

**21. Procedures for Rental / Lease of Homes**

Prior to Renting or Leasing your home and/or Prior to entering into any Lease agreement, an Owner shall request Board approval in writing through the managing agent or at a Board of Director Meeting.

Within fifteen (15) days after receipt of the Rental Request Form the Board shall advise the owner whether such proposed rental/lease is within the rental cap as stated in the governing documents. If the cap is already achieved prior to your request, your name will be placed on a waiting list. Once an owner is notified that the unit can be rented/leased, the owner shall provide a copy of the following forms to the managing agent: Updated Owner/Occupant Information Form, the Rental Approval and Acknowledgement Form, the Lease Agreement and the \$25 Processing Fee. If an owner has not provided these forms within 45 days of receiving the approval to rent, that approval shall be revoked and the Owner shall re-request approval to rent. In the event the cap has been reach the owner will be placed on the waiting list. Once an owner has received approval from the Board, the Owner may continue to rent such unit as specified until the lease expires or the tenant vacates the unit, the owner shall then have 30 days to secure a new lease/renter or they must reapply for rental approval.

The owner is required to submit the Updated Owner/Occupant Information Form, the Rental Approval and Acknowledgement Form, the Lease Agreement each time the unit changes renters within 30 days of the change and annually.

**Processing Fee** – The unit owner will pay the Association a processing fee of \$25.00 at the time of the submittal of the lease. If the Association incurs extraordinary actual expenses not included in the standard processing fee, the Unit Owner will reimburse those expenses upon demand to the Association.

**Tenant Background Checks** – The unit owner is *encouraged* to obtain a background check on each adult application.

A. Approval of the Board is required to rent or lease a Home within the Community.

B. Rental Approval Process

(1) Documentation for submittal

- i) Resident Information Sheet
- ii) Vehicle Registration
- iii) Lease Agreement
- iv) Tenant Screening – if applicable

(2) Fee

- i) A \$25 fee is assessed at the time of application.
- ii) If the Association incurs extraordinary actual expenses not included in the standard processing fee, the Owner will reimburse those expenses upon demand to the Association.

C. Approval

- (1) The Association has a 30% rental cap in the Community or noted in the governing documents.
- (2) Provided the rental cap has not been met, the Board shall approve the request to lease as long as:

- i) Any charge due the Association in connection with its review of the lease agreement has been paid.
- ii) The Board determines that the lease agreement satisfies the requirements of the Governing Documents.
- iii) Owner is current in all assessments due the Association.
- iv) Owner has no unresolved violations.

D. Guidelines for Owners

- (1) A new request for approval shall be submitted for any change in lessee or renter.
- (2) All leasing agreements shall be in writing and shall expressly state that the lessee shall be subject to the Governing Documents and that a default by the tenant in complying with the Governing Documents is a default under the lease.
- (3) Owners are encouraged to obtain a tenant screening on each adult application. At the time the lease is submitted for review and approval by the Board, the Owner is requested to submit the completed tenant screening. The Association will be responsible for treating the information as confidential and safeguarding against disclosure as required by all applicable fair credit reporting laws.
- (4) At the expiration of each initial lease, the owner must obtain new approval even if the tenant has not changed.
- (5) The Owner is responsible for notifying the management company of any change in tenancy so that parking records, new tenant contact information, etc. may be kept up-to-date.
- (6) Owners are responsible to inform his or her tenant(s) of the parking regulations within the Community.
- (7) Owners are responsible to provide his or her tenant(s) with a current copy of the Rules & Regulations. Tenants are responsible for knowing and abiding by the rules. Additional copies of the Rules and Regulation can be obtained from the managing agent for a small fee.
- (8) Owners can be held liable for any violation incurred by their tenants.

E. Rental Cap

- (1) No additional leases will be approved once the 30% rental cap has been obtained.
- (2) Owners desiring to rent his or her Home may request placement on a waiting list which will be processed on a first-come, first served basis.
- (3) All Owners must notify the Association when a leased Home becomes vacant.
- (4) Owners with an existing approved lease prior to reaching the rental cap are allowed a period of 90 days to release the Home without having to go onto the waiting list.
- (5) If an Owner is renting a unit without prior written Board approval then the owner is in violation of the Governing documents and is subject to the applicable fines as noted in the Governing Documents. The owner must apply for any existing rental through the rental request procedure in order to stop the fines from accruing.

F. Hardship Exception

- (1) If an Owner requests approval to lease a Home and the rental cap has been met, the Board may consider a request from an Owner for a Hardship Exception.
- (2) Hardship Exception Process

- i) The request for a hardship lease approval must be in writing via regular mail, e-mail or fax to the managing company.
- ii) The Board will review the request at the next regularly scheduled Board Meeting.
- iii) The Owner must specify the nature of the hardship and provide applicable documentation. Qualifying hardships may include a job transfer, severe illness, and financial crisis - such as job loss.
- iv) Upon Approval
  - (1) The Owner and BOD must sign an Undo Hardship Authorization to lease agreement.
  - (2) Quarterly status reports are required.
  - (3) The hardship request is valid for 1 year.
  - (4) At the expiration of 1 year a new approval is required.

G. Non-compliance to the lease process will result in Enforcement of the Rules & Regulation as defined in article 8 above. In accordance with article 8.E.(4) an additional fine of \$1,000 every 30 days will be assessed to the Owner.

**22. Right of Entry**

The Board has Right of Entry as defined in the Declaration.

**23. Refuse/waste**

- A. Residents are required arrange for garbage pickup from the service provider for the Community. The Association will not pay for refuse collection.
- B. Residents may not accumulate garbage in the garage or store garbage that has an excessive odor. The Association may have any offending waste removed and charge the expense for the removal to the Owner.
- C. Trash containers and recycling bins may be set out 24 hours prior to collection and must be put in garages with in 24 hours after collection.
- D. Holiday/Christmas trees may not be placed for pick up until the first garbage pick up day after Christmas or the holiday. Homeowners need to arrange pick-up with their trash provider.

**24. Move in/ Move out**

- A. Temporary (less than 6 hours) parking of a moving truck, van, pickup truck, etc. is allowed in the Community provided access to other homes is not impeded.
- B. Storage containers are not allowed on any private street or in any driveway in the community. This includes containers designed for drop shipment of household items, such as PODS® (PODS® is a registered trademark of PODS Enterprises, Inc.) or similar movement or storage device.
- C. Owners need to check with the local jurisdiction for placement of a storage container on public streets.

**CARRIAGES AT AUTUMN CREEK CONDOMINIUM OWNERS' ASSOCIATION  
RULES & REGULATIONS MANUAL**

**PREFACE**

Condominium living requires the full cooperation of all residents. It is important that all owners and residents familiarize themselves with the rules and regulations in order to ensure that all residents of the Carriages at Autumn Creek community enjoy the quality of life to which they are entitled.

The Board of Directors of Carriages at Autumn Creek Condominium Owners' Association ("Association") pursuant to the authority granted to it in the Declaration of Condominium Ownership ("Declaration") and the By-Laws has established the following Rules & Regulations, which are, in part, taken directly from the Declaration and By-Laws. The success of a condominium Community is founded on the basic principles of common decency, respect and consideration for the basic rights of our neighbors. This Rules & Regulations Manual will serve as a ready reminder and reference of the various obligations we have to one another in our day-to-day living.

Provisions for these Rules & Regulations and the authority for the enforcement of said rules are contained in the Declaration and the By-Laws, which are provided to every homeowner. This Rules & Regulations Manual is intended as a supplement to and not a replacement for the Declaration and/or By-Laws. All provisions of the Declaration and By-Laws remain in full force and effect (unless superseded by law), and must be adhered to by all owners and tenants. It is the responsibility of the owner to make his or her tenant(s) aware of the provisions and restrictions of the Declaration, By-Laws and Rules & Regulations (collectively, the "Governing Documents"). **However, it is the owner, as a member of the Carriages at Autumn Creek Condominium Owners' Association, who remains responsible for the conduct of his or her tenant(s) and guests.** Owners are required to include in the lease/rental agreement a termination and/or eviction clause in the event of a violation of Carriages at Autumn Creek Condominium Owners' Association's Declaration, By-Laws or Rules & Regulations by tenants. For your protection, it is the Board of Director's recommendation that you consult legal counsel to make certain that you have these issues clearly outlined in your written rental or lease agreement with your tenant.

The Board of Directors establishes and enforces the rules established for Carriages at Autumn Creek Condominium Owners' Association, manages the financial affairs of the Carriages at Autumn Creek Condominium Owners' Association and oversees the operation and maintenance of the Carriages at Autumn Creek Condominium Owners' Association facilities. In each of these areas a professional management company and various Board-approved committees assist the board of Directors.

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  - Architectural Review Committee Form*

# RULES & REGULATIONS

## 1. **Objectives**

- Establish a set of guidelines by which Residents live together in a Community
- Promote Owner's enjoyment and use of the Community
- Maintain uniformity in appearance in use
- Protect the investment in Life, Home, and Community
- Create a mechanism for enforcement

## 2. **Definitions and Interpretation**

All terms and definitions used in the Carriages at Autumn Creek Condominiums Owners' Association Rules & Regulations manual shall be the same definition as found in the Declaration of Condominium Ownership for Carriages at Autumn Creek Condominiums and all supplemental declarations thereto unless otherwise defined herein.

**Builder** shall mean Polygon Northwest Company and all associated entities, successors, or assigns.

**Common Property** shall mean the Common Elements and Association Property as defined in the Declaration.

**Common Element** shall mean all property that is shared equally among all owners in the association.

**Limited Common Element** shall mean any property that's use is specifically for one owner as defined in the Declaration and supplements.

**Community** shall mean all the property that is submitted to condominium ownership and all improvements thereon or to be located thereon and all easements and rights appurtenant thereto.

**Governing Documents** shall mean the Declaration, Bylaws, and the Rules & Regulations.

**Home** shall mean Primary Unit as described in the declaration.

**Management Company** refers to the management company hired by the Board of Directors.

**Resident** shall mean any person maintaining residency within the Community.

## 3. **Failure to provide information**

Owners are required to provide contact information and updated records for all occupants of units as well as accurate owner information. This includes vehicle and pet information.

Owners are required to provide proof of insurance for personal property inside of the unit as well as liability coverage.

The Owner is responsible for filing out the Owner Registration form containing all contact information on a yearly basis.

Failure to provide the required information is subject to fines of \$75 (as stated in section 8 e. of this publication) and will accrue until the information is forwarded to the managing agent.

#### **4. Harassment**

The Association has a zero tolerance policy for verbal or physical abuse. Residents are prohibited from verbally or physically abusing, harassing, annoying or threatening any Owner, Board of Directors, Resident, Guest, employee, vendor or volunteer of the Community. Any and all threats will be taken seriously and will be handled by whatever legal means are available to the Association. The board shall have the right to determine what is considered abuse, harassment and annoyance and threatening behavior.

#### **5. Hazardous Activities**

- A. No firearms shall be discharged within the Community.
- B. No fireworks shall be set off within the Community.
- C. No open fires shall be lit or permitted within the Community, except in a contained gas barbecue unit **while attended** and in use for cooking purposes. No fire pits are allowed within the community.
- D. No outdoor heaters are allowed within the community.
- E. Any activity or condition that endangers the health or safety of others is prohibited.
- F. Nothing shall be done or kept in any Unit, Garage or on the Common Element, which will increase the Association's rate of insurance or cause it to be canceled.

#### **6. Architectural Review Committee (ARC)**

##### **A. Modifications**

- (1) The Architectural Review Committee reviews all request for modification to the Common Element as well as major changes to units and garages.
- (2) Any request for modification to the Common Element requires review and approval before action may commence.
- (3) Modification includes, but is not limited to, key pad garage door openers, landscaping changes, satellite dish and air conditioning installation.

##### **B. The process for ARC approval:**

- (1) Submit completed form to the management company (Form in appendix A)
- (2) Allow 30 days for processing
- (3) A letter will be mailed or emailed to applicant with response
- (4) If approved, modification may commence

- C. Any modification performed outside of the ARC approval process is subject to denial and requirement of reverting to precondition at Owner's expense.

## **7. Assessment, Payment & Collection**

### **A. Collection Policy / Delinquent Assessment**

- (1) Assessments are due by the first of each month.
- (2) Any assessment not received by the 10th of the month will incur a late charge of \$20.00 and the outstanding balance will accrue interest of 12% per annum additionally a delinquent notice will be mailed to the Owner.
- (3) Accounts over 30 days past due will receive a notice of intent to file a lien and charged a \$35 processing fee. The notice shall demand payment and notify the owner that if payment is not received within 10 days, the Association will file a lien. Owner is responsible for the cost of filing the lien at \$175.
- (4) Continued delinquency past that point may result in foreclosure action or any other means of collection allowable by law.
- (5) All costs incurred by the Association in connection with collecting the debt, will be assessed to the Owner.

### **B. Coupon Books**

- (1) The management company sends Owners a coupon book within 60 days of closing unless the automatic payment method is selected.
- (2) A small processing fee is applied to all replacement coupon books.
- (3) Coupon books are available annually for a small fee. Any owner that has automatic payment will not receive a coupon book.

## **8. Governing Documents**

All Owners can obtain copies of the governing documents, financial information, minutes of Board Meetings, or any other pertinent information through the website of the Association or Managing Agent.

All Owners received initial copies of the Declaration and Bylaws through the title company at close of escrow. Additional copies of all documents are available for a fee from the management company.

## **9. Enforcement of Rules & Regulations**

### **A. Enforcement of Rules**

- (1) The Board, Owners, and Residents have the right to report violations of the Governing Documents. In addition, The Board has the right, after notification, to levy compliance fines, penalties, or take other action deemed necessary against an Owner in violation in order to protect the rights, safety and property of the Association, Owners, and Residents.
- (2) In addition to any other means of enforcement provided in the Governing Documents the Board has the right, after notification, to suspend the voting or Common Property usage rights of an Owner or Resident and/or to impose fines.

B. Reporting Rules Violations

- (1) Any Resident wishing to report a rules violation must provide a written report to the management company. This can be submitted by mail, facsimile, hand delivery or e-mail.
- (2) Verbal reports **will not** be acted upon.
- (3) All written reports will be held in confidence to the extent permitted by law.

C. Inspections

- (1) To ensure uniform and timely enforcement of the Governing Documents the managing company will conduct inspections of the Community at the discretion of the Board.
- (2) The managing company will maintain a current log of possible Governing Document violations observed.
- (3) Addresses will remain on the violation list until the managing company observes a correction.

D. First Notice/Request for Hearing

- (1) Written notification of possible violations will be sent to the Resident. The notice will identify the violation and request corrective action. Typically, Residents are given 14 days to correct the violation. However, a shorter time may be specified given the nature of the violation or if safety is a concern or if required by the Governing Documents.
- (2) The Resident is provided 10 days from the date of the written notification to request a hearing with the Board. The hearing provides the Resident an opportunity to present facts in disagreement of the alleged violation.
- (3) In the absence of a hearing request it is assumed corrective action of the violation will result.

E. Notice of Fine

- (1) If no corrective action has taken place at the end of the time period described in D (1) above then a fine of \$75 will be assessed to the Owner.
- (2) Should the violation remain for an additional period of 15 days a second fine of \$100 will be assessed to the Owner.
- (3) Should the violation remain for an additional period of 15 days a third fine of \$250.00 will be assessed to the Owner.
- (4) Additional fines and legal action will commence should the violation continue. All fees, charges, and cost incurred by the Association for action to gain compliance will be born by the Owner.

F. Towing Policy – please see section 17 Parking Regulations (S) Towing

- (1) When an Owner's vehicle is towed, the Owner is given 10 days from the date of towing to request a hearing with the Board of Directors. The purpose of the hearing is to provide an opportunity to be heard for the Owner to discuss the alleged violation with the Board of Directors. When an Owner does not agree that a violation exists, the Board hearing provides the Owner the opportunity to present relevant facts in support of that position. If the Owner doesn't not request a hearing, *it is assumed that the owner agrees there is a violation.*

## G. Other Enforcement

- (1) Following imposition of fines, the Board may also elect to suspend the right of an Owner / Resident to vote at meetings of the Association for 30 days or suspend the right to request ARC approval for proposed improvements, or in the case of a continuing violation, including without limitation, the nonpayment of assessments which have become delinquent, such suspension may be imposed so long as the violation continues.
- (2) In addition to the imposition of fines, the Board may take any other legal action it deems necessary to enforce the Governing Documents of the Association.

