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After Recording Return to
Oregon Title Insurance Co.
Ref: BF502C

**DECLARATION
FOR LAKEWOOD LOFTS AND CONDOMINIUMS**

Whereas, the undersigned Declarant desires to submit the Condominium described in this Declaration, together with all improvements now existing or hereafter to be constructed thereon, to the provisions, restrictions, and limitations of the Oregon Condominium Act, ORS 100.005 through ORS 100.910;

Now, Therefore, it is declared as follows:

Section 1. Definitions.

As used herein, the term

a. "Association of Unit Owners" means the Association of Unit Owners of Lakewood Lofts and Condominiums, an Oregon nonprofit corporation.

b. "Common Expenses" means expenses of administration, maintenance, repair or replacement of the common elements, including deposits in the working capital fund and reserve fund, together with such expenses agreed upon as common by the Association of Unit Owners in the manner provided in the Bylaws.

c. "Condominium" means the land, all buildings, improvements, and structures thereon and all easements, rights and appurtenances belonging thereto which are hereby submitted to the provisions of the Oregon Condominium Act.

d. "Eligible Mortgage Holder" means a holder of a first mortgage on a unit who has requested notice of certain matters from the Association in accordance with the FNMA Conventional Home Mortgage Selling Contract Supplement.

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e. "Manager" means the person or firm, if any, hired by the board of directors of the Association of Unit Owners to be in charge of the administration of and to manage the Condominium.

Section 2. Name of the Condominium.

The Condominium subject to this Declaration shall be known by the name Lakewood Lofts and Condominiums.

Section 3. Description of the Condominium.

This Declaration submits to the provisions, restrictions, and limitations of the Oregon Condominium Act, a fee simple interest in the land described on Exhibit A attached hereto, together with the units hereinafter described and all other improvements now existing or to be constructed on such land.

Section 4. General Description of the Units.

There shall be a total of 17 living units. The units shall be situated in one structure, which shall be a three-story wood frame structure. The units shall be bounded by the undecorated surface of the interior perimeter walls, floors, and ceilings, exclusive of any common elements. All doors, door frames, and nonloadbearing walls within a unit are part of the unit. A general description of the units and their approximate area is attached hereto marked Exhibit B. The dimensions, designation, and location of each unit are shown in the plat filed simultaneously herewith and made a part of this Declaration as if fully set forth herein.

Section 5. Common Elements.

a. The general common elements shall consist of all portions of the Condominium not part of a unit or a limited common element, including all the above-described land; all foundations, columns, girders, beams and supports; all corridors

and stairs except stairs within loft units; all exterior walls of the buildings in which the units are situated and all walls and partitions separating units from other units, parking areas which are not designated as limited common elements, driveways, walkways, landscaping, utilities, utility lines, recreational facilities, garage structures (excluding parking spaces within the garage structures which are limited common elements), and all the appurtenances thereto.

b. The limited common elements shall consist of (a) the balcony adjacent to each unit as shown on the plat, the use of which is restricted to each adjacent unit and (b) parking spaces, including parking spaces within garage structures, the numbers of which are designated on the plat, which are restricted to the use of units specified on Exhibit C attached hereto.

Section 6. Allocation of Interest in Common Elements.

Each unit shall have a 1/17th interest in the common elements. Interests in common elements are to be allocated to units equally. Interests in common elements have been allocated equally on the basis of the unit owners' equal rights of use and enjoyment in the common elements. Such undivided interest in the common elements shall not be separated from the unit to which it appertains and shall be conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

The common elements shall remain undivided, and no unit owner may bring any action for partition or division of any part thereof while the Condominium is subject to this Declaration. Any covenant to the contrary is void.

Section 7. Ownership of Units.

Each individual unit, together with its undivided interest in the common elements, if any, shall be owned by the unit owner and may be individually conveyed and encumbered and be the subject of ownership, possession, sale, or other disposition as though it were solely and entirely independent of the other units, and the individual titles and interest shall be recordable. Each unit owner shall be entitled to the exclusive ownership, possession, and enjoyment of his unit. Each unit owner shall be subject to all the rights and duties assigned to unit owners under the terms of this Declaration and the Bylaws. When there are unsold units, Declarant also enjoys the same rights and assumes the same duties as they relate to each individual unsold unit.

Each unit owner has an unrestricted right of ingress and egress to his or her unit. This right shall be perpetual so that it passes with the unit as transfers of ownership of the unit occur. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the common elements will be void unless the unit to which that interest is allocated is also transferred.

