

Exhibit "B" to Declaration Submitting Stage 1 of  
Cinnamon Lakes Condominium, an Oregon Condominium  
to the Oregon Condominium Act

BYLAWS OF  
Cinnamon Lakes Condominium, an Oregon Condominium

ARTICLE I  
PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The project, located in Marion County, State of Oregon, known as CINNAMON LAKES CONDOMINIUM is submitted to the provisions of Oregon Revised Statutes, Section 94.004 et seq., the Oregon Condominium Act, (hereinafter called the "Act").

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the condominium, the owners' association and the entire management structure thereof. (The term "condominium" as used herein shall include the land.)

Section 3. Personal Application. All present or future owners, tenants, future tenants or their employees, or any other person that might use the facilities of the condominium in any manner, are subject to the regulations set forth in these Bylaws.

The mere acquisition or rental of any of the twenty-four (24) units in stage I or of the remaining units not to exceed fifty-six (56) units in not more than three (3) additional stages, hereinafter referred to as "units", of the condominium or the mere act of occupancy of any said units will signify that these Bylaws are accepted, ratified, and will be complied with.

Section 4. Definitions. Definitions in these Bylaws shall be the same as those set forth in Section 1 of the Declaration. All references herein to the "Declaration" shall be to the Declaration of Unit Ownership for Cinnamon Lakes Condominium, an Oregon condominium, to which these Bylaws are attached.

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 or purchaser shall automatically be a member of the Association, and shall remain a member of said Association until such time as his ownership ceases for any reason. Unit ownership shall be determined, for all purposes of the Declaration of Unit Ownership ("Declaration") and the administration of the property, from the record of unit ownership maintained by the Association. The record shall be established by the unit owner filing with the Association a copy of the deed to or land sale contract for his unit, to which shall be affixed

JUN 1 1988

the certificate of the officer of Marion County, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as a unit owner unless a copy of the deed or land sale contract has been filed with the Association, as provided above, showing him to be the current owner or contract purchaser of a unit. Notwithstanding the foregoing, the declarant 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 owner of each unit shall be entitled to one vote.

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 him 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. 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. Any attempt to cast a split ballot shall be void.

Section 3. Majority of Owners. As used in these Bylaws, the term "majority of voting owners" shall mean those owners holding over fifty percent (50%) of the vote, in accordance with the Declaration and Section 2 above. "Majority of voting owners present" shall mean voting owners holding over fifty percent (50%) of the votes present at any legal meeting.

Section 4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of voting owners" as defined in Section 3 of this Article shall constitute a quorum.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. A meeting of the Association may be by proxy ballot, as the Directors may elect, rather than a formal gathering. Ballots for such meeting 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 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 6. Authority to Vote. All owners shall be entitled to vote, even if they have leased their premises to a third party. An owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the premises shall be deemed the owner of the premises.

ARTICLE III  
ADMINISTRATION

Section 1. Association Responsibilities. The owners of the units will constitute the Cinnamon Lakes Condominium Association of Unit Owners ("Association") who will have the responsibility of administering the condominium, approving the annual budget, establishing and collecting monthly assessments and arranging for the operation, management and maintenance of the condominium, including negotiating and contracting with and supervising any person, persons or business entity with respect to such matters. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if the meeting is held by ballot, when ballots are returned representing more than fifty percent (50%) of the vote. Subject to Section 7 of the Declaration, the Association will initially be organized as an unincorporated Association.

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

Section 3. Initial Meeting; Turnover Meeting; Transitional Committee.

3.1 Initial Meeting. The turnover meeting provided for in Section 3.2 below shall be the initial meeting of the Association. Provided, however, in the event the Declarant gives the written notice specified in Section 8.2 of the Declaration that Declarant elects to relinquish permanently all of its authority under said Section 8.2, then the initial meeting shall be held within a reasonable time but no later than sixty (60) days after Declarant gives said written notice, and the meeting shall otherwise be called and held in accordance with the provisions of Section 3.2 below (Turnover Meeting).

3.2 Turnover Meeting. No more than 90 days prior to the expiration of the period of Declarant control under Section 8.2 of the Declaration, Declarant shall call a turnover meeting. Written notice of the meeting shall be given to each unit owner of the time and place of the meeting not less than seven (7) days and not more than fifty (50) days prior to the meeting. The notice shall also state the purpose of the meeting, which shall include:

- a. That the Declarant shall relinquish control of the administration of the Association and that the unit owners shall assume the control;
- b. That the unit owners shall elect a board of directors in accordance with the Bylaws of the condominium; and
- c. That the Declarant shall deliver to the Association the items listed in ORS 94.091(5).

If the turnover meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by a unit owner or any first mortgagee of a unit.

3.3 Transitional Committee. Unless the turnover meeting has been held, the Declarant shall call a meeting of the unit owners for the purpose of forming a transitional committee and according to the following provisions:

- a. The Declarant shall call the meeting with 60 days of conveyance to persons other than the Declarant of twenty-eight (28) units.
- b. The Declarant shall give notice of the meeting in writing to each unit owner not less than seven (7) days and not more than fifty (50) days prior to the meeting. The notice shall state the time and place of the meeting and shall state the purpose of the meeting.
- c. The transitional committee shall be advisory only and shall consist of two or more members selected by unit owners other than the Declarant and may include not more than one representative of the Declarant. The members shall serve until the turnover meeting. The function of the committee shall be that of enabling ease of transition from control of the administration of the association of unit owners by the Declarant to control by the unit owners. The committee shall have access to the information, documents and records which the Declarant must turn over to the unit owners under ORS 94.091(5).
- d. If the meeting required under this Section 3.3 is not called by the Declarant within the time specified, the meeting may be called and notice given by a unit owner.
- e. If the owners other than the Declarant do not select members for the committee under Section 3.3(c) above, the Declarant shall have no further responsibility to form the committee.