## 10. Additions, Alterations or Improvements

- A. Minor alterations to the inside of your Home are permissible without Association approval, such as painting or carpet replacement. However, if you are removing or installing wiring, altering systems such as heating, removing or installing walls, **installing hard surface flooring**, or altering any other items that may directly effect those around you, **prior ARC approval is required**. All applicable City and County permits and inspections must be obtained at the expense of the Owner, all contractors used in the community must be properly licensed, bonded and insured for Multi-Family dwellings.
- B. Air conditioning must be placed in the location as pre-determined by the Builder with prior ARC approval if installation occurs after purchase of the home. Care must be taken to avoid penetrating the weather resistant barrier. Any improperly installed after-market equipment is the sole responsibility of the owner, who incurs the liability of potential damage to the weather resident barrier or the building.

## 11. Satellite Dish Policy

### A. Satellite dish installation

- (1) Satellite dishes require ARC approval prior to installation
- (2) The satellite dish must be located within a Limited Common Element of the unit requesting said installation
- (3) Satellite dishes may only be placed on a tripod, within a deck, patio or balcony (except not allowed at the front patio) and the use of a flat wire is required for entrance into the home through a door or window. No penetration of the siding is allowed for installation or cable entrance.
- (4) Satellite dishes must be smaller than 39 inches in diameter
- (5) No satellite dish installation prior to homeowner close of escrow
- (6) Rarely will satellite dishes be allowed in the General Common Elements (i.e. roofing, siding, trim, railings, etc.). Exceptions may be made for extraordinary situations such as, International Signals that can not otherwise be obtained in the LCE or no signal is possible from LCE. Exceptions are at the sole discretion of the ARC.

### B. Noncompliance

- (1) Installation without ARC approval may result in removal of the satellite dish
- (2) Enforcement of the Rules & Regulation as defined in article 8 above

(3) Owner will be required to pay the cost of repairs for all damage to the building, both interior and exterior.

## 12. General Property Rules

- A. Damage to the Common Element is prohibited. In accordance with the Governing Documents any Common Element damage caused by an Owner, or such Owner's family, guests, invitees, tenants, lessees or **pets** shall be charged back to the Owner.
- B. Exterior décor and ornamentation must be approved by the Board of Directors. No penetration of the weather barrier, siding or columns will be allowed for hanging of any ornamentation. No items will be approved to be placed in the turf areas.
- C. Bicycles, tricycles, skateboards and other wheeled vehicles and toys are prohibited from being used or left on lawns, landscaping, or walkways nor stored on the patios or decks. Pedestrians always have the right-of-way on walkways.
- D. No owner has the right to alter, paint, decorate, remodel, landscape or adorn any part of the Common Element without the written consent of the Board of Directors. Including but not limited to, planting of flowers and bulbs in the flowerbeds at the front entry of the Homes.
- E. If you use a garden hose or other equipment, the hose and equipment must be detached from your outside bib and returned to the inside of your garage and *out of sight when not in use*.
- F. Hanging, drying or airing of clothes, towels, rugs, etc., in windows or outside is prohibited. No exterior clotheslines are permitted anywhere in the Community.
- G. Only two (2) signs per Home are allowed. For Sale signs not to exceed approximately 24" x 30" are permitted in the Home's window only. Open House signs may only be placed on the day of the Open House and shall not exceed 6 hours. No other directional signage is allowed to be placed throughout the community. Political signs may be placed in the bark-dusted area outside of each Home 60 days prior to an election and must be removed immediately following the election. Board approval is required for placement of a For Rent sign or any additional signage due to special circumstances.
- H. No other signs of any kind or for any purpose may be displayed without prior written consent from the Board of Directors. Absolutely no signs may be attached to the exterior portion of the buildings.
- I. No exterior radio, transmitter tower or other type of antenna (except as set forth in Section 10) may be constructed, installed or maintained within the Community.
- J. No aluminum foil, paint, newspaper or similar covering shall be applied to the windows or doors of any Home or garage. All window coverings that are visible from the exterior of a Home shall be a solid neutral color, such as white, cream, beige or natural wood tones.

- K. No decals, stained glass or other ornamentation may be placed on any window of any Home or garage for exterior viewing, with the exception of holiday decorations, see Holiday Decoration for specifics. Owners may place security decal and required alarm permit within window as long as does not exceed a 3" x 5" size.
- L. The mailboxes are **not** bulletin boards and may **not** be used for this purpose. Anything posted on the Association mailboxes will be immediately removed and any damage will be charged back to the homeowner. Any fines imposed by the post office will be billed back to the owner.
- M. Door decorations may only be displayed on the front doors by use of an **over-the-door hanger** or other similar non-permanent type hanger. No nails or hooks may be put into the doors, door frames, garage doors, etc.
- N. Garage, yard, patio or estate sales or any similar activities are not permitted within the Community. The Board reserves the right to have a COMMUNITY SALE if there is Resident interest and volunteers to coordinate.
- O. Owners may **not** plant any materials within the General Common Element landscaping. The Association's landscaper maintains these areas.
- P. No sporting or exercise equipment shall be used in any upstairs home or on the adjacent patio or deck, including, bikes (stationary or otherwise), treadmills, trampolines, free weights, weight machines, elliptical fitness machines, stair machines and the like.
- Q. Window air conditioners are allowed from May through October. Air Conditioners must be white or beige in color and in good condition. Clear tape and Plexiglas should be used to fill in around the unit. Plywood or cardboard are not allowed. Air Conditioning Unit must be small enough to not need support brackets to be placed under Unit. No installation of support brackets will be approved. The Board may require removal if not aesthetically pleasing or noise from air conditioner initiates complaints from neighboring Homes.
- R. The following lists of Screen Doors/Storm Doors are pre-approved and may be installed by Owners without prior approval. Doors may only be white in color, and the hardware must have a brushed Nickel finish. These doors may be purchased at local area hardware stores. Owners wishing to install any other brand or type of door must request ARC approval.

**(1) Andersen 4000 Series**

- i) 4000 Series Fullview Door w/Safety Glass
- ii) 4000 Series Fullview Door w/Insulating Glass
- iii) 4000 Series Fullview Door w/Clear Glass

**(2) Andersen 3000 Series**

- i) 3000 Series Fullview Door w/Clear Glass
- ii) 3000 Series TruEase Self-Storing Door

**(3) Andersen 2000 Series**

- i) 2000 Series Fullview Door w/Clear Glass
- ii) 2000 Series Self-Storing w/Slide-Away Insect Screen
- iii) 2000 Series Self Storing Door w/Triple-Track Ventilation

**(4) EMCO 400 Series Doors**

- i) 400 Series Self-Storing Door
- ii) 400 Series Triple-Track Door

**13. Holiday Decorations**

- A. Holiday decorations may be displayed 30 days before a holiday and must be removed within 21 days after the holiday.
- B. Decorations must be contained to the Limited Common Element (patio, decks, etc. of the condominium) and may not extend to General Common Element (flowerbeds, plants, trees, sidewalks, grass, etc).
- C. Lighting must be UL listed and approved, and must be turned off by midnight each night
- D. Decorations can never be attached to the siding or roof of any building.
- E. No penetration of siding or nailing, pin, push pins, staples or otherwise may be used at anytime.
- F. Door hanging decorations must be displayed using an over the door hook. Nothing may be attached to the door in any manner.
- G. Damage caused by holiday decorations to Common Element property will be repaired by the Association and all charges levied against the Owner.

**14. Home Business**

A. The Homes shall be used for:

Residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling.

- (1) The common social, recreational or other reasonable uses normally incident to such purposes.
- (2) For purposes of operating the Association and managing the Condominium.

B. An Owner or Resident may conduct business activities within the Home so long as:

- (1) The existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Home.
- (2) The business activity conforms to all zoning requirements for the Community.
- (3) The business activity does not involve regular visitation of the Home by clients, employees, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Community.
- (4) The business activity is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents of the Community, as may be determined in the sole discretion of the Board.
- (5) The business, employees, clients or invitees are in full compliance with all parking regulations for the community.

**15. Insurance**

- A. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her property not insured under the By-Laws and against his or her liability not covered under the By-Laws.
- B. When an insurance claim is made and/or any loss incurred by the Association for which the Association has insurance (hereinafter an "insured loss"), and where the Board reasonably can allocate the cause of such loss (in whole or in part) to any individual Home Owner, whether unintentional, intentional, a negligent act, misconduct, failure to maintain or repair a home or any space under the control of a Home Owner, and/or failure to otherwise comply with the Declaration and Bylaws and/or rules on the part of any Home Owner (the term "Owner" as used in this section to include any tenant, occupant, agent, or other person residing in or visiting a Home), then the homeowner shall pay any insurance deductible incurred by the Association that is related to such deductible loss to the Association (up to the amount of loss so caused, if the loss is less than the deductible). In the event of multiple entities causing loss, the homeowner shall be jointly and severally liable with any other loss-causing entities with respect to the Association. In the event of any loss greater than the deductible, the provisions of this section shall not limit the Association or its assigns from pursuing a claim against the homeowner for the entire loss, under precepts of applicable Oregon law and of the Declaration.
- C. Such payment of a deductible loss shall not limit the rights, if any, of any insurer to proceed under its own subrogated rights against the homeowner based on any such insured loss, and any insurer (and/or its assigns) is not limited from proceeding against such Home Owner for all loss so caused by such Home Owner by this section.
- D. The Association shall have the right and may elect to file a lien against the Home for the deductible loss as set forth herein, as provided for elsewhere in the Declaration and/or may otherwise enforce the right to payment as a Special Assessment allocable to that Home and/or Home Owner.
- E. In the event of dispute with respect to the determination by the Board allocating responsibility for such deductible loss, the determination of the Board shall be upheld unless arbitrarily and capriciously made, provided that a Home Owner so affected may request, in writing, a hearing before the Board (or before a subcommittee appointed by the Board, if the Board so elects) to contest imposition of liability for such deductible loss. Upon any such request, the Board shall provide for an opportunity for hearing to such Home Owner, the hearing to be held not more than 60 days from the date of request.
- F. If the matter is not resolved by such hearing, the Board may elect to submit the matter to binding arbitration by an independent committee of three Home Owners (not affected by such loss) for arbitration of same (one arbitrator selected by the Board, one selected by the Home Owner, and one selected by the two arbitrators so selected, which three arbitrators shall constitute the Arbitration Committee for that deductible loss), to which the Board and the Home Owner shall submit, subject to the provisions of this section. The arbitrary and capricious standard of review of the Board's determination as set forth in the prior paragraph shall apply at such arbitration. The arbitration shall be conducted in the Portland Metro Area, in accordance with the then-current commercial

Arbitration Rules of a professional arbitration service mutually acceptable to the parties, but if the parties cannot agree to the selection of rules within 21 days of the demand for arbitration, then in accordance with the rules of the American Arbitration Association. The arbitration shall be held before the Arbitration Committee. All facts and other information relating to any arbitration arising under this section shall be kept confidential to the fullest extent permitted by law, and the members of the Arbitration Committee shall be held harmless for service on such committee. The Arbitration Committee members shall be reasonably compensated for time expended in the arbitration, and shall have authority to award attorneys fees and costs, as well as any costs, compensation for time expended by the Arbitration Committee members, and/or other reasonable expenses, to the prevailing party. Arbitration shall take place not later than 75 days from the date the Board elects to request same.

- G. The Association's enforcement rights are not limited by any hearing and/or by the arbitration, provided that if enforcement has been commenced, the results of the hearing and/or arbitration shall retroactively modify such enforcement with the Association having no liability for having taken enforcement measures prior to any such hearing or arbitration.
- H. The Board may set the deductible amounts on insurance policies of the Association in such amounts, as the Board deems reasonable. The determination of the Board as to same shall be subject to the arbitrary and capricious standard set forth above.
- I. The provisions of this amendment shall be liberally construed so as to effect the terms and remedies set forth herein. Nothing herein shall require the Association to pay any insurance deductible payable under a homeowner's individual insurance policy.

## **16. Maintenance of Homes, Parking Units, & Common Elements**

### **A. Homes**

All maintenance of and repairs to any Home shall be made by the Owner of such Home, who shall keep the same in good order, condition, and repair. Without limitation of the foregoing, each Owner shall be responsible for repairing and replacing any automatic opening or similar device installed for the garage door of that Owner's Home or Parking Unit. If an Owner fails properly to perform his or her maintenance and repair responsibility, the Association may enter on to the Owner's Home and perform such maintenance and/or repair and assess all costs incurred by the Association against the Home and the Owner as a special assessment pursuant to the Bylaws.

### **B. Common Elements, General Common Elements and Limited Common Elements**

All maintenance, repairs and replacements to the General Common elements and the Limited Common Elements shall be made or caused to be made by the Association and the expenses shall be allocated equally among the Owners.

- (1) The General Common Elements shall be used for the enjoyment of all Residents. The General Common Elements shall not be obstructed, damaged or interfered with by an Owner, Resident or Guest.
- (2) Limited Common Elements shall be maintained in a neat, clean and sanitary condition by its respective Owner.

- (3) Owners shall maintain electricity at all times and during freezing weather the Home's temperature shall not be less than 60 degrees.
- (4) The Association shall be responsible for the painting, staining, repair and replacement of the exterior surfaces of all Homes (including the repair and replacement of roofs, gutters, vinyl siding and garage doors); cleaning of the exterior surfaces of all window and door glass; the repair and resurfacing of all streets, driveways and walkways; and the cutting, pruning, trimming, and watering of all landscaping.

## **17. Parking Regulations**

**There is limited over-flow and guest parking within the community. In order to ensure guest parking for all residents, the following rules have been established. Continue Compliance is important to prevent fines and/or the towing of your vehicle.**

**When an Owner's vehicle is towed, the Owner is given 10 days from the date of the towing to request a hearing with the board of Directors. The purpose of the hearing to provide an opportunity to be heard for the Owner to discuss the alleged violation with the Board of Directors. When an Owner does not agree that a violation exists, the Board hearing provides the Owner the opportunity to present the relevant facts in support of that position. If the Owner does not request a hearing, it is assumed that the Owner agrees there is a violation.**

### **A. Parking Violations**

- (1) Violations of any Parking Rules and Regulations may result in towing at the owners' expense without prior notice to the vehicle owner.
- (2) The towing company, Board of Directors nor the managing agent will be responsible for refunding any of the fees charged by the towing company, associated parties and/or companies.
- (3) The Association may impose fines in addition to any fees levied by the towing company.

### **B. Vehicle Registration**

- (1) All vehicles must be registered with the management company within 21 days of closing.
- (2) A registration form for each vehicle showing the Owner, address, contact information, make, model, license plate, vehicle year, and color is required (Form in Appendix A).
- (3) Vehicle registrations will be updated annually.
  - i) Owners are required to re-register vehicles regardless of any change or not.
  - ii) All newly purchased vehicles must be registered with the Association within 10 days of the change.

### **C. Garages**

- (1) Garages must be used for parking vehicles at all times. Any other uses must not impede the parking of at least the number of vehicles the garage was originally intended for.
- (2) Garages may not be used as part of the residence, i.e. bedroom, playroom, storage, if it prevents parking of vehicles at any time.
- (3) Owner may not make any permanent conversion of the garage.
- (4) Garages shall remain completely closed unless Resident is in attendance. Garage doors shall also remain closed during noise-related activities, such as social gatherings or during the operation of power tools.

- D. Parking is not allowed in marked fire lanes, private streets, alleyways, in front of a unit that does not have a full-size driveway or sidewalks within the community. If a vehicle is parked in violation of this rule, the vehicle will be towed without notification to the owner/operator.
- E. No owner may store a vehicle in his or her designated driveway. Storing a vehicle is defined as a vehicle that does not move for more than 7 days. This includes unused or inoperable vehicles.
- F. The speed limit within the Community is **5 mph**
- G. Parking of boats, truck campers, recreational vehicles, or similar vehicles or equipment shall not be permitted unless completely enclosed within Owner's garage. **Parking of these items within the garage cannot limit a resident from parking all vehicles within the garage.** No off-road, unlicensed motor vehicle shall be operated upon the Common Property. No recreational vehicle may be parked anywhere on any portion of the Community, except for the purposes of loading and unloading.
- H. Only minor maintenance such as vehicle cleaning, changing flat tires, and changing of a dead battery, etc. is allowed. No on-site vehicle maintenance or repair involving motor oils, fuels, or other lubricants or solvents shall be permitted anywhere on or within the community. Owners permitting vehicles to leak on Common Elements will be responsible for all cleanup and repair costs.
- I. On-site vehicle washing shall be permitted only in paved areas that discharge all waste to a water quality treatment facility.
- J. No dismantled, wrecked vehicle or equipment shall be parked, stored or deposited anywhere within the Community.
- K. Any vehicle parked within the Community shall be parked in a manner as to not cause difficulty for other residents to back out of his or her garage.
- L. Every resident is required to utilize his or her respective garage and driveway where applicable prior to utilizing any parking spaces within the community.
- M. Residents with vehicles that are too large to park within the Home's garage must notify the Board in writing. Once the Board has been notified, they will determine whether the vehicle is an "oversized" vehicle. If the owner has a driveway, they will be required to park the vehicle in the designated driveway. If there is no driveway the owner is allowed to park on a first come first serve basis in any open parking spaces.
- N. A guest is defined as anyone parking 7 nights or less within the Community. Guests may park on a first come, first serve basis in the open parking spaces.
- O. Non-resident (Guest/Vendor/Repairs/Delivery) vehicles: Owners are responsible for informing their visitors of all rules and regulations in regards to parking.
- P. Any vehicle parked in an open parking space shall be parked in a manner as to not cause difficulty for residents to back out of his or her garage.