Section 8. Taxation of Units.

Each unit, with its allocation of undivided interest in the common elements shall be considered a parcel of real property subject to separate assessment and taxation by any taxing unit in like manner as other parcels of real property as required by ORS 100.555. The common elements shall not be considered a parcel for purposes of taxation.

Section 9. Voting Rights.

Each unit shall be entitled to one vote, except for unit 115 which shall be entitled to two votes.

Section 10. Maintenance, Improvement, and Intended Use of Units.

Subject to ORS 100.535, 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 or impair any easement or hereditament unless the consent of the board of directors and the consent of all other unit owners affected is first obtained. The units will be used only for residential use and related purposes. The Association shall have a right of entry on any unit to perform emergency repairs or to do other work necessary for the maintenance of the Condominium.

Section 11. Use and Maintenance of Common Elements.

Each unit owner may use the common elements in accordance with the purposes for which they are intended, but may not hinder or encroach upon the lawful rights of the other unit owners. The common elements may be used to provide utility services to the units at locations and on terms approved by the board of directors. As provided in ORS 100.405(5), the association, through the board of directors, shall have the right to grant permits, licenses, and easements over the general common elements for utilities, roads, and other purposes necessary for the proper operation of the Condominium.

The necessary work to maintain, repair, or replace the common elements and additions or improvements to the common elements shall be the responsibility of the Association of Unit Owners and shall be carried out as provided in the Bylaws.

The Association of Unit Owners shall have the right, to be exercised by the board of directors, or any manager employed by the board of directors, to have access to each unit as may be necessary for the maintenance, repair, or replacement of the common elements, to make emergency repairs therein necessary for the public safety, to prevent

damage to the common elements or to another unit, or to abate any nuisance existing in any unit.

Section 12. Management of Affairs of Association of Unit Owners.

The affairs of the Association of Unit Owners shall be managed by a board of directors and by officers consisting of a President, a Secretary and a Treasurer. The board of directors shall adopt administrative rules and regulations governing the details of the operation, maintenance and use of the Condominium and to prevent unreasonable interference with the use of the respective units and of the common elements by the several unit owners. The board of directors may retain an individual or firm to act as Manager of the Condominium. Any such agreement shall provide for a term of three years and may be terminated, with or without cause, upon 90 days' notice to all parties affected.

Section 13. Adoption of Bylaws.

The Declarant has adopted, pursuant to the requirements of the Oregon Condominium Act, Bylaws which are being recorded in the official records of Clackamas County, Oregon, to govern the administration of the Condominium.

The Bylaws may be amended from time to time as provided therein.

Section 14. Compliance With Bylaws and Other Restrictions.

Each unit owner shall comply with the Bylaws and with the administrative rules and regulations adopted pursuant thereto and with the covenants, conditions, and restrictions in this Declaration or in the deed to his unit. Failure to comply therewith shall be grounds for an action maintainable by the Association of Unit Owners or by an aggrieved unit owner, in addition to other sanctions which may be provided by the Bylaws or by the administrative rules and regulations. Unit owners shall have similar rights of action against the Association of Unit Owners.

Section 15. Person to Receive Service of Process in Certain Cases.

Service of process in any action relating to the common elements or to more than one unit in cases provided in subsection (1) of ORS 100.550 shall be made upon the designated agent named in the Condominium Information Report filed in accordance with ORS 100.250(1)(a).

Section 16. Easements and Other Interests.

The Association of Unit Owners, pursuant to ORS 100.405(5), has the authority to execute, acknowledge, deliver and record on behalf of the unit owners, permits, easements, rights-of-way, licenses, and other similar interests affecting the general common elements for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium. The granting of any interest pursuant to this Section 16 shall be first approved by at least 75 percent of the unit owners. The instrument granting an interest pursuant to this Section 16 shall be executed and acknowledged by the President and Secretary and shall state that such granting was approved by at least 75 percent of the unit owners.

Section 17. Receipts and Expenses.

Each unit shall be allocated 1/18th of the receipts of the condominium and 1/18th of the common expenses, except for unit 115 which shall be allocated 1/9th of the receipts and 1/9th of the common expenses. Receipts and common expenses have been allocated equally among all units except unit 115 on the basis that such units are likely to produce equal receipts and to incur approximately equal common expenses while unit 115, which is approximately twice as large as the average size of the other units may be anticipated to produce twice as much in receipts and to incur twice as much in common expenses. Assessments shall first commence upon the conveyance of the first unit. Receipts

by unit owners for rental of their unit shall not constitute common receipts. No unit owner may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit.