Section 4. Annual Meetings. The Association shall have annual meetings. The first annual meeting of the Association shall be held in the calendar year following the calendar year in which the initial meeting is held. The annual meeting shall be set by action of the Board of Directors. This meeting, 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, new members of the Board of Directors shall be elected by the owners in accordance with the requirements of Section 5 of Article IV of these Bylaws, to replace those directors whose terms have expired. The owners may also transact such other business of the Association as may properly come before them.

Section 5. Special meetings. It shall be the duty of the Chairman to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by ten percent (10%) or more of the 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 owners of the units or as otherwise set out in these Bylaws.

Section 6. Ballot Meetings. Any meeting of the Association (other than the turnover meeting, the transitional committee meeting and special meetings called by petition of unit owners) may be by proxy ballot, as the Board of 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 7. Notice of meetings. It shall be the duty of the Secretary to mail a notice of each annual, special 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) 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 or his vendee. 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 of a notice in the manner provided in this Section shall be considered notice served.

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 from the time the original meeting was called. The adjournment provisions of this Section do not apply to meetings by ballot. No notice of the adjourned meeting need to be given other than by announcement at the meeting at which such adjournment takes place.

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.
- f. Election of inspectors of election.
- g. Election of directors.
- h. Unfinished business.
- i. New business.

JUN 1 1986

ARTICLE IV  
BOARD OF DIRECTORS

Section 1. Number and qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be a unit owner or the co-owner of a unit. Provided, however, co-owners of the same unit may not serve as Directors simultaneously. An officer or employee of a corporation, or the trustee of a trust, or personal representative of an estate, or an employee of the trust or estate may serve on the Board of Directors, if the corporation, trust or estate owns a unit.

Section 2. 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 3. Other Duties. In addition to duties imposed by the Declaration, 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 on the unit owner in these Bylaws.
- b. Determination of the amounts required for operation, maintenance and other affairs of the Association; preparation and adoption of operating budgets; and setting assessments therefore.
- c. Collection of assessments from the unit owners, both prorata assessments and a 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 common elements.
- f. Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the property administration of the Association, and preparing and filing any required tax returns or forms.
- g. Opening of bank accounts on behalf of the Association and designating the signatories required therefore.
- 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. In any foreclosure action instituted by the Board of Directors, the Board shall enter a bid at the sale for the amount of the unpaid lien and costs and expenses incurred in such action. No other purchase can be undertaken unless the unit owners have authorized the purchase by majority vote.

- i. Selling, leasing, mortgaging, voting the votes appurtenance 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 \$2,500 unless the project has been approved by majority vote 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 after the granting of such interests has been approved as provided in the Declaration.
- m. Promulgation of rules and regulations governing the condominium and use thereof which shall be consistent with the restrictions set out in Article VIII of these Bylaws.
- n. Enforcement by legal means or otherwise of the provisions of the Oregon Condominium Act, the Declaration, these Bylaws and any rules and regulations adopted hereunder.

Section 4. Management Agent. The Board of Directors may employ a management 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 3 of this Article. The managing agent shall have the right to contract with or lease a unit from any unit owner, for the management of said unit, individually or collectively with other unit owners.

Section 5. Election and term of office. At the initial meeting of the Association, the term of office of one Director shall be fixed for three (3) years, the term of office of one Director shall be fixed for two (2) years, and the term of office of one Director shall be fixed for one (1) year. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. Upon agreement by vote of the owners, the Board of Directors may be elected by a single ballot with each owner permitted to vote for three (3) nominees. In such event, the person receiving the highest number of votes shall serve for the 3-year term, the person receiving the second highest number shall serve for the 2-year term, and the person receiving the third highest number shall serve for the 1-year term.

Section 6. 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; and 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.

Section 7. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a majority of the owners and a successor may be then and there 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. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board of Directors which has been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors.

Section 8. 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 9. 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. Notice of regular meetings of the Board of Directors may be called by the Chairman on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 10. 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 three (3) Directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Directors, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

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 of the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

Section 12. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the 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. Board of Directors meetings open to all Association Members. All meetings of the Board of Directors shall be open to any and all members of the Association. Provided, however, no Association member shall have a right to participate in the Board of Directors meetings unless such member is also a member of the Board of Directors. The Chairman shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

Section 14. Notice to Association members of Board of Directors meeting. For other than emergency meetings, notice of Board of Directors meetings shall be posted at a place on the Condominium property at least three (3) days prior to the meeting or notice shall otherwise be provided to each member of the Association reasonably calculated to inform each member of such meetings. The posting of such notices shall be at a reasonable location which has been generally publicized to the unit owners.

Section 15. Telephonic meetings. In the event of an emergency, telephonic meetings may be held by the Board of Directors. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the Chairman to be used for telephonic meetings. No notice to either Directors or Association members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency action. Provided, however, no such telephonic meeting shall occur unless at least two-thirds (2/3) of the Board of Directors participate in the same and after an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

Section 16. Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the unit owners.

#### ARTICLE V OFFICERS

Section 1. Designation. The principal officers of the Association shall be a Chairman, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

Section 2. Election of officers. The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new board or any board meeting thereafter, and shall hold office at the pleasure of the board.

Section 3. Removal of officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular or special meeting of the Board of Directors.

Section 4. 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 office of president 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. The Chairman shall be entitled to vote at Board of Director meetings only in case of a tie vote at any such meeting, and his vote shall be final.

Section 5. 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 have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Treasurer. The Treasurer shall have the 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 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.

Section 7. Directors as Officers. Any Director may be an officer of the Association.