- Q. No vehicle may be parked in the same space within the Community for more than 48 consecutive hours without prior approval from the Board.
- R. Vehicles in disrepair are not allowed to be parked in the community. Vehicles that appear to be in disrepair will be tagged with notice of intent to tow. If corrective action is not taken within the allotted time the Board will tow said vehicle.
- S. Towing – Please see section 9 – Enforcement of Rules and Regulations (F) Towing Policy
  - (1) Violations of parking regulations may result in the vehicle being towed at the vehicle owner's expense without prior notice.
  - (2) The Association reserves the right to tow any vehicle that is in violation of the fire lanes in the Community at the vehicle owner's expense without prior notice.
  - (3) The fire lanes include the private marked streets, in front of a home which does not have a full-size driveway, and sidewalks within the community.
  - (4) The towing company will document all vehicles that are towed.
  - (5) The Association, Management Company, Board of Directors and the Builder will not be responsible for any of the fees or charges by towing company.
  - (6) The Association, management company, Board of Directors and the Builder will not be responsible for any damage to vehicles or property due to towing.
  - (7) The Association may impose fines in addition to any fees levied by the towing company.

**18. Patios & Balconies**

- A. Rugs, drapes, towels or other articles shall not be draped or hung on balcony railings, patio walls, or from windows.
- B. Residents are responsible to keep patios and balconies clean and tidy. Entrance walkways must be kept clear and potted plant placement to a minimum at the determination of the Board.
- C. Balconies and patios may not be used for storage of unused furniture, cabinets, cartons, automobile parts, play equipment, etc. No outdoor storage sheds shall be permitted on patios or decks.
- D. Patio tables, umbrellas, etc., must be kept in good condition and be aesthetically agreeable.
- E. All furniture placed on the balcony or patio must be outdoor patio furniture the Board may approve other furniture at its discretion. No furniture may be placed at the entranceway to the Homes without prior approval from the Board.
- F. Only gas or electric barbecues are allowed. No charcoal or wood burning barbecues, smokers or turkey fryers are allowed anywhere in the community. Residents must make sure the barbecues are away from the vinyl siding and anything combustible. Barbecues may not be kept on the front patio or by the front entrance door. The Owner will be responsible for the full cost of repairs or replacement from any damage caused by barbecues.
- G. No pots or other items shall be placed on top of or outside of any wall or railing. Each Resident shall take reasonable steps to capture water from potted plants and to protect the patio/deck surface from staining or rotting.

- H. If damage or early deterioration occurs from the placement of pots or other items to the limited common element, the Owner will be responsible for the full cost of repairs or replacement of the limited common element that was damaged.
- I. Plants of the “vining” nature are not allowed to attach and grow upon the exterior of the buildings, including the fixed trellises, columns, posts, siding, railings, etc. All plants must be kept pruned away from the buildings.
- J. No Resident shall make any improvements to a balcony, entry or patio or similar area without ARC approval.
- K. Balconies and patios must be maintained in the as-built condition. No tile, carpeting, marble, etc., may be placed on any balcony or patio surface.
- L. No Resident shall interfere with the surface or any subsurface drainage of any patio, entry or balcony as established by the Builder.
- M. No exterior lighting of any kind may be installed on any portion of the building, landscaping or Home without the prior review and approval of the Board.
- N. Homeowners may not attach any type of decoration to the buildings. Any damage caused by the installation or removal of any decoration will be at the owner’s expense.
- O. Bird feeders may be used, but only sterile birdseed may be used. Bird feeders are not to be attached to siding or columns. The Board reserves the right to deny use of bird feeders if disruption ensues.
- P. Wind Chimes are allowed in the community provided there are no complaints from neighboring Residents. If the Board of Directors determines that a wind chime is a nuisance it must be removed immediately.
- Q. The Board reserves the right to prohibit any exterior decorations that may be considered offensive, a noise nuisance or inappropriate for the community.
- R. Tiki torches or any open flame items (except for gas grill) are not allowed within the community
- S. Residents may not install lattice type material or vinyl screening to the exterior balcony railings.

**19. Pets**

- A. Residents are entitled to keep domestic dogs or cats, birds, hamsters and fish provided that they are not kept, bred or maintained for commercial purposes. Other animals require Board approval and compliance with all other rules and regulations.

- B. The Board may require the removal of any animal which in the exercise of reasonable discretion is determined to be disturbing other Residents unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain.
- C. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Home to a street or sidewalk. This does include cats.
- D. Pet owners shall prevent pets from damaging any portion of the Common Property. Additionally, pet owners have the absolute duty and responsibility to immediately pick up any and all pet waste and dispose of it in a sanitary manner. Property damage, including damage to the Common Area grass, will be repaired and charged back to the Owner responsible for the damage.
- E. No pet can be attached by leash, chain, rope or any other manner, to the building, decking, posts, etc.
- F. Pets are not allowed unattended outside of a Home.
- G. No livestock, poultry, or other animals whatsoever shall be allowed or kept in any part of the Community.

**20. Quiet Enjoyment**

No Resident shall permit any activity to be performed or any substance or material to be kept anywhere on the Community which will obstruct or interfere with the rights of quiet enjoyment of the other Residents of the Community, or annoy them by unreasonable noises, odors, fumes, etc., nor will any Resident commit or permit any nuisance in his Home.

- A. The Board shall have the right to determine if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance.
- B. In general, all noise shall be kept at a level that does not unduly disturb your neighbors or the other Residents.
- C. Noise that is plainly audible outside any Home or building is not conducive to living in the Community and is a violation.
- D. All Residents are responsible for noise caused by families, invitees, pets and guests, as well as themselves.
- E. Prolonged idling or revving up of vehicles is prohibited.
- F. Car radios must be turned to a volume that cannot be heard outside the vehicle.
- G. Recognized quiet hours of the community are from 10 p.m. to 7 a.m.
  - (1) During these quiet hours, activities that may be restricted can include but are not limited to, household chores such as vacuuming and laundry should they unduly disturb neighbors.

**21. Procedures for Rental / Lease of Homes**

Prior to Renting or Leasing your home and/or Prior to entering into any Lease agreement, an Owner shall request Board approval in writing through the managing agent or at a Board of Director Meeting.

Within fifteen (15) days after receipt of the Rental Request Form the Board shall advise the owner whether such proposed rental/lease is within the rental cap as stated in the governing documents. If the cap is already achieved prior to your request, your name will be placed on a waiting list. Once an owner is notified that the unit can be rented/leased, the owner shall provide a copy of the following forms to the managing agent: Updated Owner/Occupant Information Form, the Rental Approval and Acknowledgement Form, the Lease Agreement and the \$25 Processing Fee. If an owner has not provided these forms within 45 days of receiving the approval to rent, that approval shall be revoked and the Owner shall re-request approval to rent. In the event the cap has been reach the owner will be placed on the waiting list. Once an owner has received approval from the Board, the Owner may continue to rent such unit as specified until the lease expires or the tenant vacates the unit, the owner shall then have 30 days to secure a new lease/renter or they must reapply for rental approval.

The owner is required to submit the Updated Owner/Occupant Information Form, the Rental Approval and Acknowledgement Form, the Lease Agreement each time the unit changes renters within 30 days of the change and annually.

**Processing Fee** – The unit owner will pay the Association a processing fee of \$25.00 at the time of the submittal of the lease. If the Association incurs extraordinary actual expenses not included in the standard processing fee, the Unit Owner will reimburse those expenses upon demand to the Association.

**Tenant Background Checks** – The unit owner is *encouraged* to obtain a background check on each adult application.

A. Approval of the Board is required to rent or lease a Home within the Community.

B. Rental Approval Process

(1) Documentation for submittal

- i) Resident Information Sheet
- ii) Vehicle Registration
- iii) Lease Agreement
- iv) Tenant Screening – if applicable

(2) Fee

- i) A \$25 fee is assessed at the time of application.
- ii) If the Association incurs extraordinary actual expenses not included in the standard processing fee, the Owner will reimburse those expenses upon demand to the Association.

C. Approval

- (1) The Association has a 30% rental cap in the Community or noted in the governing documents.
- (2) Provided the rental cap has not been met, the Board shall approve the request to lease as long as:

- i) Any charge due the Association in connection with its review of the lease agreement has been paid.
- ii) The Board determines that the lease agreement satisfies the requirements of the Governing Documents.
- iii) Owner is current in all assessments due the Association.
- iv) Owner has no unresolved violations.

D. Guidelines for Owners

- (1) A new request for approval shall be submitted for any change in lessee or renter.
- (2) All leasing agreements shall be in writing and shall expressly state that the lessee shall be subject to the Governing Documents and that a default by the tenant in complying with the Governing Documents is a default under the lease.
- (3) Owners are encouraged to obtain a tenant screening on each adult application. At the time the lease is submitted for review and approval by the Board, the Owner is requested to submit the completed tenant screening. The Association will be responsible for treating the information as confidential and safeguarding against disclosure as required by all applicable fair credit reporting laws.
- (4) At the expiration of each initial lease, the owner must obtain new approval even if the tenant has not changed.
- (5) The Owner is responsible for notifying the management company of any change in tenancy so that parking records, new tenant contact information, etc. may be kept up-to-date.
- (6) Owners are responsible to inform his or her tenant(s) of the parking regulations within the Community.
- (7) Owners are responsible to provide his or her tenant(s) with a current copy of the Rules & Regulations. Tenants are responsible for knowing and abiding by the rules. Additional copies of the Rules and Regulation can be obtained from the managing agent for a small fee.
- (8) Owners can be held liable for any violation incurred by their tenants.

E. Rental Cap

- (1) No additional leases will be approved once the 30% rental cap has been obtained.
- (2) Owners desiring to rent his or her Home may request placement on a waiting list which will be processed on a first-come, first served basis.
- (3) All Owners must notify the Association when a leased Home becomes vacant.
- (4) Owners with an existing approved lease prior to reaching the rental cap are allowed a period of 90 days to release the Home without having to go onto the waiting list.
- (5) If an Owner is renting a unit without prior written Board approval then the owner is in violation of the Governing documents and is subject to the applicable fines as noted in the Governing Documents. The owner must apply for any existing rental through the rental request procedure in order to stop the fines from accruing.

F. Hardship Exception

- (1) If an Owner requests approval to lease a Home and the rental cap has been met, the Board may consider a request from an Owner for a Hardship Exception.
- (2) Hardship Exception Process

- i) The request for a hardship lease approval must be in writing via regular mail, e-mail or fax to the managing company.
- ii) The Board will review the request at the next regularly scheduled Board Meeting.
- iii) The Owner must specify the nature of the hardship and provide applicable documentation. Qualifying hardships may include a job transfer, severe illness, and financial crisis - such as job loss.
- iv) Upon Approval
  - (1) The Owner and BOD must sign an Undo Hardship Authorization to lease agreement.
  - (2) Quarterly status reports are required.
  - (3) The hardship request is valid for 1 year.
  - (4) At the expiration of 1 year a new approval is required.

G. Non-compliance to the lease process will result in Enforcement of the Rules & Regulation as defined in article 8 above. In accordance with article 8.E.(4) an additional fine of \$1,000 every 30 days will be assessed to the Owner.

**22. Right of Entry**

The Board has Right of Entry as defined in the Declaration.

**23. Refuse/waste**

- A. Residents are required arrange for garbage pickup from the service provider for the Community. The Association will not pay for refuse collection.
- B. Residents may not accumulate garbage in the garage or store garbage that has an excessive odor. The Association may have any offending waste removed and charge the expense for the removal to the Owner.
- C. Trash containers and recycling bins may be set out 24 hours prior to collection and must be put in garages with in 24 hours after collection.
- D. Holiday/Christmas trees may not be placed for pick up until the first garbage pick up day after Christmas or the holiday. Homeowners need to arrange pick-up with their trash provider.

**24. Move in/ Move out**

- A. Temporary (less than 6 hours) parking of a moving truck, van, pickup truck, etc. is allowed in the Community provided access to other homes is not impeded.
- B. Storage containers are not allowed on any private street or in any driveway in the community. This includes containers designed for drop shipment of household items, such as PODS® (PODS® is a registered trademark of PODS Enterprises, Inc.) or similar movement or storage device.
- C. Owners need to check with the local jurisdiction for placement of a storage container on public streets.

**Appendix A**

Owner/Pet Registration Form (**to be returned within 21 days of move-in**)

Vehicle Registration Form (**to be returned within 21 days of move-in**)

Architectural Review Committee Form

**The Carriages at Autumn Creek Condominiums Owners' Association  
c/o Pinnacle, An American Management Services Company**

Please fill out and return within 21 days of receipt

**Owner Information**

Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

Mailing Address (if different than above): \_\_\_\_\_

\_\_\_\_\_

Primary Phone: \_\_\_\_\_ Secondary Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Owner Occupied \_\_\_\_\_

Renter Occupied: \_\_\_\_\_

**Pet Information**

Breed, Name, Color: \_\_\_\_\_

Breed, Name, Color: \_\_\_\_\_

Breed, Name, Color: \_\_\_\_\_

**\*\*\* Information provided used only for internal Association use \*\*\***

**Please mail to:  
Pinnacle Association Division  
1200 NW Naito Parkway Suite 650  
Portland, OR 97209**

**Or fax to:  
(503) 345-1170**

**Or email to:  
srogers@pinnaclefamily.com**

**Carriages at Autumn Creek Condominiums Owners' Association**  
Owner/Tenant Vehicle Registration Form

Owner Name \_\_\_\_\_

Unit Address \_\_\_\_\_

Mailing Address \_\_\_\_\_

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_

**ALL CURRENT VEHICLE INFORMATION OF RESIDENTS**

\_\_\_\_\_  
Year, Make & Model

\_\_\_\_\_  
State & License #

\_\_\_\_\_  
Color of Vehicle

\_\_\_\_\_  
Year, Make & Model

\_\_\_\_\_  
State & License #

\_\_\_\_\_  
Color of Vehicle

\_\_\_\_\_  
Year, Make & Model

\_\_\_\_\_  
State & License #

\_\_\_\_\_  
Color of Vehicle

***IF UNIT IS RENTED THE TENANT INFORMATION MUST BE COMPELETED***

Tenant Name \_\_\_\_\_

Unit Address \_\_\_\_\_

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_

**The owner and/or resident agree to abide by the vehicle rules established by the Board of Directors.**

\_\_\_\_\_  
Owner Signature

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

SEND COMPLETED FORM TO:

Pinnacle, Association Division  
1200 NW Naito Parkway Suite 650  
Portland, OR 97209  
Fax: (503) 345-1170, srogers@pinnaclefamily.com

# **ARCHITECTURAL REVIEW COMMITTEE (ARC) REQUEST GUIDELINES**

**The following modifications or alterations are subject to the approval of the Architectural Review Committee (ARC) and Board of Directors before installation:**

- **Modifications to the exterior of existing improvements** (including but not limited to: air conditioning unit installation, painting, lighting, storm or screen doors and windows, peep holes, storage sheds, clotheslines, antennas, satellite dishes, playground equipment, exterior sculptures, statuary and fountains, planters and planter boxes, fences, decks, patios, additions, temporary structures, carpet-to-hard surface flooring, etc.)
- **Placement or posting of any object on the exterior of any home or common area**, (e.g. signs, flags, lighting, etc.)
- **Planting or removal of plants, trees or shrubs**

## **Submitting a request for architectural review:**

To submit your plans and specifications to the ARC for review, please send or deliver to your Association Manager a completed ARC Application form. Your application will then be forwarded to the ARC.

Homeowners must present the completed form to be considered for approval. Applications lacking sufficient detail will be returned for additional information and will thus delay the review process. In addition to the information requested on the form, the following should be included:

- Site Plan or drawing showing the location of modifications or additions
- The general design (drawings, structural details, dimensions) and/or pertinent information necessary for the ARC to determine if the design is aesthetically pleasing and in compliance with the community standards
- The exterior finish materials and colors (color samples should be included with submittal)
- Specification information for any equipment such as air conditioning units, or fountains
- Neighbor Acknowledgement

During the Declarant period, homeowners can expect to receive the approval/denial of their ARC request within 2 weeks. Homeowners should expect that the approval/denial of ARC requests may take up to 6 weeks after the transition from Declarant control, as homeowner Boards & ARC Committees generally meet no more than one time per month.