A working capital fund shall be established for the initial months of the Condominium operation equal to Declarant's estimate of two months monthly Association of Unit Owners regular assessments. Each unit's share of the working capital fund shall be collected and transferred to the Association of Unit Owners at the time of closing of the initial sale of each unit and maintained in a segregated account for the use and benefit of the Association of Unit Owners. The purpose of the fund is to ensure that the Association of Unit Owners will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the board of directors. Amounts paid into the working capital fund shall not be considered as advance payments of regular assessments. Declarant shall not use the working capital funds to defray and of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

Section 18. Lien of Association Against Unit.

The board of directors shall have the authority and the duty to levy and enforce the collection of general and special assessments for Common Expenses. Whenever the Association of Unit Owners levies any assessment for common expenses against a unit, the Association of Unit Owners, upon complying with this section, shall have a lien upon the individual unit and the undivided interest in the common elements appertaining to such unit for the reasonable value of such common expenses allocable to such unit and for any unpaid assessments and interest as provided in ORS 100.450(2)(b), plus costs and reasonable

attorneys' fees, and the lien shall be prior to all other liens or encumbrances upon the unit, except

- a. tax and public improvement assessment liens, and
- b. a prior mortgage or trust deed of record.

Each assessment shall be a separate and personal debt and obligation of the unit owner against whom the same is assessed at the time the assessment fell due and shall be collectible as such. Such personal obligation shall not pass to successors in title unless assumed by them or required by law. The board of directors shall cause to be filed a notice of lien claim pursuant to ORS 100.450 with respect to any assessment which has not been paid within 30 days from the mailing of the notice of assessment. The notice of lien claim shall be filed within 10 days following the expiration of such 30-day period. The Association of Unit Owners shall be entitled to recover, in any suit to foreclose or action to recover a money judgment for unpaid common expenses, interest on the delinquent assessment at the rate of 12 percent per annum and costs, including reasonable attorneys' fees in such suit or action, or any appeal therefrom.

A lien for common expense assessments shall not be affected by any sale or transfer of a unit, except that a sale or transfer pursuant to a foreclosure of a first mortgage or trust deed or a deed in lieu of foreclosure to the extent permitted by ORS 100.465 shall extinguish a subordinate lien for assessments which become payable prior to such sale or transfer. Any such delinquent assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all units as a common expense. Any such sale or transfer pursuant to a foreclosure shall not relieve the purchaser or transferee of a unit from liability for, nor the unit from the lien of, an assessment made thereafter.

In case of foreclosure, the unit owner shall be required to pay a reasonable rental for the unit; and the plaintiff in the foreclosure suit shall be entitled to the appointment of a receiver to collect the rental, without regard to the value of the security. An action to recover a money judgment, together with reasonable attorneys' fees for unpaid common expenses, may be maintained without foreclosing or waiving the lien securing the claim for common proceeds.

Section 19. Power of Condominium Manager to Bid at Foreclosure Sale.

In any suit to foreclose a lien of the Association of Unit Owners against a unit, the board of directors or the manager, acting on behalf of the unit owners, shall have power to bid on the unit at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. The board of directors or the manager, acting on behalf of the unit owners, is prohibited from bidding on or otherwise acquiring a unit in any other foreclosure suit.

Section 20. Insurance.

The Association of Unit Owners, by and through the board of directors, shall obtain and keep in effect at all times insurance coverage as specified in the Bylaws.

The board of directors shall not be responsible for procuring fire and extended coverage insurance covering the furniture, fixtures, equipment, or contents located in the individual units.

The insurance obtained by the Association of Unit Owners, by and through the board of directors, as required by this section shall be a common expense.

Section 21. Damage or Destruction.

If a building within the Condominium is damaged, destroyed, or partially condemned, the board of directors shall immediately proceed to rebuild and restore the

building so damaged, destroyed, or partially condemned so that the same will be returned to substantially the same condition in which the building existed prior to such damage, destruction, or partial condemnation. Each unit and the common elements shall have substantially the same vertical and horizontal boundaries as before, unless at least 90 percent of all the unit owners and Eligible Mortgage Holders who represent at least 51 percent of the votes of the unit estates that are subject to mortgages held by Eligible Holders agree that the Condominium shall not be rebuilt and restored. If the Condominium is to be rebuilt and restored and the insurance proceeds be insufficient to rebuild and restore, the unit owners shall be liable for assessment for any deficiency as a common expense. If 90 percent of all the unit owners and Eligible Mortgage Holders who represent at least 51 percent of the votes of the unit estates that are subject to mortgages held by Eligible Holders agree that the Condominium shall not be rebuilt or restored, the Condominium shall be considered removed from the provisions of the Oregon Condominium Act in accordance with ORS 100.600.

