	39
40	D	2nd	2.439024390	40	40
41	D	2nd	2.439024390	41	41

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