**CARRIAGES AT AUTUMN CREEK CONDOMINIUM OWNERS' ASSOCIATION  
ARCHITECTURAL REVIEW COMMITTEE  
APPLICATION FOR ADDITIONS AND/OR ALTERATIONS TO PROPERTY**

Name: \_\_\_\_\_ Building and Unit \_\_\_\_\_

Address: \_\_\_\_\_

Phone: Home or Cell \_\_\_\_\_ Work \_\_\_\_\_ Email \_\_\_\_\_

Address of Proposed Work: \_\_\_\_\_

Work being performed by (mark one): Contractor \_\_\_\_\_ Homeowner \_\_\_\_\_

Description of Work: (Attach supporting information/material with this form, as needed.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please allow 30 days for the ARC to review your application and submit a response to you.

Estimated Start Date: \_\_\_\_\_ Est. Completion Date: \_\_\_\_\_

Applicant must obtain signatures of acknowledgement by property owners that are adjacent to the work being proposed.

**Note to Adjacent Property Owners:**

**Your signature does not constitute nor indicate approval or disapproval, but merely indicates an awareness of the applicant's intent. If you have any concerns with this application, please notify the ARC in writing within seven days of your signature date at Pinnacle HOA Division, 1200 NW Naito Parkway, Portland, OR 97209**

Adjacent Lot	Lot Owner's Signature	Date	Bldg/Unit Number
Left			
Right			
Across			
Rear			

I have read and acknowledge the Architectural Controls, Covenants and Restrictions as written in the Declaration of the Carriages at Autumn Creek Condominium Owners' Association which govern the procedure for undertaking any addition or alteration to my property. I understand that ARC approval expires one year from the date of the written approval letter and should I fail to commence the project within that time period, I will be required to re-submit my application for approval. Additionally, I understand that this approval may not be assigned to a new owner should I sell my home within the year of approval period. Any new owner must submit their request for approval separately.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

Date Received \_\_\_\_\_ Date Approved/Denied: \_\_\_\_\_ (For ARC Use)

Disclaimer of Liability or Warranty: The approval of plans and specifications by the Architectural Review Committee for Carriages at Autumn Creek applies only to the style, exterior finishes, appearance, and general location of the structures shown in such plans and specifications and shall not be relied upon as an approval or warranty regarding engineering and structural design, building or zoning code compliance, feasibility or marketability for any purpose, or compliance with applicable building ordinances, standards, or regulations. By approving the plans and specification, neither the Architectural Review Committee or the members thereof, the Association, the Board, nor the Declarant assumes any liability or responsibility therefore, or for any defect in any structure constructed there from, and said persons further specifically exclude from such approval any implied warranty of merchantability and fitness for any purpose.

**CC&Rs**

**Carriages at Autumn Creek**

Washington County, Oregon  
11/10/2010 03:50:38 PM 2010-090565  
D-R/BD Cnt#1 Stn#8 J GREGORY  
\$455.00 \$5.00 \$11.00 \$15.00 - Total = \$486.00



01541832201000905550910919

I, Richard Hobernicht, Director of Assessment and Taxation and Ex-Officio County Clerk for Washington County, Oregon, do hereby certify that the within instrument of writing was received and recorded in the book of records of said county.

*Richard Hobernicht*

Richard Hobernicht, Director of Assessment and Taxation, Ex-Officio County Clerk



After Recording Return To:  
Susan Zimmerman  
Ball Janik LLP  
101 SW Main Street, Suite 1100  
Portland, Oregon 97204-3219

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**DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM**

**Dated: September 1, 2010**

**Declarant: Red Leaf Carriage, L.L.C.,  
a Washington limited liability company**

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Exhibits to Declaration

- Exhibit A - Property Description
- Exhibit B - Additional Property Description
- Exhibit C - Area of Units and Allocations
- Exhibit D - Assignment of Limited Common Element Parking Spaces
- Exhibit E - Bylaws of The Carriages at Autumn Creek Condominium Owners Association

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM  
MADE PURSUANT TO THE OREGON CONDOMINIUM ACT**

This Declaration, to be effective upon its recording in the official records of Washington County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 1<sup>st</sup> day of September 2010, by Red Leaf Carriage, L.L.C., a Washington limited liability company ("Declarant").

Declarant proposes to create a residential condominium to be known as The Carriages at Autumn Creek Condominium, located in the City of Hillsboro, Washington County, Oregon, to be initially composed of twenty (20) Units and subject to enlargement by annexation as set forth in Section 11 below. Upon completion of the annexations pursuant to Section 11 below, the Condominium may ultimately be composed of a maximum of one hundred ten (110) Units. The purpose of this Declaration is to submit the real property described on the attached Exhibit A, including all improvements located thereon, to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

1. Definitions and Interpretation.

1.1 Definitions. As used in this Declaration, the Bylaws, the Articles, the Rules and Regulations, and any exhibits hereto and thereto, unless the context shall otherwise require, the following definitions shall be applied:

1.1.1 Act shall mean the Oregon Condominium Act, currently ORS 100.005 to 100.990, as amended from time to time.

1.1.2 Additional Property shall mean that certain real property legally described on the attached Exhibit B, including any and all easements, rights and appurtenances pertaining to such property and any and all improvements now existing or hereafter constructed on such property, which may be annexed into the Condominium pursuant to Section 11 below.

1.1.3 Articles shall mean the Articles of Incorporation of the Association filed with the Oregon Secretary of State, as amended from time to time.

1.1.4 Association shall mean The Carriages at Autumn Creek Condominium Owners Association, an Oregon nonprofit mutual benefit corporation responsible for the administration, management, and operation of the Condominium.

1.1.5 Association Property shall mean real property or an interest in real property acquired, held or possessed by the Association pursuant to Section 100.405 of the Act.

1.1.6 Board shall mean the Board of Directors of the Association.

1.1.7 Building shall mean an individual building containing Units in the Condominium.

1.1.8 Bylaws shall mean the Bylaws of the Association, as amended from time to time.

1.1.9 Common Elements shall mean all portions of the Condominium exclusive of the Units.

1.1.10 Condominium shall mean the Property that is hereby submitted to condominium ownership and any portion of the Additional Property that is subsequently submitted to condominium ownership and made subject to this Declaration pursuant to Section 11 below, including all improvements thereon or to be located thereon and all easements and rights appurtenant thereto.

1.1.11 Declaration shall mean this Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium and any amendments hereto.

1.1.12 Extraordinary Action shall mean: (i) merging or consolidating the Association (other than with another nonprofit entity formed for purposes similar to the Association); (ii) terminating the Condominium; (iii) dissolving the Association, except pursuant to a consolidation or merger; (iv) determining not to require professional management for the Condominium if professional management is required by this Declaration or the Bylaws, a majority of the Mortgagees, or a majority vote of the Owners; (v) expanding the Condominium to include land other than the Additional Property which increases the overall land area of the Condominium or number of Units by more than ten percent (10%); (vi) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the Common Elements (except for (a) granting easements which are not inconsistent with or which do not interfere with the intended use of the Common Elements; (b) dedicating the Common Elements as required by a public authority; (c) limited boundary-line adjustments made in accordance with the provisions of this Declaration; or (d) transferring the Common Elements pursuant to a merger or consolidation with a nonprofit entity formed for purposes similar to the Association); (vii) using insurance proceeds for purposes other than construction or repair of the insured improvements; or (viii) making capital expenditures (other than for repair or replacement of existing improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.

1.1.13 General Common Elements shall mean those Common Elements designated as General Common Elements in Section 5 below or in any Supplemental Declaration.

1.1.14 Legal Requirements shall mean any and all laws, orders, rules, and regulations of any governmental entity.

1.1.15 Limited Common Elements shall mean those Common Elements designated as Limited Common Elements in Section 6 below or in any Supplemental Declaration.

1.1.16 Material Amendment shall mean an addition, deletion or modification of a provision in this Declaration regarding any of the following: (i) assessment basis or assessment liens; (ii) method of imposing or determining any charges to be levied against the Owners; (iii) reserves for maintenance, repair or replacement of the Common Elements; (iv) maintenance obligations; (v) allocation of rights to use the Common Elements; (vi) any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Units; (vii) reduction of insurance requirements; (viii) restoration or repair of the Common Elements; (ix) the addition, annexation or withdrawal of land to or from the Condominium; (x) voting rights; (xi) restrictions affecting the leasing or sale of a Unit; or (xii) any provision which is for the express benefit of a Mortgagee.

1.1.17 Mortgage shall include a mortgage, a deed of trust and a land sale contract.

1.1.18 Mortgage Insurer or Guarantor shall mean any department, bureau, board, commission or agency of the United States or the state of Oregon, or any corporation wholly owned or sponsored, directly or indirectly, by the United States or the state of Oregon that insures, guarantees or provides financing for one or more Units, including without limitation, the Federal Housing Administration, the United States Department of Veterans Affairs, the Rural Development or the Farm Service Agency of the United States Department of Agriculture, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation.

1.1.19 Mortgagee shall include a mortgagee under a mortgage, a beneficiary under a deed of trust and a vendor under a land sale contract.

1.1.20 Owner shall mean the owner or owners of a Unit, but shall not include a Mortgagee unless in possession of a Unit. A person or entity that does not own a Unit shall not be an Owner.

1.1.21 Plat shall mean the Plat of The Carriages at Autumn Creek Condominium which is being recorded in the official records of Washington County, Oregon, concurrently with this Declaration and any revisions of or supplements to such plat subsequently recorded.

1.1.22 Property shall mean the property submitted to the provisions of the Act, as described more particularly in Section 2 below.

1.1.23 Rules and Regulations shall mean the rules and regulations governing the use and enjoyment of the Condominium, as adopted from time to time by the Board pursuant to the Bylaws.

1.1.24 Supplemental Declaration shall mean a declaration recorded in accordance with Section 11 of this Declaration and Section 100.120 of the Act, which annexes all or any portion of the Additional Property to the Condominium.

1.1.25 Turnover Meeting shall mean the meeting at which Declarant relinquishes control of the administration of the Association to the Owners pursuant to Section 100.210 of the Act.

1.1.26 Unit Sales Agreement shall mean the purchase agreement pursuant to which an Owner purchases his or her Unit(s) from Declarant.

1.1.27 Units shall mean those parts of the Condominium designated as such in Section 4 below or in a Supplemental Declaration and comprised of the spaces enclosed by their respective boundaries as described in Section 4 below or in a Supplemental Declaration; Unit shall mean any one of the Units.

1.2 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Oregon law. The terms used herein are intended to have the same meaning as may be given to such terms in the Act unless the context clearly requires otherwise or definition in this manner would have an unlawful consequence.

1.3 Mortgagee Approval. For purposes of determining the percentage of first Mortgagees approving a proposed decision or course of action in cases where a Mortgagee holds first Mortgages on more than one Unit, such Mortgagee shall be deemed a separate Mortgagee as to each such Unit.

1.4 Original Owner of Units. Declarant is the original Owner of all Units and shall continue to be the Owner of each Unit until a deed or other instrument of conveyance changing the ownership of the Unit is filed of record.

1.5 No Fiduciary Standard. In no event shall Declarant be deemed to be a fiduciary of the Owners or be held to a fiduciary standard with respect to activities hereunder. The foregoing language does not apply to Declarant in Declarant's exercise of the powers of the Association, the Board or the Association officers pursuant to Section 20.3 of this Declaration.

1.6 Captions and Exhibits. The captions used herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

1.7 Miscellaneous. All terms and words used in this Declaration, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. "And/or" when applied to two or more matters or things shall be construed to apply to any one or more or all thereof, as the circumstances then

warrant. "Herein," "hereof," "hereunder," and words of similar import shall be construed to refer to this Declaration as a whole, and not to any particular section, unless expressly stated otherwise.

2. Property Submitted. The Property hereby submitted to the provisions of the Act is the land owned in fee simple by Declarant and described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Name. The name by which the Condominium shall be identified is "The Carriages at Autumn Creek Condominium."

4. Building and Units.

4.1 General Description of Buildings. The Condominium initially includes one (1) residential Building, which is designated numerically on the Plat as Building 44. Building 44 contains twenty (20) Units and has three (3) stories. Building 44 is made of wood construction and has a composition roof. Building 44 does not have a basement. Additional Buildings may be added to the Condominium pursuant to the annexation procedures set forth in Section 11.

4.2 General Description, Location, and Designation of Units. The Condominium initially includes twenty (20) Units. The Units are designated numerically on the Plat by Building and Unit as numbers 44.102, 44.104, 44.106, 44.108, 44.201 through 44.208, inclusive, and 44.301 through 44.308, inclusive. Units 44.102, 44.104, 44.106 and 44.108 are located on the first floor of Building 44. Units 44.201 through 44.208, inclusive, are located on the second floor of Building 44. Units 44.301 through 44.308, inclusive, are located on the third floor of Building 44. The designation and location of each Unit are shown on the Plat. Additional Units may be added to the Condominium pursuant to the annexation procedures set forth in Section 11.

4.3 Unit Boundaries. Each Unit shall be bounded by the interior surfaces of its perimeter and demising walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Building in which the Unit is located. In addition, each Unit shall include: (a) the outlet of any utility service lines, including, but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts, but shall not include any part of such lines or ducts themselves; and (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Unit. The enclosed garage designated on the Plat for a Unit, if any, (whether or not the garage is attached to or on the same floor as the Unit),

as bounded in the manner described above in this Section 4.3, and the fireplace within each Unit, if any, (but not the chimney extending above the roofline of the Unit) shall also form a part of the Unit.

4.4 Unit Areas. The area in square feet of each Unit is listed on Exhibit C and shown on the Plat.

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#### NOTICE

THE SQUARE FOOTAGE AREAS STATED IN THIS DECLARATION AND THE PLAT ARE BASED ON THE BOUNDARIES OF THE UNITS AS DESCRIBED IN THIS DECLARATION AND MAY VARY FROM THE AREA OF UNITS CALCULATED FOR OTHER PURPOSES.

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5. Interest in Common Elements; General Common Elements. Each Unit shall be entitled to and shall have allocated to it an equal undivided fractional ownership interest in the Common Elements, as set forth on Exhibit C. The general location of the Common Elements is shown on the Plat. The General Common Elements consist of all parts of the Condominium other than the Units and the Limited Common Elements and include, without limitation, the following:

5.1 The land included within the Condominium.

5.2 All floor slabs, foundations, exterior windows and window frames, exterior doors and door frames, crawl spaces, attic spaces, roofs, columns, beams, girders, supports, and bearing walls.

5.3 All pipes, ducts, conduits, wires, and other utility installations, in each case to their respective outlets within the Units.

5.4 The common corridors and stairways providing access to the Units, as shown on the Plat.

5.5 Parking spaces designated as guest or handicap parking, if any.

5.6 All private streets, drive aisles, parking areas (exclusive of any limited common element parking spaces) and sidewalks.

5.7 All fencing, irrigation systems, landscaping, open space areas, monumentation for the Condominium and mailboxes for the Units.

6. Limited Common Elements. The Limited Common Elements consist of the: (a) the patios and decks adjoining the Units, the exclusive use of each patio and/or deck being

reserved for the Unit that the patio or deck adjoins, as shown on the Plat; (b) the storage areas adjoining the Units, the exclusive use of each storage area being reserved for the Unit that the storage area adjoins, as shown on the Plat; (c) the driveways providing access to the garage portion of certain Units, the exclusive use of each driveway being reserved for the Unit that the driveway adjoins, as shown on the Plat; and (d) the parking spaces identified on Exhibit D, the exclusive use of each parking space being reserved for the Unit to which the parking space is assigned on Exhibit D. The dimensions, designation and location of the Limited Common Elements are shown on the Plat.

7. Allocation of Common Profits and Expenses; Enforcement of Assessments.

7.1 Method of Allocation and Commencement of Assessments.

7.1.1 The common profits and common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements, as set forth on Exhibit C.

7.1.2 Assessments for common expenses shall commence upon the closing of the first sale of a Unit by Declarant, provided that Declarant may elect to defer the commencement of assessments for common expenses (other than assessments for reserves pursuant to Section 5.2 of the Bylaws) for any period of time up until the Turnover Meeting. Assessments for reserves pursuant to Section 5.2 of the Bylaws shall commence upon the closing of the first sale of a Unit by Declarant, subject to the right of Declarant to defer the payment of assessments for reserves on Units owned by Declarant pursuant to Section 5.2 of the Bylaws. If Declarant elects to defer the commencement of assessments for common expenses pursuant to this Section 7.1.2, then Declarant shall give not less than ten (10) days prior written notice to all Owners of the date on which the common expense assessments shall commence. Until the commencement of assessments for common expenses, Declarant shall be responsible for the payment of the common expenses of the Association (other than assessments for reserves pursuant to Section 5.2 of the Bylaws).