The Association of Unit Owners, through a trustee appointed for such purpose, shall represent the unit owners in any condemnation proceedings or in negotiations, settlements, and agreements with the condemning authority for acquisition of the common areas or part thereof. In the event of a taking or acquisition of part or all of the common areas by a condemning authority, the award or proceeds of settlement shall be payable to the Association of Unit Owners, or any trustee, for the use and benefit of the unit owners and their mortgagees as their interests may appear in proportion to their interests in the common elements.

Section 22. Easements for Encroachment.

If any part of the common elements now or hereafter encroaches upon any unit or if any unit now or hereafter encroaches upon any other unit or upon any portion of the

common elements, an easement for such encroachment and the maintenance thereof, as long as it continues, shall exist. In the event a unit or a building containing units shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements upon any unit, any unit upon any other unit, or upon any portion of the common elements due to the construction shall be permitted as set forth in ORS 100.520; and easements for such encroachments and the maintenance thereof shall exist.

Section 23. Mortgagee Protection.

The liens created hereunder upon any unit shall be subject to and subordinate to, and shall not affect the rights of or the holder of the indebtedness secured by any recorded prior mortgage or deed of trust upon such interest made in good faith and for value. After repossession or the foreclosure of any such mortgage there may be a lien created pursuant to Section 19 hereof on the interest of the owner of the unit or of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder after the date of such repossession or foreclosure sale, which lien, if any is claimed, shall have the same effect and be enforced in the same manner as provided herein.

The holder, insurer, or guarantor of the mortgage on any unit shall have the right to timely written notice of (a) any condemnation or casualty loss that affects either a material portion of the Condominium or the unit securing its mortgage; (b) any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage; (c) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (d) any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

The mortgage holder, insurer, or guarantor must send a written request for this information to the Association, stating both its name and address and the unit number or

address of the unit on which it has (or insures or guarantees) the mortgage in order to obtain the foregoing information.

No amendment to this section shall affect the rights of or the holder of any such mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

Section 24. Limits on Use of Units and Common Elements.

The units shall be used for residential purposes and related uses. Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance on the Condominium without the prior written consent of the board of directors. No unit owner shall permit anything to be done or kept in his unit which will result in the cancellation of the insurance on any part of the Condominium. The board of directors shall have the power to adopt rules and regulations for use of the common elements and there shall be no violation of such rules. No automobile maintenance or repair will be permitted on the common elements.

Section 25. Pets.

No domestic animals shall be kept or raised within or in any unit except as follows:

a. Household pets may be allowed with the prior written approval of the board of directors which approval the board of directors may withhold in its sole discretion. Household pets shall be limited to dogs, cats, birds, hamsters, gerbils, or fish. No permits will be issued for pets which the board of directors, in its sole discretion, regards as dangerous, including, without limitation, pit bulls and rottweilers. The approval of the board of directors shall be in the form of a pet permit which shall be issued upon the application of

the unit owner seeking permission to maintain a household pet within the Condominium. No more than one pet permit shall be issued to any unit owner.

b. Any unit owner keeping a pet within the Condominium shall prevent the pet from causing any disturbance to other unit owners or occupants. When not inside a unit, the pet shall be under physical restraint or leash and under the immediate supervision and responsibility of the owner of the pet or the owner's designee. No pet shall be allowed to make an unreasonable amount of noise or become a nuisance.

c. Upon the written request of any unit owner, the board of directors shall conclusively determine in its sole and absolute discretion whether a particular pet is being kept in violation of the provisions of this Section 25 or the applicable pet permit or whether the pet is making an unreasonable amount of noise or is a nuisance. The board of directors may levy a fine of up to \$100 for the first violation and up to \$500 for the second and each subsequent violation or may order the removal of any offending pet. Each day that a unit owner fails to comply with an order of the board of directors regarding a pet shall constitute a separate offense for which a fine may be levied. In addition to levying a fine for any violation of an order of the board of directors pursuant to this Section 25, the Association may seek specific performance of the board of directors order and any other legal or equitable remedies available to it. In any suit or action to enforce the provisions of this Section 25, the prevailing party shall be entitled to recover costs and reasonable attorneys fees at trial and on appeal.