ARTICLE VI  
ASSESSMENTS, EXPENDITURES, BUDGETS

Section 1. Initial Budget and Assessments. All unit owners are obligated to pay assessments to meet all the common expenses and for such other reasons and purposes as provided in the Bylaws. Assessments may not be waived due to limited or non-use of common elements or abandonment of a unit. The initial budget and assessment shall be determined by the Declarant and shall be first payable for all units in each stage from the date the Declaration for each stage is recorded and shall be paid monthly thereafter. The Declarant shall pay assessments due on all unsold units.

In addition, a "working capital fund" shall be established within 60 days after the date the Declaration for each stage is recorded. This fund shall be equal to two times the monthly assessment for each unit. The Declarant shall pay the assessment for said fund on all unsold units no later than said 60 day period. At the time of closing of a sale of a unit by the Declarant, in addition to the regular monthly assessment or prorate thereof due at the time of closing, each purchaser shall pay said "working capital fund" assessment. If the Declarant has already paid that assessment on the unit being sold, the purchaser shall reimburse Declarant for the amount so paid.

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. Cost 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 or properly assessed against a unit owner or owners as provided herein.
- h. Any other items agreed upon as common expenses by all unit owners.

JUN 1 1986

Section 3. Subsequent Annual Budget and Assessment. The initial budget and assessment shall be determined by the Declarant as provided in Section 1 above and reviewed annually by the Declarant until the turnover meeting. The budget and assessment shall thereafter be subject to review by the Board of Directors. The Board shall from time to time, and at least annually, estimate the expenses to be incurred during the coming year or fiscal period, and determine the annual assessment and any special assessments to be paid during such year or period. Account shall be taken of any expected income and any surplus available from the prior year's operations. The budget may provide for reserves for working capital and unexpected contingencies. If any sums estimated and budgeted for any purpose prove inadequate for any reason (including a unit owner's failure to pay assessments for any reason) the Board may at any time levy a further assessment.

Section 4. Reserve Accounts for Replacement of Common Elements. The initial budget determined by Declarant shall make provision for a reserve account or accounts for replacement of those common elements which will normally require replacement in more than three (3) and less than thirty (30) years. The amount assessed shall take into account the estimated remaining life of such items and the current replacement cost thereof. The amount of payments to the reserve account shall be adjusted at regular intervals to recognize changes in current replacement costs over time.

The reserve account must be funded by assessments against the individual unit assessed for maintenance of items for which the reserve account is established. For example, if a unit or units are assessed separately for maintenance of a particular limited or general common element, the same unit or units will be assessed separately for any reserve account established for that particular limited or general common element.

The assessment for the reserve account will accrue from the time of the conveyance of the first individual unit assessed; however, Declarant may elect to defer payment of the accrued assessment for the reserve account for any unsold unit until the time of conveyance of that unit.

The reserve account shall be established in the name of the Association. It is to be used only for replacement of common elements and shall be kept separate from the general operating account of the Association. However, after the turnover meeting the Board of Directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from special assessments or maintenance fees.

Following the second year after the turnover meeting, future assessments for the reserve account may be reduced, eliminated or increased by an affirmative vote of unit owners holding not less than 75 percent (75%) of all votes.

Section 5. Special Assessments for Capital Improvements. In the case of any duly authorized capital improvements to the common elements, the Board of Directors may establish separate assessments for the same and maintain the proceeds from such assessments in separate accounts.

Section 6. Assessments Allocated to Each Unit; Individual Assessments. Except as otherwise provided, all unit owners shall be assessed in accordance with the undivided interest in the common elements allocated to each unit by the Declaration, except that fire and casualty insurance and

the funding of replacement reserves shall be apportioned among the units based upon the square footage of each unit. Provided further, unit owners may be assessed additional amounts individually for common expenses incurred through such unit owner's fault or direction. Further, unit owners may be assessed additional amounts individually for fines, charges and expenses in the process of collection of assessments and enforcement of the Declaration, Bylaws, and rules and regulations pursuant to Article IX and as otherwise provided in these Bylaws.

Section 7. Omission of Budget and Assessments. The omission by the Board before the expiration of any fiscal year to fix the budget, estimate the expenses, and/or determine the assessment for the forthcoming year shall not be deemed a waiver or modification in any respect of the provision of these Bylaws, or a release of the unit owner from the obligation to pay the assessment or any installment thereof; the assessments fixed for the preceding year and any unpaid portions of prior special assessments shall continue until new assessments are fixed.

Section 8. Debt Obligation; Installment; Interest. Each assessment shall be the joint and several obligation of the owner or owners of the unit as of the time it is assessed. The Board may direct that assessments be paid annually or in such installments as the Board deems appropriate. Any assessment or installment thereof unpaid when due shall be delinquent and shall bear interest at twelve percent (12%) per annum from its due date until paid.

Section 9. Association's Lien Against Unit. The Association, upon complying with ORS 94.195 or as the same may be amended, shall have a lien upon the individual unit and undivided interest in the common elements appertaining to such unit for the reasonable value of common expenses attributable to the unit 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 10. Transferree's Liability for Unpaid Share of Common Expenses.

- a. Where the purchaser of a unit obtains title to the unit as a result of foreclosure of the first mortgage or trust deed, such purchaser, his successors and assigns, shall not be liable for any of the common expenses chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser. Such unpaid share of common expenses shall be a common expense of all the unit owners including such purchaser, his successors and assigns.
- b. 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 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 therefore. 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 charges against the grantor in excess of the amount therein set forth.

Section 7. Records and Documents. The Board of Directors shall maintain at all times the records and documents of the Association, including those received from Declarant at the turnover meeting. Such records and documents shall be reasonably available for examination by a unit owner or a mortgagee; upon written request from the unit owner or mortgagee such records and documents shall be made available for duplication. The Board shall maintain copies, suitable for duplication, of the Declaration, Bylaws, rules and regulations (and amendments thereto), current operating budget, and the most recent annual report. Upon written request of a prospective purchaser, such copies and documents shall be made available for duplication during reasonable hours. The Board may charge a reasonable fee for furnishing copies to a unit owner, mortgagee or prospective purchaser.