7.2 No Exemption and No Offset. No Owner may claim exemption from liability for contribution toward the common expenses of the Association by waiving the Owner's use or enjoyment of any of the Common Elements or by abandoning the Owner's Unit. No Owner may claim an offset against assessment for common expenses for any failure or alleged failure of the Board or the Association to perform its obligations.

7.3 Default in Payment of Common Expenses. In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments), or any other charge imposed or levied by the Association pursuant to the provisions of this Declaration, the Bylaws or the Act, the Owner shall be obligated to pay interest on the delinquent amount, together with all expenses, including attorneys' fees, incurred by the Association in the collection of the delinquent amount. No interest or late charges shall be assessed on common expenses or other charges paid within ten (10) days after the due date therefor. If an assessment or other charge is not paid within ten (10) days of its initial due date, then the delinquent amount shall bear interest from the initial due date

at a rate of twelve percent (12%) per annum, but in no event higher than the maximum rate permitted by law. The Board may also establish and impose charges for late payments of assessments, if the charges imposed are based upon a resolution adopted by the Board that is delivered to each Owner in any manner permissible under the Act. If an Owner fails to pay an assessment within thirty (30) days of its due date, the Board may, in addition to any other remedies granted in this Declaration, the Bylaws or under the Act, terminate the Owner's right to receive utility services paid for out of assessments or terminate the Owner's right of access to and use of recreational and service facilities of the Condominium until all assessments owed by the Owner are paid in full, provided that the Board must give the Owner written notice and an opportunity to be heard before the Owner's right to receive such benefits or services is terminated. The Board shall have the right to recover for the Association all unpaid assessments, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against the delinquent Owner or by foreclosure of the lien which the Association shall have upon the delinquent Owner's Unit with respect to all such obligations.

7.4 Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Association to foreclose a lien on a Unit because of unpaid assessments or charges, the Owner shall be required to pay a reasonable rental for the use of the Unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board, acting on behalf of the Association, shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey, exercise the voting rights appurtenant to and otherwise deal with the Unit. The Association may maintain an action to recover a money judgment against an Owner for unpaid assessments and other charges without foreclosing its lien securing the same.

7.5 First Mortgages; Liability of Subsequent Owner.

7.5.1 Any lien of the Association against a Unit for assessments and charges shall be subordinate to tax and assessment liens and any first Mortgage of record, except as otherwise provided by Section 100.450(7) of the Act. Where the purchaser or Mortgagee of a Unit obtains title to the Unit as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, the purchaser or Mortgagee and its successors and assigns shall not be liable for any of the common expenses chargeable to the Unit which became due prior to the acquisition of title to the Unit by the purchaser or Mortgagee except to the extent provided in the Act; *provided*, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of Section 100.465 of the Act. Any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of the Unit from liability for, nor the Unit from the lien of, any common expense assessments or charges thereafter becoming due.

7.5.2 In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit accruing prior to the date of conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective

purchaser, the Board shall deliver a statement of the unpaid assessments against the prospective grantor of the Unit, and the grantee in such case shall not be liable for, nor shall the Unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts set forth in the statement provided by the Board.

7.6 Acceleration of Assessments. If any assessment or other charge attributable to a particular Unit remains delinquent for more than sixty (60) days, the Board may, upon fifteen (15) days written notice to the Owner of the Unit, accelerate and demand immediate payment of all assessments and other charges which the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to the Unit, or any portion thereof, as determined by the Board.

7.7 Delinquent Assessment Deposit.

7.7.1 An Owner may be required by the Board, from time to time, to make and maintain a deposit of not less than one (1) month's nor in excess of three (3) months' estimated monthly assessments and charges, which may be collected in the same manner as other assessments and charges. The delinquent assessment deposits shall be held in a separate fund. Each deposit shall be credited to the Unit of the Owner making the deposit and be for the purpose of establishing a reserve for delinquent assessments.

7.7.2 The Board may draw upon a deposit at any time when the Owner is ten (10) or more days delinquent in paying his or her assessments or other charges to the Association. The deposits shall not be considered as advance payments of regular assessments. If the Board draws upon a deposit as a result of an Owner's delinquency in the payment of any assessments, then the Owner shall continue to be responsible for the immediate and full payment of such delinquent assessment (and all penalties and costs related thereto) and thus the full restoration of the deposit, and the Board shall continue to have all of the rights and remedies for enforcing the assessment payment and deposit restoration as provided by this Declaration or under the Act.

7.7.3 Upon the sale of a Unit, the seller of the Unit shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to the Unit pursuant to this or any other Section of this Declaration. Instead, any such deposit or reserve account shall continue to be held by the Association for the credit of the Unit being sold and the purchaser of the Unit shall succeed to the benefit thereof. The seller of the Unit shall be responsible for obtaining from the purchaser appropriate compensation for any such deposit or reserve account.

8. Voting Rights. Subject to the provisions of Section 20 of this Declaration, one (1) vote shall be allocated to each Unit to be exercised by the Owner of the Unit.

9. Occupation and Use. The Units shall be used and occupied by the Owners as primary or secondary residences.

10. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report or Condominium Annual Report filed with the Oregon Real Estate Agency in accordance with Section 100.250(1) of the Act.

11. Annexation of Additional Property. Declarant reserves the right to annex all or any portion of the Additional Property into the Condominium.

11.1 Maximum Units. The maximum number of Units in the Condominium shall not exceed one hundred ten (110).

11.2 Termination Date. Declarant's right to annex the Additional Property into the Condominium shall terminate on the seventh anniversary of the date of recordation of this Declaration in the official records of Washington County, Oregon.

11.3 Additional Common Elements. Subject to the terms and provisions of this Declaration and any Supplemental Declaration, the Common Elements located in each prior stage of the Condominium will be used by the Owners of Units in each succeeding stage of the Condominium as it is established, and the Owners of Units in each succeeding stage of the Condominium will, after the effective date of annexation, also share in the expenses of such Common Elements in accordance with Section 5.5.2 of the Bylaws. Subject to the terms and provisions of this Declaration and any Supplemental Declaration, the Owners of Units in each prior stage of the Condominium will utilize the Common Elements located in each succeeding stage of the Condominium and will also share in the expense thereof in accordance with Section 5.5.2 of the Bylaws.

11.4 Method of Allocation. As provided in Section 5, each Unit shall be entitled to and shall have allocated to it an equal undivided fractional ownership interest in the Common Elements, and the common profits and common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements. Each Supplemental Declaration annexing Additional Property to the Condominium shall provide for a reallocation of the undivided interests in the Common Elements in accordance herewith, effective as of the date of recordation of the Supplemental Declaration. The common profits and common expenses of the Condominium shall continue to be allocated in proportion to each Owner's interest in the Common Elements. Subject to the provisions of Section 20 of this Declaration, one (1) vote shall be allocated to each Unit annexed into the Condominium.

11.5 Completion. Declarant shall complete subsequent stages in accordance with the plans and specifications prepared from time to time by or for Declarant and as approved from time to time by governmental authorities having jurisdiction thereof and by the lender(s) financing the construction of subsequent stages. Declarant reserves the right to change such plans and specifications in its sole discretion. Improvements within subsequent stages will be generally consistent with improvements in prior stages. Completion of subsequent stages will be pursued by Declarant as expeditiously as reasonably possible, subject to delays for reasons

(including, but not limited to, financing availability, market conditions, labor disputes, material shortages, and acts of God) reasonably beyond the control of Declarant. All improvements for a subsequent stage shall be substantially completed before the stage is annexed into the Condominium.

11.6 Annexation Procedure. In order to annex all or any portion of the Additional Property into the Condominium, Declarant shall execute and record a Supplemental Declaration and supplemental plat in accordance with Section 100.120 of the Act. Notwithstanding anything in this Section 11 to the contrary, no Additional Property may be annexed into the Condominium without the prior written consent of the each Mortgage Insurer or Guarantor if such consent is required by any statute, ordinance, regulation or guideline of the Mortgage Insurer or Guarantor.

11.7 No Duty to Annex. Nothing in this Section 11 obligates Declarant to annex all or any portion of the Additional Property into the Condominium and the decision of whether or not to annex all or any portion of the Additional Property into the Condominium shall be within the sole and absolute discretion of Declarant.

12. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Sections 100.405(5) and (6) of the Act, to execute, acknowledge and deliver on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the General Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. Except for those matters described in Section 100.405(6)(a)(B) of the Act, which the Board may approve without Owner consent, the granting of any interest pursuant to this Section 12 must be approved by at least seventy-five percent (75%) of the Owners present at a meeting of the Association or with the consent of at least seventy-five percent (75%) of all Owners solicited by any other means the Board determines is reasonable. If a meeting is held to conduct the vote, the meeting notice shall include a statement that the approval of the granting of the lease, easement, right of way, license or other similar property interest will be an item of business on the agenda of the meeting.

13. No Restrictions on Alienation. The right of an Owner to sell, transfer, or otherwise convey his or her Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell his or her Unit shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: (i) the Unit to be sold; (ii) the name and address of the purchaser, the closing agent, and the title insurance company insuring the purchaser's interest; and (iii) the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company and the closing agent of the amount of any unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. It is understood, however, that the failure to provide a notice of sale as provided herein shall not invalidate a sale, transfer, or other conveyance of a Unit which is otherwise valid under applicable law. Except to the extent set forth in this Section 13 and certain restrictions on leasing

set forth in Section 7.1 of the Bylaws, this Declaration and the Bylaws impose no restrictions on the alienation of any Unit.

14. Rights of Access and Use; Special Declarant Rights and Easements.

14.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each of the Common Elements adjoining the Owner's Unit as may be required for: (i) ingress to and egress from the Owner's Unit; (ii) the support of the Owner's Unit; and (iii) the installation, operation, repair, maintenance, and replacement of utilities and other systems serving the Owner's Unit, including, but not limited to, water, natural gas, air conditioning, cable television, electrical power and wiring, light, or plumbing. The specific reference to or reservation of any rights of access and use in this Declaration does not limit or negate the general easement for Common Elements created by the Act.

14.2 Additional Rights Created by Association. The Association, upon prior approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association, may create on behalf of the Owners additional rights of access and use with respect to the Common Elements. No such right may be granted with respect to a Limited Common Element unless the Owners and Mortgagees of the Unit(s) having the right to use the Limited Common Element consent to the creation of such a right. Nothing in this Section 14.2 shall be construed to enable the Association to revoke, alter, modify, or terminate any easements, rights of way, licenses, or similar interests of record on the date this Declaration is recorded.

14.3 Water Intrusion and Mold Inspection. The Board, acting on behalf of the Association, may authorize entry into any Unit or Limited Common Element to conduct a periodic inspection of the Unit for water intrusion into the Unit and/or the appearance of mold or mildew within the Unit. The inspection shall be made by an agent of the Association appointed by the Board and shall occur at such time as is reasonably convenient to the Owner (or the Owner's tenant) and the inspector. The right of entry and inspection provided in this Section 14.3 shall not in any way obligate the Association or the Board to make such an inspection, and the decision on whether to inspect Units and the frequency of such inspections, if any, shall be solely within the discretion of the Board. Nothing contained within this Section 14.3 is intended to modify the maintenance and repair obligations of any party as provided in this Declaration or the Bylaws.

14.4 Right of Entry and Access. In addition to the rights granted to Declarant and the Association elsewhere in this Declaration, the Bylaws, or by the Act, the Board, acting on behalf of the Association, Declarant, and any managing agent, manager or other person authorized by the Board or Declarant, shall have the right to enter into and have access through or over any Unit or Common Element: (i) in the case of any emergency originating in or threatening the Unit, Common Elements or other Units, (ii) requiring repairs necessary to protect public safety, whether or not the Owner is present at the time, (iii) for the purpose of performing installations, alterations, or repairs to any Common Element or Unit, (iv) to prevent damage to the Common Elements or another Unit, or (v) to inspect the Unit or Limited Common Elements

to verify that the Owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the Rules and Regulations, *provided that*, except in the case of an emergency, requests for entry into any Unit are made in advance and that such entry is at a time reasonably convenient to the Owner. Neither Declarant nor the Association shall be deemed guilty in any manner of trespass for entering or accessing a Unit, Limited Common Element or any other portion of the Condominium in accordance with this Section 14.4.

14.5 Easements for Staged Development. In addition to the general easements reserved by statute and by reference elsewhere in this Declaration, there is reserved a non-exclusive easement in favor of Declarant (and Declarant's successors and assigns) over and across the Condominium for ingress and egress and over and across easements, streets, and utility lines specified or established in and for completed stages of the Condominium, as well as the right to connect thereto. This easement is reserved for the purpose of completing subsequent stages of the Condominium.

14.5.1 The easements reserved under this Section 14.5 shall entitle Declarant, in connection with the development of each successive stage of the Condominium, to tie into water, sewer, storm sewer, electrical, gas, telephone, or other utility lines of all varieties and to connect with streets and utility systems developed in the completed stage(s) of the Condominium.

14.5.2 Declarant shall bear the cost of tie-ins to such roadways and utilities and will not connect with such utilities in a manner that impairs or significantly reduces the quality of the utility service for the Condominium.

14.5.3 Declarant shall have a non-exclusive easement to construct and maintain (at any time and at Declarant's sole cost and expense and in the exercise of Declarant's sole discretion and at such locations within the Condominium ) such signs as Declarant may deem necessary for the identification of the name, location and direction, and for the sale of Units and of future Units within the Additional Property.

14.6 Special Declarant Rights. As more particularly provided in this Section 14.6, Declarant has reserved the following special Declarant rights in addition to any special Declarant rights that may be set forth elsewhere in this Declaration or in the Bylaws or otherwise provided under the Act:

14.6.1 Completion of Improvements, Maintenance and Repairs and Inspections. Declarant and its agents, employees and contractors shall have the right to complete improvements, perform maintenance work and repairs and conduct inspections that are: (i) authorized by this Declaration or the Bylaws; (ii) indicated on the Plat; (iii) authorized by building permits; (iv) provided for under any Unit Sales Agreement; (v) necessary to satisfy any express or implied warranty or other obligation of Declarant; (vi) necessary to inspect for alleged defects or to verify that appropriate maintenance is being performed; or (vii) otherwise authorized or required by law. The right of inspection provided in this Section 14.6.1 shall in no

way obligate Declarant to make any such inspections, and the decision on whether to inspect the Units or any other portion of the Condominium and the frequency of such inspections, if any, shall be solely within the discretion of Declarant.

14.6.2 Sales Facilities of Declarant. For so long as Declarant owns a Unit or retains the right to annex any portion of the Additional Property into the Condominium, Declarant and its agents, employees, and contractors shall be permitted to maintain upon such portion of the Condominium as Declarant may choose, such facilities as in the sole opinion of Declarant may be required, convenient, or incidental to the construction or sale of Units or future Units and appurtenant interests of the Condominium, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective purchasers of Declarant, and its affiliates. The provisions of this Section are subject to all applicable state and local laws, ordinances and regulations. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; *provided*, that the maintenance and use of such facilities shall not unreasonably interfere with an Owner's use and enjoyment of his or her Unit or those portions of the Common Elements reasonably necessary for the use and enjoyment of any Owner's Unit.

14.6.3 Declarant's Easements. Declarant has a non-exclusive easement to, through, and over the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising special Declarant rights, whether arising under the Act or reserved in this Declaration.

14.6.4 Right of Approval. Declarant shall have the right to approve all amendments to this Declaration, the Bylaws, the Plat or the Rules and Regulations and no amendment to this Declaration, the Bylaws, the Plat or the Rules and Regulations shall be effective unless approved by Declarant in writing.

14.6.5 Right of Review. Upon reasonable advance notice to the Board, Declarant shall have the perpetual right to review and make copies of all inspection, maintenance and other records of the Association, including, without limitation, changes to the reserve study or maintenance plan required under the Act. In addition, upon request from Declarant, the Board shall provide Declarant, at Declarant's cost, copies of all inspection reports, proposed plans for alterations and copies of all warranty claims. As provided in Section 7.4 of the Bylaws, the Board shall provide Declarant with copies of submissions for alteration requests, advance notice of the Board's inspections of such alterations, and an opportunity for Declarant, its contractors or agents to accompany the Board's professional advisors on any such inspection.

14.6.6 Termination of Declarant Rights. Unless specifically provided otherwise, the special Declarant rights set forth in this Section 14.6 shall continue for so long as (i) Declarant is completing improvements which are within or may be added to the Condominium; (ii) Declarant owns a Unit or retains the right to annex all or any portion of the Additional Property into the Condominium; or (iii) ten (10) years after the date this Declaration recorded in the official records of Washington County, Oregon, whichever is latest; *provided*,

that Declarant may voluntarily terminate any or all of such rights at any time by executing a termination instrument which references this Declaration and specifies the rights being terminated hereunder and recording the termination instrument in the official records of Washington County, Oregon.