d. Each unit owner keeping a pet within the Condominium shall be liable for all injury and damage caused by such pet. The owner of a pet shall be responsible for cleaning up any droppings deposited by the pet within the Condominium or surrounding roadways. Each owner of a pet brought within the Condominium shall indemnify, defend,

and hold harmless the Association and all other owners from and against any and all loss, cost, or damage resulting from the activities of such pet.

e. Pets belonging to guests of unit owners or to renters will not be allowed on the Condominium.

f. Unit owners must make application to receive a revocable pet permit from the board of directors prior to maintaining a pet within the Condominium and allow the board of directors reasonable time to review the application and respond. The board of directors shall have the right to impose a reasonable fee for processing an application for a pet permit. Each pet permit will be subject to the following conditions and such other conditions as the board of directors deems appropriate:

- (1) Pets must be under restraint and supervision at all times when not inside the unit.
- (2) Pets must not be left unattended in motor vehicles parked within the Condominium.
- (3) Unit owners are responsible to clean up after their pets and dispose of waste in an appropriate manner.
- (4) Pets must not create a nuisance to others by barking or some other manner of behavior or cause a dangerous or vicious act towards another resident, guest, or domestic animal.

Prior to the election of the board of directors, all of its responsibilities under this Section 25 shall be carried out by Declarant. Declarant shall have all the powers granted to the Association Board of Directors in carrying out such responsibilities.

Section 26. Amendment.

Except as otherwise provided in the Oregon Condominium Act, no amendment may change the allocation of undivided interest in the common elements, method of determining liability for common expenses, right to common profits or voting rights of any unit as expressed in this Declaration unless such amendment has been approved by the owners of the affected units, and such unit owners shall record an amendment to this Declaration setting forth the altered allocation of each unit owner having an interest and, if required by law, the amendment is approved by the Real Estate Commissioner pursuant to ORS 100.135.

Except as hereinabove provided, this Declaration may be amended consistent with the provisions of the Oregon Condominium Act by the affirmative vote of 75 percent of the voting rights at the annual meeting of the Association of Unit Owners, or at any special meeting called for such purpose, or by written proxy or written consent of 75 percent of the voting rights. Such amendment shall be effective upon the recordation of an instrument executed and acknowledged by the President and Secretary of the Association of Unit Owners with the Clackamas County Recording Officer, setting forth such amendment in full and the amendment is approved by the Real Estate Commissioner pursuant to ORS 100.135.

An amendment of a material nature must also be approved by Eligible Mortgage Holders who represent at least 51 percent of the votes of units that are subject to mortgages held by Eligible Mortgage Holders. An amendment will be regarded as material if it is material under the applicable provisions of the FNMA Selling Guide.

Section 27. Administrative Control.

Until the date of conveyance, to persons other than Declarant, of 75 percent of the units in the last stage which Declarant may submit to the provisions of the Oregon

Condominium Act in accordance with the provisions thereof, or until four years following conveyance of the first unit, whichever occurs earlier;

a. Declarant may appoint and remove officers and members of the board of directors of the Association of Unit Owners;

b. Declarant shall have three votes with respect to each unit owned by it, notwithstanding the provisions of Section 9;

c. Declarant shall have the right to exercise all the powers of the board of directors under this Declaration and the Oregon Condominium Act, except that Declarant may not bind the Association of Unit Owners, prior to passage of control, either directly or indirectly to contracts or leases, including a management contract, unless the Association of Unit Owners is provided with a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than 90 days' notice to the other party thereto;

d. This Declaration and the Bylaws shall not be amended without Declarant's consent, and

e. Declarant shall have the right to occupy the common elements in connection with its construction activities so long as such activities do not unreasonably interfere with use of the common elements by other unit owners.

Section 28. Plan of Development.

The rights provided for under ORS 100.150(1) are being reserved.

There are no limitations on the rights reserved under ORS 100.150(1).

A metes and bounds legal description of all variable property within the Condominium is set forth on Exhibit D.

The Plan of Development for the Condominium includes a maximum of 23 units to be developed in not more than two stages. The right reserved under ORS 100.150(1) will expire six years from the date of recording this declaration (the "Termination Date").