ARTICLE VIII  
MAINTENANCE, REPAIR, AND USE OF CONDOMINIUM PROPERTY

Section 1. Maintenance and Repair - Units. Each unit owner shall, at his sole expense, have the right and the duty to keep the interior of his unit and its equipment, appliances and appurtenances in good order, condition and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of his unit. Each unit owner shall, at his sole expense, be responsible for the maintenance, repair or replacement of any plumbing fixtures, fireplaces and flues, water heaters, fans, heating or other equipment, electrical fixtures and lamps, telephones, appliances or other accessories which may be connected with his unit, whether or not such items are designated common elements. Furthermore, every owner must perform promptly all 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.

Without limiting the generality of the foregoing, each unit owner shall have the right and the duty at his sole cost and expense to maintain, repair, paint, paper, panel, plaster, tile and finish the windows, window frames, glass, doors, door frames, trim, interior surfaces of the ceilings, floors and perimeter walls of the unit, and the surfaces of the weight-bearing walls located in his units and shall not permit or commit waste in using it or the common elements. Each unit owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls. Each unit owner and his agent has the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls. This paragraph shall not be construed as permitting an interference with or damage to the structural integrity of the building or interference with the use and enjoyment of the common elements or of the other units or any of them. Nor shall it be construed to limit the powers or obligations of the Association hereunder.

Section 2. Maintenance and Repair - Common Elements.

2.1 Limited Common Elements.

- a. The unit owner shall be responsible for keeping the limited common elements adjacent to and assigned to his unit in a neat, clean and orderly condition at all times, and free from any debris or rubbish.

- b. Decisions with respect to the standard of appearance and condition of limited common elements and with respect to the necessity and manner of caring for, maintaining, repairing, repainting or redecorating the limited common elements ("maintenance work") shall be made by the Association.
- c. Performance of such maintenance work shall be carried out by the Association on behalf of the owner or owners of units to which the limited common element in question is assigned or reserved, provided that by written notice the Board may permit such owner or owners to perform such maintenance work themselves.
- d. Unit owners may not, however, modify, paint, otherwise decorate or in any way alter their respective limited common elements without prior written approval of the Association.
- e. Unit owners will be responsible for the cost of such maintenance work for the limited common elements reserved for or assigned to their units.
- f. With respect to any such maintenance work performed by the Board, the cost thereof shall be levied as a special charge against the unit to which such limited common element is assigned or reserved.
- 2.2 General Common Elements. Except as otherwise stated in the Declaration or these Bylaws, maintenance, repair and replacement of the common elements shall be made by the Association as a common expense, including but not limited to all redecorating and painting at any time necessary to maintain the good appearance and condition of the common elements.
- 2.3 Exterior Appearance. In order to preserve a uniform appearance to the buildings and the common elements visible to the public, the Board shall require and provide for the painting and other decorative finish of the buildings or other common elements and prescribe the type and color of such decorative finishes and may prohibit, require or regulate any modification or decoration of the buildings or other common elements undertaken or proposed by any unit owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of each unit and building. The exterior color of draperies or drapery lining or other window coverings for any unit shall not be any color other than white or off-white unless the Board grants a waiver pursuant to its rules and regulations.
- 2.4 Reimbursement. A unit owner shall promptly reimburse the Association for any expenditures incurred in repairing or replacing any common element damaged through his fault or at his direction.

Section 3. Use of Units; Internal Changes; Alterations.

- 3.1 Use of Units. All units shall be used for residential purposes only, and all common elements shall be used in a manner conducive to such purposes. With the exception of a lender in possession of a condominium unit following a default in a first mortgage, a foreclosure proceeding or any deed or arrangement in lieu of

foreclosure, no unit owner shall be permitted to lease his unit for a period of less than thirty (30) days. No unit owner may lease less than the entire unit. Except for these limitations, a unit owner shall be permitted to lease or rent his unit. Any lease or rental agreement shall provide that the terms of said agreement shall be subject in all respects to the provisions of the Declaration and Bylaws and that any failure by the tenant to comply with the terms of such documents shall be a default under said agreement. All such agreements shall be in writing, and copies shall be given to the Board of Directors.

- 3.2 Internal Changes; Alterations. 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, reduce the value thereof, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the unit owners effected is first obtained. Subject to this limitation, however, a unit owner may 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.

Section 4. Use of Common Elements.

- 4.1 No person shall use the common elements or any part thereof in any manner contrary to or not in accordance with the Declaration, these Bylaws or such rules and regulations pertaining thereto which from time to time may be promulgated by the Board of Directors.
- 4.2 A unit owner shall not place or cause to be placed in the lobbies, patios, balconies, porches, decks, ramps, vestibules, stairways, and any other condominium areas and facilities of a similar nature, any furniture, packages, or objects of any kind, except that suitable furniture may be placed on the decks and balconies, if any. 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.
- 4.3 No owner or occupant shall place, significantly alter or remove any tree or shrub in any part of the common elements unless permission in writing is first granted by the Board of Directors. Nothing shall be altered or constructed in or removed from the general common elements, except upon the written consent of the Board and after procedures required herein or by law.
- 4.4 The Board of Directors shall have jurisdiction over activities permitted in the common elements. All disputes, complaints or matters of change in existing use restriction will be submitted to the Board of Directors for arbitration. Judgment of the Board of Directors shall be final and binding as to all parties concerned.

4.5 All common areas, including common garden, patio areas and storage areas are provided for the use of the owners and their guests. Rules and regulations will be posted, setting out the hours the various facilities will be available for use, and the conditions attendant thereto. Compliance with such rules as determined by the Board of Directors is essential to the harmonious operation of the facilities.