15. Encroachments.

15.1 Each Unit shall have an easement over all Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or other movement of any portion of the Condominium, or any other similar cause, and any encroachment due to building overhang or projection as long as the physical boundaries of the Units are in substantial accord with the Unit boundary descriptions set forth in this Declaration and as shown on the Plat. There shall be a valid easement for the maintenance of the encroaching Units so long as the encroachment exists and the rights and obligations of the Owners shall not be altered in any way by the encroachment.

15.2 The easement described in Section 15.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve any contractor, subcontractor, or materialman of liability for failure to adhere to the Plat.

15.3 The encroachments described in Section 15.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

16. Notices to Mortgagees. The Association shall provide timely written notice of the following matters to any first Mortgagee or any Mortgage Insurer or Guarantor:

16.1 Any condemnation or casualty loss that affects either a material portion of the Condominium or a Unit in which it holds an interest;

16.2 Any delinquency of sixty (60) days in the payment of common expenses assessed to a Unit in which it holds an interest;

16.3 A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

16.4 Any proposed action that requires the consent of a specified percentage of Mortgagees under this Declaration or the Bylaws.

17. Operating Entity. The Carriages at Autumn Creek Condominium Owners Association, an Oregon nonprofit corporation, has been organized to administer the operation and management of the Condominium and to undertake and perform all acts and duties incident thereto in accordance with the terms of the Articles and Bylaws. A copy of the Bylaws, which have been adopted by Declarant as required by Section 100.410(1) of the Act, is attached hereto as Exhibit E. The Owner of each Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in a Unit and the membership of an

Owner shall terminate automatically upon such Owner's being divested of all of such Owner's ownership interest in a Unit, regardless of the means by which such ownership interest is divested. Each Owner shall be entitled to exercise the vote rights allocated to his or her Unit in the manner prescribed in the Articles and Bylaws. No person or entity holding any Mortgage, lien, or other encumbrance on a Unit shall be entitled, by virtue of such Mortgage, lien, or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership, except as specifically described in this Declaration. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments, and to adopt, promulgate, and enforce the Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of an ownership interest in a Unit by an Owner shall constitute appointment of the Association as that Owner's attorney-in-fact in connection with proceedings, negotiations, settlements, and agreements arising from condemnation, destruction, liquidation, or termination of the Condominium, subject to the rights of the Owners described elsewhere in this Declaration or in the Bylaws.

18. Managing Agent. The Board shall have the authority, on behalf of the Association, to enter into a management agreement with respect to the Condominium prior to the Turnover Meeting for a term not to exceed three (3) years; provided, however, that the Board shall have the right to terminate any management agreement entered into prior to the Turnover Meeting upon not less than thirty (30) days written notice given no later than sixty (60) after the Turnover Meeting. After the Turnover Meeting, the Board shall have the authority, on behalf of the Association, to employ or contract for a managing agent or manager in accordance with the Bylaws at a compensation to be established by the Board. The Board may delegate to the managing agent or manager such duties and powers as the Board may authorize. In the absence of such appointment, the Board shall act as manager of the Condominium.

19. Taxation of Units. Each Unit, together with the undivided percentage interest in the Common Elements, shall be considered a parcel of real property subject to separate assessment and taxation by any taxing authority in a manner comparable to the taxation of other parcels of real property. The Common Elements shall not be considered a separate parcel for purposes of taxation.

20. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, until the earlier to occur of: (i) the date that is seven (7) years after the date on which the first Unit is conveyed to an Owner other than Declarant or a successor declarant; or (ii) the date at which seventy-five percent (75%) of the one hundred ten (110) Units planned for the Condominium have been conveyed to Owners other than Declarant or a successor declarant:

20.1 Declarant may appoint and remove officers of the Association and members of the Board;

20.2 Declarant shall have three (3) votes for each Unit owned by it, notwithstanding the provisions of Section 8; and

20.3 Declarant shall have the right to exercise all powers of the Association, the Board, and the officers of the Association under this Declaration, the Bylaws, and the Act; provided, however, that, unless otherwise permitted by the Act, Declarant may not bind the Association to any management agreement, service contract, employment contract, lease of recreational areas or facilities, or contract or lease (other than a ground lease) to which Declarant is a party and which is made prior to the Turnover Meeting unless the Association or the Board is granted therein a right of termination which is exercisable without cause or penalty upon not less than thirty (30) days written notice given to the other party no later than sixty (60) days after the Turnover Meeting. Additionally, no such contract or agreement entered into by Declarant prior to the Turnover Meeting shall have a term in excess of three (3) years unless otherwise permitted under the Act.

21. Casualty.

21.1 Responsibility of Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the Common Elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the Units. Each Owner shall be responsible for the repairing, reconstructing, or rebuilding of his or her Unit to the extent not covered by the Association's insurance within twelve (12) months of the occurrence of such casualty. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements and, to the extent of the Association's insurance coverage, of the Units, so that the Condominium is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction in accordance with this Declaration and the Plat. Notwithstanding the foregoing, the Association may elect not to repair or restore the Condominium or to repair or restore the Condominium in a manner that is not substantially in accordance with this Declaration and the Plat with the prior approval of at least sixty percent (60%) of the Owners and fifty-one percent (51%) of all first Mortgagees of Units, unless a higher percentage is required by the Act. Additionally, no reallocation of interests in the Common Elements after a partial destruction of the Condominium may be effected without the prior approval of at least fifty-one percent (51%) of all first Mortgagees of Units. Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 21.1 may be presumed by the Association if such Mortgagee fails to submit a response to a written request within sixty (60) days after it receives notice of the request by certified or registered mail, return receipt requested. The Association shall represent the Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the Condominium is to be rebuilt and restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all Owners as a common expense. If the required number of Owners and first Mortgagees agree that the Condominium shall not be rebuilt and restored, the Condominium shall be considered removed from the provisions of the Act in accordance with Section 100.605 thereof, and any proceeds resulting from such removal shall be distributed in accordance with Section 100.615 of the Act.

21.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his or her family or his or her household pet or of a guest, servant, invitee, or other authorized occupant or visitor of such Owner, damage is caused to the Common Elements or to a Unit owned by others, or maintenance, repairs, or replacements are required which would otherwise be a common expense, then such Owner shall pay for the damage and the maintenance, repairs, and replacements as may be determined by the Board, to the extent not covered by the Association's insurance. Each Owner is required to carry homeowner's insurance on his or her Unit as specified in Section 9 of the Bylaws.

22. Condemnation.

22.1 Total Condemnation. In the event of condemnation of the whole of the Condominium, the compensation to be paid to the Owners shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners holding at least seventy-five percent (75%) of the Association, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners in equitable proportions and payable to any Mortgagee to the extent required to obtain a discharge of Mortgage. Notwithstanding the award for the condemnation of the whole Condominium, each Owner shall have the right to separately negotiate and finalize his or her personal compensation for improvements made to the Unit, cost of moving, and other similar items personal to each Owner.

22.2 Partial Condemnation. In the event of a partial condemnation of the Condominium which includes some Units, each Owner whose Unit is condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for the Unit shall be paid to the Owner (or the Mortgagee). The Association shall negotiate compensation relating to any Common Elements. The cost, if any, of restoring the balance of the Condominium so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure and shall, unless the Condominium is terminated within thirty (30) days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any money received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction. Any restoration or repair of the Condominium after a partial condemnation shall be substantially in accordance with this Declaration and the Plat unless otherwise approved by at least sixty percent (60%) of the Unit Owners and at least fifty-one percent (51%) of all first Mortgagees of Units. Additionally, no reallocation of interests in the Common Elements after a partial condemnation of the Condominium may be effected without the approval of at least fifty-one percent (51%) of all first Mortgagees of Units. Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 22.2 may be presumed by the Association if such Mortgagee fails to submit a response to a written request within sixty (60) days after it receives notice of the request by certified or registered mail, return receipt requested.

23. Fidelity Bond. The Board shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds, whether or not such person or entity receives compensation for services, to furnish a fidelity bond as the Board deems adequate under this Section 23. The bond shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or the manager at any time while the bond is in force but, in any event, the aggregate amount of the bond shall not be less than the sum equal to three months aggregate assessments (including reserve assessments) on all Units. The bond shall include a provision requiring not less than ten (10) days written notice to the Association and any first Mortgagee or Mortgage Insurer or Guarantor requesting or requiring a copy thereof before cancellation or substantial modification of the bond for any reason. The premium for the bond may be paid by the Association.

24. Amendment.

24.1 Approval by Owners. Amendments to this Declaration shall be proposed by either a majority of the Board or by the Owners holding thirty percent (30%) or more of the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any written ballot or request for consent to the amendment. Except as otherwise provided in this Declaration or by the Act, this Declaration may only be amended if the amendment is approved by the Owners holding at least seventy-five percent (75%) of the voting power of the Association, including a majority of all Owners other than Declarant if it is a Material Amendment, and approved by Declarant as long as Declarant owns a Unit or for a period of ten (10) years after the date this Declaration recorded in the official records of Washington County, Oregon, whichever is latest. Except as otherwise provided in this Declaration or the Act, no amendment may change the method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the Owner(s) of the affected Unit(s). Voting on any amendment to this Declaration pursuant to this Section 24.1 shall be without regard to Declarant's enhanced voting power under Section 20.2. Notwithstanding any of the foregoing, this Declaration shall not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted herein to Declarant or its designees, or otherwise so as adversely to affect Declarant or its designees without the prior written consent of Declarant.

24.2 Approval by Mortgagees. The approval of at least fifty-one percent (51%) of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held) shall be required for any Material Amendment. In addition, except as otherwise provided in this Declaration or the Act, no amendment to this Declaration may change the method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit unless such amendment has been approved by the holders of any first Mortgages on the affected Units. Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 24.2 may be presumed by the Association if such Mortgagee fails to submit a

response to a written proposal for an amendment to this Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested.

24.3 Approval by Mortgage Insurers or Guarantors. The Association shall obtain the approval of any amendment to this Declaration by a Mortgage Insurer or Guarantor, if required by any statute, ordinance, regulation or guideline of the Mortgage Insurer or Guarantor. Without limiting the generality of the foregoing, during Declarant's period of administrative control of the Association pursuant to Section 20, all Material Amendments must be approved by the United States Department of Veterans Affairs (the "VA"), if the VA has guaranteed any loans secured by Units.

24.4 Correction Amendment. Notwithstanding anything in Sections 24.1 or 24.2 to the contrary, this Declaration may be corrected by a correction amendment adopted in accordance with this Section 24.4 ("Correction Amendment") to (i) correct an omission to an exhibit to this Declaration; (ii) correct a mathematical mistake in this Declaration or any exhibit attached hereto; (iii) correct an inconsistency within this Declaration or between or among this Declaration, the Bylaws or the Plat; (iv) correct an ambiguity, inconsistency or error with respect to an objectively verifiable fact; (v) authorize a plat amendment by correction as provided under the Act; (vi) correct any provision in this Declaration which was inconsistent with the Act at the time this Declaration was recorded; or (vii) correct the omission of a provision required under the Act. The Board may adopt a Correction Amendment without Owner or Mortgagee approval provided that the Owners are given at least three (3) days' prior written notice of any Board meeting at which the Board intends to consider the Correction Amendment in the manner prescribed in Section 100.420(3) of the Act. The Owner of a Unit materially affected by a Correction Amendment must be given written notice in the manner prescribed by Section 100.407(4) of the Act. The notice must state that the Board intends to consider the adoption of a Correction Amendment, identify the document to be corrected and include a description of the nature of the correction. The Board shall provide a copy of the recorded Correction Amendment to any Owner materially affected by the Correction Amendment, including any Owner if the Correction Amendment changes the Owner's (i) allocation of voting rights; (ii) liability for common expenses that changes the amount of any assessment; or (iii) allocation of interest in Common Elements. Additionally, Declarant may unilaterally adopt a Correction Amendment at any time prior to the conveyance of the first Unit.

24.5 Regulatory Amendment. Notwithstanding anything in Sections 24.1 or 24.2 to the contrary, Declarant may amend this Declaration or the Bylaws without the approval of any other Owner at any time prior to the Turnover Meeting in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor.

24.6 Recordation. Amendments to this Declaration shall be effective upon recordation of the Declaration as amended, or of the amendment thereto, certified by the chairman and secretary of the Association as being adopted in accordance with this Declaration and the applicable provisions of the Act and approved by the county assessor and the Oregon

Real Estate Commissioner, if required by law, in the official records of Washington County, Oregon.

25. Termination. Termination of the Condominium shall be effected in accordance with Section 100.600 of the Act and any other applicable provision of the Act. Unless a higher percentage is required under the Act, a termination upon the substantial destruction of the Condominium or the substantial taking in a condemnation of the Condominium shall require the consent of at least fifty-one percent (51%) of all first Mortgagees of Units and a termination for any other reason shall require the consent of at least sixty-seven percent (67%) of all first Mortgagees of Units. Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 25 may be presumed by the Association if such Mortgagee fails to submit a response to a written request within sixty (60) days after it receives notice of the request by certified or registered mail, return receipt requested.

26. Extraordinary Actions. Unless a higher percentage is required under this Declaration, the Bylaws or the Act, in which case such higher percentage shall apply, all Extraordinary Actions must be approved by the Owners entitled to cast at least sixty-seven percent (67%) of the votes of the Owners present, in person or by proxy, and voting at a meeting of the Association, such vote including at least a majority of the votes of all Owners present, in person or by proxy, and voting at the meeting other than Declarant; provided, however, that the following Extraordinary Actions must be approved by the Owners entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Owners, including at least a majority of the total authorized votes entitled to be cast by Owners other than Declarant: (i) termination of the Condominium; (ii) dissolution of the Association; and (iii) conveyance of all Common Elements. Additionally, during Declarant's period of administrative control of the Association, pursuant to Section 20, all Extraordinary Actions must be approved by the VA, if the VA has guaranteed any loans secured by Units.

27. Dispute Resolution.

27.1 Required Procedure. Except as otherwise provided in this Section 27 below or elsewhere in this Declaration, to the fullest extent allowed by law, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, this Declaration or the Bylaws, the Articles of Incorporation of the Association, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. The following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; (iii) actions by the Association pursuant to Section 5.7 of the Bylaws prior to summary abatement and removal of a structure or

other condition that violates this Declaration, the Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.10 of the Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens; or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

27.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but if this is not successful, all Claims shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 27.3, 27.4 or 27.5 below, as applicable.

27.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 27.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 27.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties. All mediation shall be in Washington County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a Party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

27.4 Small Claims. All Claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims.

27.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 27.2, 27.3 and 27.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by one arbitrator selected by the Parties, or, if the Parties cannot agree on an arbitrator within thirty (30) days after a request for arbitration, the arbitrator shall be appointed by the presiding judge of the Circuit Court for Washington County, Oregon. The arbitration shall be conducted by and pursuant to the then effective arbitration rules of Construction Arbitration Services, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the

arbitration service shall be selected by the Board acting on behalf of the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

27.6 Claims Procedure. An Owner or the Association may not commence arbitration against Declarant or any contractor, subcontractor or supplier for construction defects unless the Owner or the Association, as applicable, has given written notice of the claim and permitted them to view, inspect and respond to the claimed defect, as required by law.

OREGON LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY COMMENCE ARBITRATION OR A COURT ACTION AGAINST ANY CONTRACTOR, SUBCONTRACTOR OR SUPPLIER FOR CONSTRUCTION DEFECTS. BEFORE YOU COMMENCE ARBITRATION OR A COURT ACTION YOU MUST DELIVER A WRITTEN NOTICE OF ANY CONDITIONS YOU ALLEGE ARE DEFECTIVE TO THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER YOU BELIEVE IS RESPONSIBLE FOR THE ALLEGED DEFECT AND PROVIDE THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW. FAILURE TO MEET THOSE DEADLINES OR FOLLOW THOSE PROCEDURES WILL AFFECT YOUR ABILITY TO COMMENCE ARBITRATION OR A COURT ACTION.

27.7 No Attorneys' Fees. Unless otherwise expressly provided for under the Act or elsewhere in this Declaration or the Bylaws, no Party in the arbitration, mediation or other proceeding shall be entitled to recover costs or attorneys' fees in connection therewith.

27.8 Claims by Association. To the fullest extent allowed by law and except for Claims in an amount less than or equal to \$7,500, no Claim shall be initiated by the Association without approval from the Owners holding seventy-five percent (75%) of the voting power of the Association. The foregoing vote requirement shall not be required to institute or respond to the following: (i) actions for delinquent assessments, fines or other charges under this Declaration, the Bylaws or the Rules and Regulations; (ii) actions initiated by the Association during Declarant's period of administrative control pursuant to Section 20 of this Declaration; (iii) actions challenging ad valorem taxation or condemnation proceedings; (iv) actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; (v) the defense of claims filed against the Association or the assertion of counterclaims in proceedings instituted against it (except for non-mandatory counterclaims); (vi)

actions to appoint a receiver pursuant to Section 5.10 of the Bylaws; or (vii) actions to summarily abate, enjoin and remove a structure or condition that violates this Declaration, the Bylaws or the Rules and Regulations.