The minimum allocation of undivided interests in the common elements to each unit including the units in Stage 1 upon completion of development, if Declarant elects to proceed with all stages of development and at each stage of development will be a fraction, the numerator of which shall be one and the denominator of which shall be the total of units submitted to the provisions of the Oregon Condominium Act. If Declarant creates the maximum number of units, the minimum allocation of undivided interest in the common elements for each unit in the Condominium will be 1/23rd. Interests in common elements will be equal. Each additional unit shall have one vote. There is an existing apartment building on the variable property. After annexation of Stage 2, the fraction of common expenses charged to each unit will be 1/24th, except for unit 115 which will be charged with 1/12th of the common expenses. Declarant reserves the right to create limited common elements within the variable property related to the units in Stage 1 and related to the additional units to be constructed on the variable property. Such limited common elements will consist of balconies, storage areas, garage spaces, parking spaces, and other improvements related to the use of individual units. Declarant intends to renovate the

existing building on the variable property to create six additional units. All other intended improvements in Stage 2 on the variable property shall be consistent with initial improvements in terms of structure type and quality of construction and shall be substantially completed prior to reclassification. Assessments and votes appurtenant to each additional unit shall become effective on the recording of a supplemental declaration covering such unit, which shall not occur until the substantial completion of such unit. All taxes and other assessments relating to improvements on variable property covering any period prior to the addition of such Condominium, shall be paid or otherwise satisfactorily provided for by the Declarant.

There is no variable property which is not designated as non-withdrawable variable property. The plat shows the location and dimensions of all non-withdrawable variable property. Improvements on the non-withdrawable variable property to be made by Declarant shall consist of up to 6 additional units with related landscaping, parking, storage, and similar improvements and additional limited common elements referred to above. If by the Termination Date, all or any portion of the non-withdrawable variable property has not been reclassified, such property shall automatically be reclassified as of the Termination Date as a general common element of the Condominium and any interest in such property held for security purposes shall be automatically extinguished by such classification. The Association shall not have the rights previously held by Declarant upon the reclassification of non-withdrawable variable property on the Termination Date. The rights of the Association regarding non-withdrawable variable property after reclassification to common elements shall not be amended.

Declarant reserves a right of access to the non-withdrawable variable property and the right to use unoccupied portions of the Condominium for the construction of

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Los Angeles } ss.

On June 23, 1998, before me, Drinda S Cook, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Kathleen C. Bryan SVP
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Drinda S. Cook
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

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additional units as provided above and for the storage of materials and other construction activities in connection with such construction.

Section 29. Termination of Legal Status.

Termination of the legal status of the Condominium for reasons other than substantial destruction or condemnation of the Condominium must be approved as provided in ORS 100.600.

In Witness Whereof, the undersigned has executed this Declaration this

14th day of June, 1998.


**BAY CLUB ASSOCIATES, L.L.C., an
Oregon limited liability company**

By: The Pennbrook Company, an Oregon
corporation, Member

By  _____
President

The undersigned holders of trust deeds covering all or a portion of the Condominium have executed this Declaration pursuant to ORS 100.100(3) for the purpose of consenting to the property described on Exhibit A being submitted to the provisions of ORS 100.005 to 100.625 and the terms and conditions of the foregoing Declaration and the Bylaws adopted pursuant to section 13 thereof.

Construction Lending Corporation of America

By  _____
SVP

By _____

STATE OF OREGON)

) SS

COUNTY OF Washington)

This instrument was acknowledged before me on 6-18, 1999, by Donald N. Franzier as President of The Pennbrook Company, as Member of Bay Club Associates, L.L.C.



Julia A. McKinnon
Notary Public for Oregon
My commission expires: 9-28-01

STATE OF OREGON)

) SS

COUNTY OF)

This instrument was acknowledged before me on _____, 199__, by _____ as _____ of _____.

Notary Public for Oregon
My commission expires:

STATE OF OREGON)

) SS

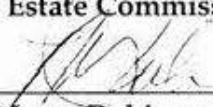
COUNTY OF)

This instrument was acknowledged before me on _____, 199__, by _____ as _____ of _____.

Notary Public for Oregon
My commission expires:

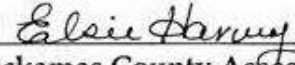
The foregoing Declaration is approved pursuant to ORS 100.110 this 26th day of June, 1998 and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

SCOTT W. TAYLOR
Real Estate Commissioner

BY 
Marge Robinson

The foregoing Declaration is approved pursuant to ORS 100.110 this 29 day of June, 1998.