4.6 Subject to the provisions of the Declaration allocating use of the general or limited common elements, the Board of Directors may restrict the use of the general or limited common elements to specific unit owners as may be necessary and reasonable in the overall use of said elements and for the best interest of the condominium as a whole and the owners of units therein.

Section 5. Use - Miscellaneous.

5.1 Nuisances. No nuisances will be allowed upon the condominium property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and property use of the property by its residents. All parts of the condominium will be kept in a clean and sanitary condition, and no rubbish, refuse or garage allowed to accumulate, nor any fire hazard allowed to exist.

5.2 Improper, Offensive, or Unlawful Use. No improper, offensive or unlawful use will be made of the condominium property nor any part of it; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for the maintenance, modification or repair of condominium property will be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

5.3 Effect on Insurance. Without the prior written consent of the Board, nothing shall be done or kept in any unit or in the common elements that will increase the rate of insurance on the common elements or the units. No unit owner shall permit anything to be done or kept in his unit or in the common elements that will result in the cancellation of insurance of any unit or any part of the common elements or which would be in violation of any law.

Section 6. Rules of Conduct. The following rules of conduct apply to all unit owners and all other persons using the condominium in any manner:

- a. No resident of the condominium shall post any advertisements, posters, or signs of any kind in or on the condominium property except as authorized by the Association and except that the Declarant may post signs advertising unsold units for sale or lease.
- b. Owners, occupants and guests shall exercise extreme care about making noises or the use of musical instruments, radios, televisions or amplifiers that may disturb other residents. The Board of Directors shall have the right to establish noise abatement standards and regulations if residents continue to abuse this provision. The cost of measuring, testing and determining the

extent of noise shall be borne by the owner responsible for allowing the operation of equipment that necessitates the enactment of this provision. Standards adopted by this provision shall apply co-equally to all owners.

- c. No owner may keep a pet in his unit without the prior written consent of the Board of Directors. Any unit owner given such authorization and who maintains any pet upon any portion of the condominium shall be deemed to have indemnified and agreed to hold the Unit Owners Association, each of its members and the Seller free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the condominium. All pets shall be registered and inoculated as required by law. Such owner shall further abide by the Municipal Sanitary Regulations, leash laws and rules or regulations of the Association created by the Board of Directors. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises.
- d. It is prohibited to hang garments, rugs and similar items from the windows or from any of the facades, decks or terraces of the condominium.
- e. It is prohibited to hang or shake dust rugs, mops and similar items from the windows or porches or terraces, or to clean such items by beating on an exterior part of the condominium.
- f. No garbage, trash or other waste shall be deposited or maintained on any part of the common elements except in areas or containers designated for such items. Each unit owner or tenant shall maintain sufficient garbage containers for the disposal of their garbage and trash. Said containers shall be kept in the garage assigned to the unit, except that it can be moved outside the garage area on days designated as garbage pickup days by the garbage collection company. The owner or tenant of each unit shall contract for garbage pickup at their own cost and expense.
- g. No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units or similar devices on the exterior of the condominium buildings or cause them to protrude through the walls or the roof of the condominium except as authorized by the Association. No window guards, awnings or shades shall be installed without the prior consent of the Board of Directors.
- h. No exterior antennas shall be allowed except those installed by the Association.
- i. Curtains and drapes shall be generally white or lined with white, or as the Board approves, to create an aesthetic and harmonious outer appearance of the condominium buildings.
- j. The parking spaces designated as general common elements in the Declaration are intended for use of automobiles of owners and guests. The Directors may make such rules necessary to govern the use of any general or any limited common element parking areas by which all owners and other users shall be bound. Provided, however, no such rule shall prohibit, restrict, or change a parking

assignment previously made to a unit without the written consent of the unit owner. Furthermore, parking of boats, trailers, motorcycles, trucks, truck campers, and like equipment shall be allowed only within the confines of assigned garage spaces and no portion of such equipment may project beyond the covered area except that if other space is available, the owner may rent the same for such purposes from other owners, or from the Association, upon such terms and conditions as may be determined by the Association, and all other parking of equipment shall be prohibited, unless specifically approved by the Board on a case by case basis.

- k. Vehicular traffic on the parking areas and driveway on condominium property shall be limited to five (5) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair or similar things may be parked or kept on condominium property without the prior written consent of the Board of Directors, nor shall they be used for residential purposes.
- l. No storage tank to be used for storing any petroleum product or any other product shall be installed on the exterior of any building or buried in the common property unless approved by the Declarant and the Association.
- m. 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, 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 occasionally conferring with business or professional associates, clients or customers, in his unit.
- n. Failure by an owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth herein or other promulgated by 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.

Section 7. Restrictions on the Use, Operation and Maintenance of the Lake(s). The following restrictions shall be applicable to the use of the lake(s).

- a. The lake(s) shall be periodically inspected for damage due to vandalism, heavy run off, erosion, or any other physical activity that may interfere with the efficient operation of the lake(s) and its design to carry water during periods of heavy precipitation; any damage noted shall be repaired as soon as possible. A strict and frequent vigilance of the lake(s) shall be maintained by the Association during periods of heavy precipitation.