27.9 Confidentiality. The Parties shall keep all discussions of disputes, all settlements and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties unless compelled to do so by an order of a court of competent jurisdiction. The Parties agree in the event a Party breaches its confidentiality obligation that the other Party or Parties to the dispute shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance and each Party hereby waives any claim or defense that the other Party has an adequate remedy at law for any such breach and the Parties agree that the aggrieved Party shall not be required to post any bond or other security in connection with any such equitable relief.

28. General Provisions.

28.1 No Impairment. The creation of this Condominium shall not be impaired and title to the Units and Common Elements shall not be rendered unmarketable or otherwise affected by reason of any insignificant failure of this Declaration or the Plat or any amendment thereto to comply with the Act.

28.2 No Partition. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of interest in the Common Elements made without the Unit to which that interest is allocated is void.

28.3 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of this Declaration, or of the Bylaws, or 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 or relinquishment for the future enforcement of such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an 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.

28.4 Severability. Each provision of this Declaration and the Bylaws shall be deemed independent and severable and shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of this Declaration or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, whether under the Act or otherwise, the remainder of this Declaration and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

28.5 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to this Declaration or the Bylaws, neither the Association nor the Board nor Declarant shall be liable for: (i) any failure of any utility or other service to be obtained and paid for by the Association; (ii) injury or damage to person or property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust, or sand which may leak or flow from the outside or from any parts of Unit structures, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or (iii) inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or order of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

28.6 Rule Against Perpetuities. The rule against perpetuities may not be applied to defeat any provisions of this Declaration, the Bylaws or the Rules and Regulations.

28.7 Transfer of Declarant's Powers. Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, any or all of Declarant's rights, powers, easements, privileges, and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, easements, privileges, and authority are in addition to those arising from Declarant's ownership of one or more Units).

28.8 Compliance with Certain Financing Requirements. The terms and provisions of this Declaration are intended to comply with the current requirements of the Federal National Mortgage Association, the U.S. Department of Housing and Urban Development, the Federal Housing Administration and the United States Department of Veterans Affairs in effect as of the date of this Declaration for insuring, guaranteeing and providing financing for any Unit in the Condominium (the "Financing Requirements"). In the event of any inconsistency between a provision of this Declaration and the Financing Requirements, the Financing Requirements shall control and the inconsistent provision of this Declaration shall be deemed amended and construed and interpreted as is necessary to comply with the Financing Requirements unless otherwise inconsistent with the Act. Notwithstanding the foregoing, if there is an inconsistency between the requirements of the Federal National Mortgage Association, the requirements of the U.S. Department of Housing and Urban Development and the Federal Housing Administration or the requirements of the United States Department of Veterans Affairs, the more restrictive requirements shall control and this Declaration shall be construed and interpreted as is necessary to comply with the more restrictive requirements.

29. Warranty; Releases and Waiver of Claims.

29.1 Home Builder's Limited Warranty. In each Unit Sales Agreement, Declarant, as seller, provided to each initial Owner of a Unit a Home Builder's Limited Warranty (the "Limited Warranty") in addition to any statutory warranties required under the Act. On or

before closing, each Owner was provided with a sample copy of the Limited Warranty and acknowledged that he or she read and understood the Limited Warranty.

29.2 Dispute Resolution Process. Each Owner and the Association acknowledges and agrees that the Limited Warranty sets forth the procedures for resolving claims thereunder. Such process includes the right of Declarant to investigate and to cure alleged defects. The Limited Warranty may compel arbitration of disputes that Declarant and any Owner and/or the Association are unable to resolve by the other processes set forth therein. The dispute resolution procedures set forth in the Limited Warranty shall be the sole method for resolving any and all disputes and/or claims between Declarant, any Owner and/or the Association with respect to alleged construction defects and/or warranty claims.

29.3 RELEASE AND WAIVER OF ALL FUTURE CLAIMS. IN EXCHANGE AND CONSIDERATION FOR THE LIMITED WARRANTY AND TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, EACH OWNER, FOR ITSELF AND ALL SUBSEQUENT OWNERS OF A UNIT, HEREBY WAIVES AND RELINQUISHES ANY AND ALL CLAIMS WHEREVER ARISING AGAINST DECLARANT AND ITS AGENTS, SUCCESSORS, EMPLOYEES, AFFILIATES, CONTRACTORS, REPRESENTATIVES, OFFICERS, DIRECTORS, MEMBERS AND PARTNERS, AND AGAINST THE ASSOCIATION OR ANY BOARD MEMBER THEREOF (COLLECTIVELY, THE "DECLARANT PARTIES"), RELATING TO OR ARISING FROM THE CONDITION OF THE CONDOMINIUM AT ANY TIME. THIS WAIVER IS ABSOLUTE AND UNCONDITIONAL, AND THIS RELEASE AND WAIVER APPLIES WHETHER OR NOT THE OWNER HAS KNOWLEDGE OF ANY POTENTIAL CAUSE OF ACTION FOR SUCH CLAIMS. THIS WAIVER APPLIES TO CLAIMS UNDER ANY LEGAL THEORY OTHER THAN THE WARRANTY GIVEN IN EACH UNIT SALES AGREEMENT, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, NEGLIGENCE PER SE, NEGLIGENT OR INTENTIONAL MISREPRESENTATION, DEFECTIVE CONSTRUCTION, BREACH OF CONTRACT, UNLAWFUL TRADE PRACTICE, BREACH OF FIDUCIARY DUTY, STRICT LIABILITY, NUISANCE, TRESPASS OR ANY OTHER THEORY, WHETHER ARISING FROM STATUTE, CONTRACT, TORT OR OTHERWISE. THIS WAIVER INCLUDES, WITHOUT LIMITATION, CLAIMS RELATING TO CONSTRUCTION DEFECTS, WATER INTRUSION, MOLD, MILDEW, FUNGUS AND/OR ODORS IN THE UNIT OR COMMON ELEMENTS; PRODUCTS OR CONDITIONS IN THE UNIT OR COMMON ELEMENTS, INCLUDING FOR EXAMPLE CARBON MONOXIDE, RADON OR CARPET GLUE; NOISE OR SOUND TRANSMISSION; LOSS OF USE; EMOTIONAL DISTRESS; INCIDENTAL OR CONSEQUENTIAL DAMAGES; ATTORNEYS' FEES AND COSTS; OR RELOCATION EXPENSES (TEMPORARY OR OTHERWISE). EACH OWNER ACKNOWLEDGES THAT DECLARANT IS NOT OBLIGATED TO PROVIDE THE OWNERS ANY WARRANTY OTHER THAN THE ONE-YEAR WARRANTY REQUIRED UNDER THE ACT AND THAT THE LIMITED WARRANTY IS PROVIDED IN EXCHANGE FOR THE OWNER'S VOLUNTARY AND INTENTIONAL WAIVER OF THE CLAIMS SET FORTH IN THIS SECTION 29.3. EACH OWNER ACKNOWLEDGES THAT DECLARANT WOULD HAVE REQUIRED A SIGNIFICANTLY HIGHER PURCHASE PRICE FOR THE UNIT IF THE

OWNER DECLINED TO PROVIDE THE FOREGOING RELEASE AND WAIVER. THIS RELEASE AND WAIVER SHALL BE BINDING UPON EACH OWNER, ALL SUCCESSOR OWNERS OR OCCUPANTS OF THE UNITS, THE ASSOCIATION, AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, PROPERTY MANAGERS, BROKERS, HEIRS, SUCCESSORS, ASSIGNS, GUESTS AND INVITEES. EACH OWNER AGREES THAT CLAIMS OF THE ASSOCIATION ARE DERIVATIVE OF CLAIMS OF THE UNIT OWNERS AND THAT THE ASSOCIATION WILL BE BOUND BY THE FOREGOING WAIVER. THIS WAIVER SHALL ACT AS A COMPLETE BAR AND DEFENSE AGAINST ANY RELEASED OR WAIVED CLAIM. EACH OWNER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THIS WAIVER, AND THAT IT HAS HAD AN OPPORTUNITY TO SEEK AND CONSULT COUNSEL REGARDING THIS WAIVER.

29.4 TIME LIMITATION ON ACTIONS. IT IS THE INTENT OF THE PARTIES THAT THE RELEASE AND WAIVER OF CLAIMS IN THIS SECTION 29 BE COMPREHENSIVE AND FINAL. TO THE EXTENT IT IS DETERMINED THAT ANY CLAIM AGAINST ANY DECLARANT PARTY, UNDER ANY LEGAL THEORY, SURVIVES THE FOREGOING RELEASE AND WAIVER FOR ANY REASON, SUCH CLAIM MUST BE BROUGHT ON THE EARLIER OF (A) WITHIN SIXTY (60) DAYS AFTER THE DATE THE OWNER KNEW OR REASONABLY SHOULD HAVE KNOWN OF FACTS SUFFICIENT TO PUT THE OWNER ON NOTICE OF THE CLAIM, OR (B) WITH RESPECT TO THE UNIT AND RELATED LIMITED COMMON ELEMENTS, BY NO LATER THAN THE FIRST ANNIVERSARY OF THE CLOSING DATE OR (C) PRIOR TO THE EXPIRATION OF THE APPLICABLE STATUTE OF LIMITATIONS OR (D) WITH RESPECT TO THE GENERAL COMMON ELEMENTS, ON THE LATER TO OCCUR OF (I) THE FIRST ANNIVERSARY OF THE DATE OF THE FIRST CONVEYANCE OF A UNIT IN THE CONDOMINIUM TO A UNIT OWNER OTHER THAN DECLARANT OR (II) THE FIRST ANNIVERSARY OF THE DATE OF COMPLETION OF CONSTRUCTION OF THE GENERAL COMMON ELEMENT IN QUESTION. ANY AND ALL SUCH CLAIMS NOT BROUGHT WITHIN THIS TIME PERIOD WILL BE DEEMED TIME BARRED, REGARDLESS OF WHEN THE OWNER ACTUALLY DISCOVERED THE ALLEGED BASIS FOR THE CLAIM. FOR PURPOSES OF THIS SECTION 29, A CLAIM IS "BROUGHT" WHEN ARBITRATION IS FORMALLY INITIATED OR A COMPLAINT IS FILED IN THE APPROPRIATE COURT AND SERVED PROMPTLY ON DECLARANT.

29.5 Personal Property. Notwithstanding any other provision of this Section 29, Declarant has given no warranty with respect to any appliances, equipment, and other consumer products as defined in the Magnusson-Moss Warranty Act or the Uniform Commercial Code installed in the Units or Common Elements. Each Owner has agreed that the warranties of appliances, equipment and other consumer products installed in the Units or Common Elements are those of the manufacturer or supplier and are not warranted by Declarant. To the extent assignable, all such manufacturer or supplier warranties have been assigned to Owner, effective on the closing of such Owner's purchase of his or her Unit(s) from Declarant. Declarant has made no representations or guarantees regarding the existence or validity of any manufacturer or supplier warranties or the performance by any manufacturer or supplier of its warranty

obligations. With respect to any manufactured products, each Owner expressly has assumed the risk, as against Declarant, that such products may be defective. Each Owner warranted that he or she had an adequate opportunity to investigate the condition of the manufactured products, and he or she relied solely on such independent investigation in purchasing the Unit.

29.6 No Other Warranties. TO THE FULLEST EXTENT ALLOWED BY LAW, DECLARANT HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTIES REGARDING CONSUMER PRODUCTS AS DEFINED IN THE MAGNUSSON-MOSS WARRANTY ACT OR THE UNIFORM COMMERCIAL CODE, WITH RESPECT TO THE BUILDINGS, UNITS, COMMON ELEMENTS, OR ANY OTHER PART OF THE CONDOMINIUM OTHER THAN THOSE EXPRESSLY DESCRIBED IN EACH UNIT SALES AGREEMENT. WITHOUT LIMITATION TO THE FOREGOING, AND EXCEPT FOR THE EXPRESS WARRANTY OF EACH UNIT SALES AGREEMENT, DECLARANT HAS MADE NO REPRESENTATION OR WARRANTY REGARDING (I) COMPLIANCE WITH APPLICABLE BUILDING CODES, (II) ACOUSTICS, CONSISTENCY OF FLOOR SLOPE, OR SOUND TRANSFERENCE WITHIN THE CONDOMINIUM, (III) LIGHT, AIR OR VIEW, OR (IV) THE ABILITY OF THE BUILDING ENVELOPE OR ANY COMPONENTS OF THE CONDOMINIUM TO WITHSTAND WATER INTRUSION. Declarant has made no warranty regarding sound transmission between Units or the level or adequacy of sound insulation in a Unit or the Common Elements. The terms of the warranties set forth in each Unit Sales Agreement shall not be extended by any warranty repair or replacement work performed or caused to be performed by Declarant or its representatives. Declarant shall not be responsible for and the warranties set forth in each Unit Sales Agreement shall not cover: (i) damage exacerbated by an Owner, the Association, or other parties, or allowed by an Owner or the Association to be exacerbated, including, without limitation, damages exacerbated by an Owner or the Association, as applicable, failing to allow Declarant access to the Unit or Condominium, as applicable, to perform warranty work; (ii) any modifications to a Unit, the Common Elements, or the Condominium made by parties other than Declarant; (iii) any items covered by a manufacturer's or supplier's warranty as set forth in Section 29.5 above; (iv) damage caused by normal wear and tear; or (v) conditions or defects caused by or resulting from the failure of Owner or the Association to perform normal and routine maintenance of a Unit and/or the Common Elements, as applicable.

29.7 Defects. For purposes of Declarant's warranties as set forth in each Unit Sales Agreement, "defect(s)" or "defective" means a flaw in the materials or workmanship used in constructing the Unit or Common Elements that: (i) materially affects the structural integrity of the Unit or Common Elements; (ii) has an obvious and material negative impact on the appearance of the Unit or Common Elements; (iii) jeopardizes the life or safety of the occupants of the Unit; or (iv) results in the inability of the Unit or the applicable Common Elements to provide the functions that can reasonably be expected in a condominium dwelling. So long as the Unit is completed substantially in accordance with Declarant's plans and specifications, minor deviations and variations therefrom such as, without limitation, paint color, window and

floor coverings, countertops and cabinets, appliances, plumbing and electrical fixtures, hardware and other decorations, and other finish work shall not be considered "defects." Deficiencies inherent in the quality of a particular component or element of a Unit and/or the Common Elements shall not be considered defects due to workmanship or materials. Conditions caused by or resulting from the failure of an Owner or the Association to perform normal and routine maintenance of a Unit and/or the Common Elements, as applicable, shall not be considered "defects." The Owners' maintenance obligations are set forth in the Limited Warranty and in the Bylaws. Any warranty work performed by Declarant and its representatives will be during Declarant's normal weekday hours, and Owner agrees to provide access therefor.

29.8 Right of Inspection. By appointment arranged in advance, Declarant, its agents and assigns shall have the continuing right, but not the obligation, after the conveyance of each Unit by Declarant to inspect an Owner's Unit and the Common Elements at reasonable times to identify and correct any conditions for which Declarant could potentially be responsible under the Unit Sales Agreement or any applicable law.

29.9 Acoustics, Light, Air and View. Declarant has made no representation or warranty regarding the existence of or changes in the level of noise, light, air or view benefiting or burdening any Unit specifically or the Condominium generally. Each Owner acknowledges that Declarant will have no liability if the current level of noise, light, air or view affecting a Unit changes due to future developments. Each Owner acknowledges that as is typical in residential condominiums, the Units are not soundproof and Declarant has made no warranty or representation regarding the degree that exterior sounds will infiltrate any Unit. Unit occupants may hear some degree of noise from the nearby streets, from nearby residences and from nearby common areas. The Association, and not Declarant, will have the responsibility of enforcing rules against disturbing other members of the Association, however noise occurring outside the Unit may be audible inside the Unit to some degree. Each Owner also acknowledges that any removal of the finished flooring or other alterations within a Unit or any other part of the Condominium may adversely affect the noise levels within the Units.

29.10 Mold. Each Owner acknowledges that mold is a commonly occurring natural substance that can grow in the Units and the Common Elements where water infiltration and humidity exist. Each Owner also acknowledges that there is controversy regarding whether and to what extent certain types of mold are toxic to humans. Each Owner understands and agrees that Declarant will not be liable for any property damage or bodily injury suffered by the Unit's occupants and resulting from the presence of mold. Each Owner is hereby advised to regularly cause his or her Unit and the Common Elements to be inspected for mold or any other dangerous condition. Owners should take prompt action to remedy underlying water infiltration and humidity conditions that are causing any mold discovered and thereby avoid any possibility of damage or injury from long-term exposure to mold.