Ray Erland

By 
Clackamas County Assessor

The foregoing Declaration is approved pursuant to ORS 100.110 this 29 day of June, 1998.

Ray Erland

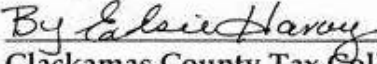
By 
Clackamas County Tax Collector

EXHIBIT A

BEING A TRACT OF LAND LOCATED IN THE NORTHEAST ONE-QUARTER OF SECTION 10, TOWNSHIP 2 SOUTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF LAKE OSWEGO, CLACKAMAS COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A BRASS SCREW WITH A 3/4" WASHER MARKED "WRG DESIGN, INC." AT THE SOUTHEAST CORNER OF THAT TRACT OF LAND DEDICATED AS RIGHT-OF-WAY BY DEED DOCUMENT NO. 98-029958, CLACKAMAS COUNTY DEED RECORDS, SAID POINT BEARS N74°23'00"E 79.14' FROM THE SOUTHEAST CORNER OF PARK TRACT "A" OF THE PLAT OF "LAKE OSWEGO SAILING CLUB", PLAT NO. 3066;

THENCE N19°41'33"W, ALONG THE NORTHEASTERLY LINE OF SAID RIGHT-OF-WAY, 59.44 FEET TO BRASS SCREW WITH A 3/4" WASHER MARKED "WRG DESIGN, INC." IN THE NORTHERLY LINE OF THE LAND DESCRIBED IN DEED DATED MAY 1, 1916, FROM THE BEAVERTON WILLSBURG RAILROAD COMPANY TO THE OREGON AND CALIFORNIA RAILROAD COMPANY RECORDED JULY 12, 1916, DEED BOOK 143, PAGE 418, CLACKAMAS COUNTY DEED RECORDS;

THENCE N70°14'17"E, ALONG SAID NORTHERLY LINE, 662.35 FEET TO A 5/8" IRON ROD AT THE MOST NORTHERLY CORNER OF THAT TRACT OF LAND CONVEYED TO BAY CLUB ASSOCIATES, L.L.C. IN DOCUMENT NUMBER 97-046230, CLACKAMAS COUNTY DEED RECORDS;

THENCE S30°48'27"E, RADIAL TO A 930.37 FOOT RADIUS CURVE ON THE NORTHWESTERLY RIGHT OF WAY LINE OF THE TILLAMOOK BRANCH SOUTHERN PACIFIC RAILROAD, 66.37 FEET TO A 5/8" IRON ROD ON SAID RAILROAD RIGHT OF WAY THAT IS 25.00 NORTHWESTERLY OF, MEASURED RADially, RAILROAD CENTERLINE STATION 582+91.11;

THENCE, SOUTHWESTERLY, ALONG SAID RAILROAD RIGHT OF WAY LINE ON A COMPOUND CURVE TO THE RIGHT HAVING THE FOLLOWING RADII, DELTA ANGLES, AND ARC LENGTHS:

RADIUS	DELTA ANGLE	ARC LENGTH	
930.37	5°17'35"	85.95'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
1017.14	1°38'58"	29.28'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
1121.28	1°29'58"	29.35'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
1248.57	1°20'59"	29.41'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
1407.69	1°11'59"	29.48'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
1612.28	1°02'59"	29.54'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
1885.08	0°54'00"	29.61'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";

2267.01 0°45'00" 29.67' TO A 5/8" IRON ROD WITH A YELLOW
 PLASTIC CAP MARKED "WRG DESIGN, INC.";
 2839.93 0°36'00" 29.74' TO A BRASS SCREW WITH A 3/4" WASHER
 MARKED "WRG DESIGN, INC.";
 3794.83 0°00'17" 0.30'

TO A BRASS SCREW WITH A 3/4" WASHER MARKED "WRG DESIGN, INC." ON AN
 ANGLE POINT IN SAID RAILROAD RIGHT OF WAY LINE;

THENCE S15°37'00"E, CONTINUING ALONG SAID RAILROAD RIGHT OF WAY, 7.30
 FEET TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN,
 INC." ON A 3802.13 FOOT RADIUS CURVE TO THE RIGHT CONCENTRIC WITH SAID
 3794.83 FOOT RADIUS CURVE;