- b. The building of ponding areas or features within the lake(s) is prohibited; any such feature, whether permanent or temporary, shall be removed when reported or observed, except facilities installed as a part of the original construction or designed by a licensed engineer and approved by the State engineer or other appropriate governing authority.
- c. The dumping of chemicals, weeds or other materials that could destroy the physiological characteristics of the lake(s) is prohibited. The Board may restrict the activity of washing automobiles in certain areas if it is determined that the detergents used are being carried to the stream or lake(s).
- d. Swimming in the lake(s) shall be prohibited.
- e. Boating in the lake(s) shall be prohibited except when permitted by the Association and the Declarant. The number and type of boats operated may be restricted.
- f. The storage of any boat within the lake(s) or on the adjacent shoreline(s) shall be prohibited except in areas designated by the Association's Board of Directors.
- g. Motorized boats shall be prohibited.
- h. Ice skating on the lake(s) is dangerous and shall be prohibited regardless of the thickness of the ice at any period of time.
- i. The Association and the Declarant shall have the right to operate any spillway, lake drains, weirs and channels and will control all necessary facilities for that purpose. The Association will be required to keep the lake waters relatively clean, except during periods of excessive physiological activity caused by warm seasonal weather or erosional problems caused by heavy runoff.
- j. The Association and the Declarant reserves and shall at all times have the right to lower the lake(s) for maintenance or flood control purposes and at such other times as may be necessitated by emergency requirements.
- k. In the event the lowering of the lake(s) is necessary, the Association or the Declarant will commence to refill the lake(s) by closing the drains within sixty (60) days after the date on which the lowering process is commenced, and the refilling will be continued as rapidly as the flow of water will permit. This provision will not apply if the Association or the Declarant is directed to lower the water by the State of Oregon or the City of Salem.
- l. The Declarant or the Association shall not be required to refill the lake(s) from artificial sources but may do so as a voluntary act. This act may be made on a case by case basis.
- m. Fishing shall be prohibited in the lake(s) except from designated areas set aside for fishing and only during those times and dates set forth by the Board of Directors. The Board may prohibit fishing. The Declarant hereby reserves the right to restrict fishing in the lake(s) if it is determined that such activity is detrimental to the lakes' ability to support the fish and other physiological activities.

Section 8. Additional Rules Adopted by Board of Directors. In addition, the Board of Directors from time to time may adopt, modify, or revoke such other rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may be necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium. Such rules and regulations may be modified or repealed by binding vote of the unit owners. 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 9. Compliance and Remedies. Each unit owner shall comply strictly with the provisions of the Declaration and of these Bylaws and of administrative rules and regulations passed hereunder and the Articles of Incorporation of the Association, if any, as the same may be lawfully amended from time to time and with all decisions adopted pursuant thereto. Failure to comply shall be grounds for an action to recover sums due, or relief, which may include, without limiting the same to, damages or for injunctive relief, or any combination thereof. Relief may be sought by the Association, by the Board acting through its officers on behalf of the unit owners or, if appropriate, by the aggrieved unit owner on his own.

Section 10. Nonwaiver. The failure of the Board in any one or more instances to insist upon strict performance of any of the terms, covenants, conditions or restrictions of the Declaration or of these Bylaws in order to exercise any right or option contained in such documents or to serve any notice or to institute any action shall not be construed as a waiver by the Board for the future of such term, covenant, condition and restriction shall remain in full force and effect. The receipt by the Board of any assessment from a unit owner with knowledge of any such breach shall not be deemed a waiver of such breach and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board. This Section 15 also extends to the Declarant's managing agent exercising the powers of the Board during the initial period of operation of the Association and the condominium development.

#### ARTICLE IX COLLECTION OF ASSESSMENTS; ENFORCEMENT

Section 1. Compliance with Declaration, Bylaws, Rules and Regulations. Each unit owner shall comply with the Declaration, Bylaws, and rules and regulations adopted pursuant thereto, as well as with such other covenants, conditions and restrictions contained in the deed to the unit. Failure to comply therewith shall be ground for an action maintainable by the Association or by an aggrieved unit owner.

Section 2. Authority to Enforce and Collect. The Board of Directors, on behalf of the Association, shall take prompt action against any violator to enforce the provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto, including prompt action to collect any unpaid assessment. In doing so, the Board may exercise one or more of the remedies, separately or concurrently, specified in this Article, as well as any other remedies which may be available at law.

**Section 3. Abatement and Enjoining of Violations.** In the event of the violation of the Declaration, Bylaws, or any rules and regulations adopted pursuant thereto, the Board of Directors shall have the right to:

- a. enter the unit or limited common element in which or as to which such violation exists and summarily abate and remove, at the expense of the unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the documents, and the Board and its agents shall not thereby be deemed guilty of any manner of trespass; and/or
- b. enjoin, abate or remedy such thing or condition by appropriate legal proceedings.

**Section 4. Late Charges; Fines.** The Board may, if it deems appropriate, impose charges for late payments of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations adopted pursuant thereto.

**Section 5. Acceleration of Assessment.** In the event that a unit owner fails to pay an installment of an assessment when it is due, the Board may, after ten (10) days written notice, declare the defaulting unit owner's entire annual or special assessment due immediately and interest thereafter shall accrue on the entire assessment at twelve percent (12%) per annum until paid.

**Section 6. Foreclosure of Lien Against Unit; Appointment of Receiver; Power to Bid at Foreclosure Sale.** The Board of Directors, on behalf of the Association, may bring suit to foreclose the lien against the unit pursuant to ORS 94.195. In any such foreclosure suit, the unit owner shall be required to pay reasonable rental for the unit. The plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect the rent. The Board of Directors, acting on behalf of the unit owners, shall have the power to bid for the unit at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same, subject to the restrictions in Article IV, Section 3(h) of these Bylaws.

**Section 7. Action to Obtain and Recover a Money Judgment.** The Board of Directors, on behalf of the Association, may bring an action to obtain a money judgment against a unit owner for damages and/or for unpaid assessments. An action to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same referred to in Article VI, Section 9 of these Bylaws.

**Section 8. Restriction of Right to Use of Common Element Facilities.** In the event a unit owner fails to pay assessments when due or violates the provisions of the Declaration, Bylaws or rules and regulations adopted pursuant thereto, the Board of Directors may deny or restrict such unit owner's right to use any common element facility with respect to which such unit owner otherwise had a right of use so long as the assessment remains unpaid or the violation continues.