THENCE SOUTHWESTERLY, CONTINUING ALONG SAID RAILROAD RIGHT OF WAY,
 ON A COMPOUND CURVE TO THE RIGHT HAVING THE FOLLOWING RADII, DELTA
 ANGLES, AND ARC LENGTHS:

RADIUS	DELTA ANGLE	ARC LENGTH	
3802.13	0°26'37"	29.44'	TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC.";
5711.95	0°18'00"	29.91'	TO A POINT FROM WHICH A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC." BEARS N74°12'48"E, 4.00 FEET;
11441.49	0°09'00"	29.95'	TO A POINT OF TANGENCY FROM WHICH A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG DESIGN, INC." BEARS S74°23'00"W, 35.00 FEET;

THENCE S74°23'00"W, CONTINUING ALONG SAID RAILROAD RIGHT OF WAY LINE,
 151.70 FEET TO AN ANGLE POINT THEREON FROM WHICH A 5/8" IRON ROD BEARS
 S83°57'37"W, 0.27 FEET;

THENCE N15°37'00"W, CONTINUING ALONG SAID RAILROAD RIGHT OF WAY LINE,
 2.30 FEET TO A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WRG
 DESIGN, INC.";

THENCE S74°23'00"W, CONTINUING ALONG SAID RAILROAD RIGHT OF WAY LINE,
 113.54 FEET TO THE POINT OF BEGINNING;

CONTAINING 1.17 ACRES MORE OR LESS.

**EXHIBIT B
UNIT DESCRIPTION**

UNIT NUMBER	SQUARE FOOTAGE	BEDROOMS	BATHS
101	1388	3	2
103	958	2	2
105	1023	2	2
107	1152	3	2
109	1016	2	2
111	1162	3	2
115	2363	3	3
117	1023	2	2
119	1152	3	2
121	1016	2	2
123	1162	3	2
125	1388	3	2
127	958	2	2
129	1023	2	2
131	1152	3	2
133	1016	2	2
135	1162	3	2

Exhibit C

ALLOCATION OF PARKING SPACES
AND GARAGES

Unit Number	Allocated Parking Spaces ("P") and Garages ("G")
101	P55
103	P23, P43
105	P18, P44
107	G42
109	P6, P47
111	P21, P49
115	P24, P25, G39, G40
117	P16, P17
119	P15, G33
121	P7, P46
123	P22, P48
125	P10, P11
127	P19, G34
129	P5, P12, P20, P26, P54, G27, G28, G29, G30, P31, P32, G35, G36, P37, G41, P50, P51
131	P13, P45
133	P38
135	P4, P14

EXHIBIT D

Legal Description
For Nonwithdrawable Variable Property

Being a tract of land located in the Northeast Quarter of Section 10, Township 2 South, Range 1 East, Willamette Meridian, City of Lake Oswego, Clackamas County, Oregon and being more particularly described as follows:

Commencing at the southeast corner of Park Tract "A" of the plat of "Lake Oswego Sailing Club" said southeast corner being on the northwesterly right-of-way line of the Tillamook Branch Southern Pacific Railroad;

Thence N74°23'00"E, along said right-of-way line, 192.68 feet to an angle point thereon;

Thence S15°37'00"E, continuing along said right-of-way line, 2.30 feet to an angle point thereon;

Thence N74°23'00"E, continuing along said right-of-way line, 120.97 feet to the True Point of Beginning;

Thence N15°31'30"W, leaving said right-of-way line, 61.83 feet;

Thence N74°28'30"E, 61.23 feet;

Thence S15°31'30"E, 61.69 feet to said right-of-way line and the beginning of a 5711.95 foot radius non-tangent curve to the right;

Thence 0.54 feet, along said right-of-way line and along the arc of said non-tangent curve to the right (the chord of which bears S74°13'50"W, 0.54 feet) to the point of compound curvature of a 11,441.49 foot radius curve to right;

Thence 29.95 feet, continuing along said right-of-way line and along the arc of said curve to the right (the chord of which bears S74°18'30"W, 29.95 feet) to a point of tangency;

Thence S74°23'00"W, continuing along said right-of-way line, 30.73 feet to the Point of Beginning;

Containing 3782 square feet more or less.

STATE OF OREGON 98-059045
CLACKAMAS COUNTY
Received and placed in the public
records of Clackamas County
RECEIPT# AND FEE: 76118 \$170.00
DATE AND TIME: 06/30/98 11:44 AM
JOHN KAUFFMAN, COUNTY CLERK

EXHIBIT D

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