**Section 9. Assessment Collection Costs; Attorney's Fees.** Unit owners shall be obligated to pay reasonable fees and costs including, but not limited to, attorney's fees incurred in connection with efforts to collect delinquent and unpaid assessments, and/or to enforce the provisions, of the Act, Declaration, Bylaws or rules and regulations adopted pursuant thereto.

whether or not suit or action is commenced. In the event suit or action is commenced for any of the foregoing, the defendant unit owner or owners, jointly and severally, will be liable for the costs of such suit or action, including reasonable attorney's fees to be fixed by the Court or Courts, at trial, on appeal, and on any petition for review, in addition to all other obligations.

ARTICLE X  
INSURANCE AND BONDS

Section 1. Insurance ("Master Policy"). For the benefit of the Association and the unit owners, the Board of Directors shall secure and maintain the following insurance coverage and shall pay for the same out of the common expense funds.

- a. Fire and Extended Coverage. A policy or policies of property insurance equal to full replacement value (i.e., one hundred percent (100%) of current "replacement" cost) exclusive of land, foundation, excavation, and other items normally excluded from coverage of a condominium project, but including all buildings, units, service equipment and the like and any fixture or equipment within an individual unit which is financed under a mortgage, with an Agreed Amount and Inflation Guard Endorsement or its equivalent, if available. Such policy or policies shall name the Declarant, the Association, and the unit owners as insureds and shall provide for a separate loss payable in favor of all mortgagees. Such policy or policies shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and by vandalism and malicious mischief. Such policy or policies may provide protection against loss or damage from windstorm, water damage, and such other risks as are customarily covered in similar condominium 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 Association, the unit owners individually, the Board of Directors, and the manager, if any, against liability to the public, the unit owners, and their invitees or tenants, incident to the ownership, supervision, control or use of the property. There maybe excluded from the policy required under this paragraph, coverage of a unit owner, other than coverage as a member of the Association or Board of Directors, for liability arising out of acts or omissions of that unit owner and liability incident to the ownership or use of the part of the property as to which that unit owner has the exclusive use or occupancy. Liability insurance required under this paragraph shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement providing that the rights of a named insured under the policy shall not prejudice any action against another named insured. Limits of liability under such insurance policy shall not be less than One Million Dollars (\$1,000,000) on a combined single limit basis.
- c. Workmans' Compensation. Workers' compensation insurance to the extent necessary to comply with any applicable laws.

Section 2. Policy Provision. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

- a. A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the unit owners and their respective servants, agents and guests.
- b. A provision that the policies cannot be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the policy.
- c. A provision that the master policy is primary in the event a unit owner has other insurance covering the same loss.

Section 3. Fidelity Coverage. 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; the cost of said fidelity coverage shall be a common expense.

Section 4. Directors and Officers Liability. The Board may secure and maintain directors and officers liability insurance for the directors and officers of the Association; the cost of said liability coverage shall be a common expense.

Section 5. Settlement of Loss. All losses under policies above described shall be settled exclusively with the Board of Directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the unit owners, or, upon demand of any mortgagee, to an insurance trustee acceptable to the Association and mortgagees of units.

Section 6. Unit Owner's Obligations. Each unit owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under Section 1(a) and against his liability not covered under Section 1(b); provided, however, that no unit owner shall be entitled to exercise his right to maintain insurance coverage in such a way so as to decrease the amount which the Board of Directors, on behalf of the Association and all unit owners, may realize under any insurance policy which the Board of Directors may have in force at any particular time. Additionally, each unit owner must inform the Board of Directors of all improvements made by such owner to his unit which have a value in excess of Five Hundred Dollars (\$500), so that the Board of Directors may make any desired adjustments in insurance coverage.

The Association shall not be responsible for any loss or damage to personal property of any owner, whether stored on common area or in the owner's unit, nor shall the Association maintain any insurance coverage for such loss.

Section 7. Unit Owner's Reimbursement. A unit owner shall promptly reimburse the Association for any expenditures incurred in repairing or replacing any portions of the common elements or units that are damaged or lost through his fault or at his direction where such damage or loss is not covered by insurance policies carried by the Association for the owner's and the Association's benefit; if such damage or loss is covered by said policies, the unit owner will promptly pay all amounts that would otherwise be paid by the Association pursuant to the deductible clause of said policies.

Section 8. Review of Insurance Policies; Additional Insurance. 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 condominium by a representative of the insurance carrier writing the policy or policies specified in Section 1. The Board may obtain such additional insurance coverage as it deems necessary or appropriate, from time to time, for the benefit of the Association, the unit owners, and mortgagees.

ARTICLE XI  
DAMAGE AND DESTRUCTION

Section 1. Initial Board Determinations. In the event of damage or destruction to any part of the property, the Board shall promptly and, in all events, within twenty (20) days after the date of damage or destruction, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

- a. The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.
- b. A reasonably reliable estimate of the cost to repair and restore the damage and destruction, which estimate shall, if reasonably practical, be based upon two or more firm bids obtained from responsible contractors.
- c. The anticipated insurance proceeds, if any, to be available from insurance covering the loss, based upon the amount paid or initially offered by the insurer.
- d. The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance proceeds therefore, and the amount of assessment to each unit if such excess was paid as a maintenance expense and specifically assessed against all the units in proportion to their percentage of interest in the common elements.
- e. The Board's recommendation as to whether such damage or destruction should be repaired or restored.

Section 2. Notice of Damage or Destruction. The Board shall promptly, and, in all events, within thirty (30) days after the date of destruction, provide each unit owner and each mortgagee with a written notice summarizing the initial Board determination made under Section (1). If the Board fails to do so within said thirty (30) days then any unit owner or mortgagee may make the determinations required under Section (1) and give the notice required under this Section (2).

Section 3. Insurance Proceeds Sufficient to Cover Loss. In case of fire, casualty or any other damage and destruction, the insurance proceeds of the master policy, if sufficient to reconstruct the buildings damaged or destroyed, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed buildings, as used in this Article means restoring the buildings to substantially the same condition in which they 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 4. Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to, or destruction of, such buildings shall be promptly repaired and restored by the manager or Board of Directors, using the proceeds of insurance, if any, on such buildings for that purpose and all the unit owners shall be liable for assessment for any deficiency for such reconstruction. Provided, however, if three-fourths or more in value of all the buildings are destroyed or substantially damaged and if the owners of at least three-fourths of the units agree that the property shall not be repaired and restored, then the property shall be considered removed from the Act and the manager or Board of Directors shall record with the County Recorder a notice required by the Act setting forth such facts, and upon the recording of such notice as in the manner provided by the Act:

- a. The condominium property shall be deemed to be owned in common by owners.
- b. The respective interest of each unit owner in the property shall be determined by the provisions of ORS 94.306 which are in effect on the date the Declaration of Unit Ownership is recorded.
- 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 interest 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.

Section 5. Architectural Changes After Damage or Destruction. Notwithstanding all other provisions hereof, the owners may, by an affirmative vote of sufficient owners to amend these Bylaws, cause an amendment to be made to the condominium documents so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the condominium, or any buildings thereof, by fire, casualty or any other disaster is so great as to require the substantial reconstruction of the whole of the condominium, or said buildings. Any such amendment of such condominium documents shall be valid only upon (1) the recording thereof with the recording officer of Marion County; and (2) the recording with that recording officer of the approval thereof of each mortgagee and each other lienholder of record having a lien against any part of the project, or building, affected by such amendment.

#### ARTICLE XII 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. 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 the unit owners, by seventy-five percent (75%) or more of all votes, agree not to repair or restore said common elements. The Board of Directors shall disburse the net proceeds, if any, after repair or restoration, if any, of such award to the unit owners (and their mortgagees as their interest may appear) proportionately to each unit owner's interest in the common elements.

#### ARTICLE XIII AMENDMENTS TO BYLAWS

Amendments to these Bylaws shall be made by an instrument in writing entitled, "Amendments to Bylaws", which sets forth the entire amendment. Except as otherwise provided for in these Bylaws and in the Declaration and except for the right of Declarant, upon Declarant's sole signature to amend these Bylaws prior to recording, any proposed amendment may be amended by approval of a majority of the unit owners; provided, however:

- a. Any amendment which relates to age restrictions, pet restrictions, limitations on the number of people who may occupy units, and limitations on the rental or leasing of the units must be approved by unit owners holding at least seventy-five percent (75%) of all the votes; and
- b. Declarant's written consent to any amendment shall be required until such time as seventy-five percent (75%) of the units in the last stage which Declarant may submit in the project have been conveyed to persons other than Declarant.
- c. Declarant's written consent shall be required to any amendment which would limit or diminish any special Declarant's right until such time as Declarant waives in writing this right of consent.

In all events, the amendment, when adopted shall be certified by the Chairman and Secretary of the Association of unit owners as being adopted in accordance with the Bylaws and the provisions of ORS 94.152. 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 Act. If approved, said amendment shall be recorded in Marion County.

#### ARTICLE XIV COMPLIANCE

These Bylaws are intended to comply with the provisions of the Oregon Condominium Act, which are incorporated herein and to supplement the provision in the Declaration of Unit Ownership. In case any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

#### ARTICLE XV 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 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 attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by said person in connection with such suit, action or proceeding 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 good 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 reimbursement, 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 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 benefited from the acts which created such liability.

JUN 1 1989

ARTICLE XVI  
SUITS AND ACTIONS

Any attorneys' fees or other costs incurred by the Homeowners' Association in enforcing the covenants contained in the Declaration, any Supplemental Declaration, the Bylaws or any rules or regulations adopted pursuant thereto shall be paid by the unit owner or contract purchaser in violation thereof. In any proceeding commenced against an owner or owners or a contract purchaser or purchasers for the collection of any amounts due pursuant to these Bylaws, or for the enforcement of any provisions of the Bylaws, the Declaration, or any administrative rules or regulations adopted pursuant thereto, or of the Oregon Condominium Act, jointly and severally, will in addition to all other obligations, pay the costs of the proceeding and such reasonable attorneys' fees as may be determined by the court on, but not limited to, the trial or any appeal thereof.

ARTICLE XVII  
MISCELLANEOUS

Section 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.

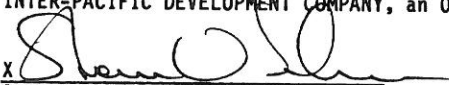
Section 2. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 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 of 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 INTER-PACIFIC DEVELOPMENT COMPANY, Declarant of CINNAMON LAKES CONDOMINIUM, and will be recorded in the Deed Records of Marion 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 14th day of March, 1989.

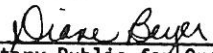
INTER-PACIFIC DEVELOPMENT COMPANY, an Oregon corporation

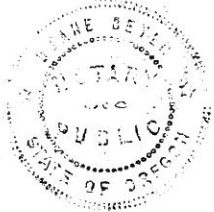
X   
Steven V. Johnson, Secretary

STATE OF OREGON            )  
  ) SS.  
County of Marion         )

Personally appeared the above named Steven V. Johnson, who, being first duly sworn, did say that he is the Secretary of Inter-Pacific Development Company, a corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and each of them acknowledged said instrument to be his voluntary act and deed.

Before me:

  
Notary Public for Oregon  
My Commission Expires: 10-15-91  
Date: 3-14-89



STATE OF OREGON

County of Marion

I hereby certify that the within was received and duly recorded by me in Marion County records:

Fee \$ 150.00

Hand Returned

REEL      PAGE  
693        234

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ALAN H. DAVIDSON  
MARION COUNTY CLERK

BY  DEPUTY

Return: Same

JUN 1 1989