29.11 Covenants Running with the Land. The provisions of this Section 29 are intended to touch and concern the Condominium and shall be deemed covenants running with the

land. Each and every term of this Section 29 shall, to the fullest extent allowed by law, bind each initial Owner of a Unit, the Association and each subsequent Owner or transferee of a Unit.

30. Disclosures: Disclaimers.

30.1 Unit Square Footage. Unit square footage may be different from the square footage shown on plans and specifications or advertising brochures, which are based on good faith estimates. Variations in size may be seen even between Units having the same floor plan.

30.2 Model Units. Model Units and their appurtenances and furnishings are displayed only for illustration purposes and shall not be deemed to be an agreement or commitment by Declarant to deliver the Unit being purchased by Owner in accordance with any such model Unit or with the same or similar appurtenances and furnishings shown in such model Unit. The furnishings, decorations, gas fireplaces, appliance drip pans, custom colors or textures, and other appurtenances and finish work in or to any model Unit are not included in the sale of the Unit(s); provided, however, that such items may be included in the sale of a specified model Unit if, and only to the extent, the Unit Sales Agreement for that model Unit specifically describes appurtenances and furnishings as part of the sale. Unless expressly stated otherwise in the Unit Sales Agreement, each Owner acknowledged that he or she was not purchasing a model Unit, each of which was professionally decorated and furnished.

30.3 Wood Flooring Disclosure. Wood is not a man-made product and consequently it is subject to variations in grain and color. These variations are among the characteristics which make wood attractive for use as a floor covering. On the other hand, because wood is a natural product, it is subject to seasonal expansion and contraction as a result of the normal fluctuation of temperature and humidity. There is more moisture in indoor air during warm wet weather such as is common in early summer than during winter months when forced air heating results in very dry indoor conditions. Wood flooring will absorb moisture from the air during wet conditions, consequently expanding in width, and lose moisture, then contracting, when conditions are drier. This gradual and continual expansion and contraction can result in cracks appearing in wood flooring from time to time. This cracking may be more accentuated near heat registers and appliances where warm dry air blows across the wood. These cracks may also appear accentuated due to the white stain used in today's popular floor finishes. Declarant cannot control moisture conditions during the life of the product and therefore cannot warrant the product against cracks which appear after move-in unless they exceed 1/8" in width and occur within the One-Year Warranty (as defined in the Unit Sales Agreement) period. When selecting wood as a floor finish, Owners are advised to take into account the proper care which it requires. Wood is very sensitive to liquid, therefore spills left standing will result in floor damage. Detergents and waxes cannot be used on wood flooring without damaging the finish and scratches and depressions are often the result of normal foot traffic and are difficult and costly to repair. High heeled shoes are often the culprit. Various carpet backings may cause a chemical reaction causing color gradation to the wood floor. Owners are advised to use caution in placing rugs over hardwood.

30.4 Vegetation. Grass, trees and other vegetation, if any, even if remaining at close of purchase of a particular Unit, escrow and occupancy, may not survive and may need to be replaced at the sole expense of the Association. No warranty of quality or survival was given by Declarant with respect to grass, trees and other vegetation. Further, each Owner is advised that native trees are often subject to governmental regulation and may not necessarily be removed at will.

30.5 Sound Transmission. As provided in the Unit Sales Agreement, each Owner acknowledges and agrees that it is normal to experience some transmission of sound between Units, that on occasion these sounds are heard in normal conditions with typical noise levels, that Declarant made no warranty regarding soundproofing, transmission of sound between units and/or levels or adequacy of sound insulation, and that transmission of sound between Units shall not be considered a construction defect. Each Owner further acknowledges that he or she has had ample opportunity to discern to his or her satisfaction the level of sound and sound transmission at the Unit at various times of day, that sound levels may differ over time depending on a variety of factors, and that he or she has accepted all current and potential future sound levels. The consideration paid to Declarant for each Unit reflects the Owner's acceptance of sound transmissions, and each Owner acknowledges that Declarant would have required a higher purchase price for any additional sound insulation or any warranties regarding sound.

30.6 Floodplain Restrictions. As required by 24 CFR 55.12(6)(iii), any construction and landscaping activities (except for minor grubbing, clearing of debris, pruning, sodding, seed, and similar activities) in any portions of the Condominium consisting of a 100-year floodplain, if any, shall be conducted only in ways that preserve such floodplain and no building shall be constructed within any such floodplain.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first written above.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company  
Its: Manager

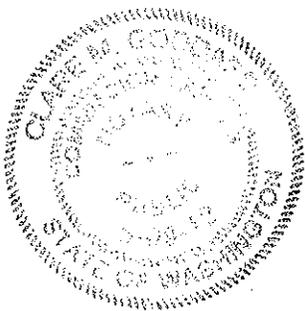
By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company  
Its: Sole Member

By: PNW HOME BUILDERS GROUP,  
INC., a Washington corporation  
Its: Managing Member

By: [Signature]  
Fred Gast  
Its: Assistant Vice President

STATE OF Washington )  
County of Clark ) ss.

The foregoing instrument was acknowledged before me on this 1 day of September 2010, by Fred Gast, who is the Assistant Vice President of PNW Home Builders Group, Inc., the Managing Member of PNW Home Builders, L.L.C., the Sole Member of PNW Home Builders South, L.L.C., the Manager of Red Leaf Carriage, L.L.C., a Washington limited liability company, on behalf of the limited liability company.



[Signature]  
Notary Public for 5/7/12  
My Commission Expires: Washington

The foregoing Declaration is approved pursuant to ORS 100.110 this 9<sup>th</sup> day of October, 2010 and in accordance with ORS 100.110(8), this approval shall automatically expire if this Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

By: Laurie Skillman

Name: LAURIE SKILLMAN

Title: LAND DEVELOPMENT MGR

\_\_\_\_\_  
County Assessor

\_\_\_\_\_  
County Tax Collector



APPROVED THIS 10<sup>th</sup> DAY OF November, 2010

DIRECTOR OF ASSESSMENT AND TAXATION  
(WASHINGTON COUNTY ASSESSOR)

BY:

A handwritten signature in black ink, appearing to read "Jim Roth", is written over a horizontal line.

CARTOGRAPHER

## EXHIBIT A

### Property Description

The Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, CITY OF HILLSBORO, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT BEING A 5/8" IRON ROD WITH YELLOW PLASTIC CAP INSCRIBED "FRONTIER LAND SURVEYING", SAID POINT BEARS NORTH 00°23'32" WEST, 1264.16 FEET (ALONG THE CENTERLINE OF N.W. 185TH AVENUE) AND NORTH 89°48'17" WEST, 679.80 FEET (ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF N.W. HOLLY STREET) FROM A 2" BRASS DISK AT THE SOUTHEAST CORNER OF SAID SECTION 36; THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE AND THE EASTERLY RIGHT-OF-WAY LINE OF N.W. EDGEWAY DRIVE, ALONG THE ARC OF A 14.50 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, THROUGH A CENTRAL ANGLE OF 90°00'00" (THE LONG CHORD BEARS SOUTH 45°11'43" WEST, 20.51 FEET), AN ARC DISTANCE OF 22.78 FEET TO A POINT OF TANGENCY; THENCE SOUTH 00°11'43" WEST, 169.38 FEET; THENCE LEAVING SAID EASTERLY RIGHT-OF-WAY LINE SOUTH 89°48'17" EAST, 129.60 FEET; THENCE NORTH 00°11'43" EAST, 122.80 FEET; THENCE NORTH 89°48'17" WEST, 22.00 FEET; THENCE NORTH 00°11'43" EAST, 17.00 FEET; THENCE SOUTH 89°48'17" EAST, 22.00 FEET; THENCE NORTH 00°11'43" EAST, 44.08 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF N.W. HOLLY STREET; THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE NORTH 89°48'17" WEST, 115.10 FEET TO THE INITIAL POINT.

## EXHIBIT B

### Additional Property Description

The Additional Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

A PORTION OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2009-002840, WASHINGTON COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 36, SAID POINT BEING ON THE CENTERLINE OF N.W. 185TH AVENUE; THENCE ALONG SAID CENTERLINE OF N.W. 185TH AVENUE NORTH 00°23'32" WEST, 498.96 FEET TO THE EASTERLY EXTENSION OF THE SOUTHERLY LINE OF TRACT 4 OF SAID DOCUMENT NUMBER 2009-002840; THENCE LEAVING SAID CENTERLINE ALONG SAID EASTERLY EXTENSION AND SOUTHERLY LINE NORTH 89°48'35" WEST, 702.17 FEET; THENCE LEAVING SAID SOUTHERLY LINE NORTH 00°11'43" EAST, 372.17 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00°11'43" EAST, 380.55 FEET TO THE BEGINNING OF A TANGENT CURVE; THENCE ALONG THE ARC OF A 14.50 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, THROUGH A CENTRAL ANGLE OF 90°00'00" (THE LONG CHORD BEARS NORTH 45°11'43" EAST, 20.51 FEET), AN ARC DISTANCE OF 22.78 FEET TO A POINT OF TANGENCY; THENCE SOUTH 89°48'17" EAST, 599.80 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF N.W. 185TH AVENUE; THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE SOUTH 00°23'32" EAST, 5.54 FEET; THENCE SOUTH 40°59'36" EAST, 36.88 FEET; THENCE SOUTH 00°23'32" EAST, 58.00 FEET; THENCE SOUTH 07°14'06" EAST, 50.36 FEET; THENCE SOUTH 00°23'32" EAST, 81.75 FEET; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY LINE SOUTH 89°37'12" WEST, 86.12 FEET; THENCE SOUTH 59°05'08" WEST, 97.52 FEET; THENCE SOUTH 25°28'40" WEST, 26.01 FEET; THENCE SOUTH 40°15'57" WEST, 42.45 FEET; THENCE SOUTH 01°51'49" EAST, 15.05 FEET; THENCE SOUTH 09°28'51" EAST, 21.22 FEET; THENCE SOUTH 41°26'46" WEST, 33.03 FEET; THENCE SOUTH 26°26'22" WEST, 24.99 FEET; THENCE SOUTH 11°58'08" WEST, 13.55 FEET; THENCE SOUTH 34°52'41" WEST, 20.21 FEET; THENCE SOUTH 40°19'03" WEST, 33.95 FEET; THENCE SOUTH 49°20'04" WEST, 4.83 FEET; THENCE NORTH 44°01'59" WEST, 40.50 FEET; THENCE NORTH 00°11'43" EAST, 80.73 FEET; THENCE NORTH 89°48'18" WEST, 89.94 FEET; THENCE SOUTH 60°11'43" WEST, 38.31 FEET; THENCE NORTH 89°48'17" WEST, 207.55 FEET; THENCE SOUTH 40°14'25" WEST, 17.26 FEET TO THE TRUE POINT OF BEGINNING.

## EXHIBIT C

### Area of Units and Allocations

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
44-102	1,270	1/20 <sup>th</sup>
44-104	886	1/20 <sup>th</sup>
44-106	659	1/20 <sup>th</sup>
44-108	1,270	1/20 <sup>th</sup>
44-201	1,288	1/20 <sup>th</sup>
44-202	1,170	1/20 <sup>th</sup>
44-203	659	1/20 <sup>th</sup>
44-204	659	1/20 <sup>th</sup>
44-205	659	1/20 <sup>th</sup>
44-206	659	1/20 <sup>th</sup>
44-207	1,288	1/20 <sup>th</sup>
44-208	1,170	1/20 <sup>th</sup>
44-301	1,375	1/20 <sup>th</sup>
44-302	1,169	1/20 <sup>th</sup>
44-303	659	1/20 <sup>th</sup>
44-304	659	1/20 <sup>th</sup>
44-305	659	1/20 <sup>th</sup>
44-306	886	1/20 <sup>th</sup>
44-307	1,276	1/20 <sup>th</sup>
44-308	1,268	1/20 <sup>th</sup>

**EXHIBIT D**

Assignment of Limited Common Element Parking Spaces

<u>Unit</u>	<u>Limited Common Element Parking Space as Identified on the Plat</u>
44-106	LCE P 44-106
44-203	LCE P 44-203
44-204	LCE P 44-204
44-205	LCE P 44-205
44-206	LCE P 44-206
44-303	LCE P 44-303
44-304	LCE P 44-304
44-305	LCE P 44-305

**EXHIBIT E**

Bylaws of The Carriages at Autumn Creek Condominium Owners Association

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**BYLAWS**  
**OF**  
**THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM OWNERS ASSOCIATION**

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## 1. GENERAL PROVISIONS.

1.1 Identity. The Carriages at Autumn Creek Condominium Owners Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which have been filed with the Corporation Division of the Oregon Secretary of State (the "Association"), has been organized for the purpose of administering the operation and management of The Carriages at Autumn Creek Condominium (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Red Leaf Carriage, L.L.C., a Washington limited liability company, in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is situated upon property located in the City of Hillsboro, Washington County, Oregon, as more particularly described in the Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium (the "Declaration"), which is being recorded simultaneously herewith in the official records of Washington County, Oregon.

1.2 Bylaws Subject to Other Documents. The provisions of these Bylaws are applicable to the Condominium and are expressly subject to the terms, provisions, and conditions contained in the Articles of Incorporation of the Association (the "Articles") and in the Declaration.

1.3 Defined Terms. Any capitalized term used in these Bylaws and not specifically defined herein shall have the meaning given to such term in the Declaration.

1.4 Applicability. All Owners, tenants and occupants of the Units, and each of their respective agents, servants, invitees, licensees, and employees that use the Condominium, or any part thereof, are subject to these Bylaws and all Rules and Regulations adopted by the Board from time to time in accordance with these Bylaws.

1.5 Office. The office of the Association shall be located in the City of Hillsboro, Oregon, or at any other place within the Portland, Oregon metropolitan area designated by the Association.

## 2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provision of these Bylaws, until the Turnover Meeting, Declarant shall have the powers and authorities reserved to Declarant in Section 20 of the Declaration.

2.2 Transitional Committee. Unless the Turnover Meeting has been held, Declarant shall call a meeting of the Owners within sixty (60) days after the conveyance to persons other than Declarant of fifty percent (50%) of all Units planned for the Condominium. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least ten (10) days but not more than fifty (50) days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than Declarant fail to select a transitional committee (the "Transitional Committee"), Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory

only and shall consist of two (2) or more members selected by Owners other than Declarant and one representative of Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records that Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by Declarant within ninety (90) days of the expiration of the period of Declarant's administrative control described in Section 20 of the Declaration. Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least ten (10) days but not more than fifty (50) days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the Turnover Meeting is not timely called by Declarant, the Turnover Meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting: (i) Declarant shall relinquish control of the administration of the Association to the Owners and the Owners shall assume control thereof; (ii) the Owners shall elect directors to serve on the Board (each a "Director" and collectively, the "Directors") as set forth in these Bylaws; and (iii) Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three-month period following the Turnover Meeting, Declarant or an informed representative of Declarant shall be available to meet with the Board on at least three (3) mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5) of the Act. If Declarant has complied with the terms of Section 100.210 of the Act, then, unless Declarant otherwise has sufficient voting rights as an Owner to control the Association, Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner of any unsold Unit. If a quorum of the Owners is not constituted at the Turnover Meeting or the Owners fail to elect at the Turnover Meeting a sufficient number of Directors to constitute a quorum of the Board, then any Owner or first Mortgagee of a Unit may: (i) call a special meeting for the purpose of electing Directors and shall give notice of the meeting in accordance with Section 2.7 below; or (ii) request a court to appoint a receiver as provided in Section 100.418 of the Act.

2.4 Annual Meetings. In the 12<sup>th</sup> month following the month in which the Turnover Meeting is held, the first annual meeting of the Owners shall be held. At the first annual meeting, the Directors elected at the Turnover Meeting shall resign and new Directors shall be elected by the Owners in accordance with Section 3.1 below. Thereafter, annual meetings shall be held in the same month as the initial annual meeting or in the month following, at such hour and on such date as the chairperson of the Board (the "Chairperson") may designate or, if the Chairperson fails to designate such date by the last day of the first month in which the meeting may be held, the meeting shall be held on the second Wednesday of the second month in which the meeting may be held, unless such date shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day. At such meetings, the Owners shall elect Directors to fill vacancies or to succeed retiring Directors as provided in Article 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

2.5 Place of Meetings. Meetings of the Owners shall be held at the principal office of the Association or at such other suitable and convenient place within the Portland, Oregon metropolitan area, as may be designated by the Board.

2.6 Special Meetings. Special meetings of the Association may be called by the Chairperson, a majority of the Board or upon a petition signed and presented to the secretary of the Association (the "Secretary") by the Owners of not less than thirty percent (30%) of the Units stating the purpose of the meeting. Notice of any special meeting shall state the purpose, time, and place of the meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or any proposal to remove a Director or an officer of the Association. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice of Meetings. The Chairperson or Secretary shall give written notice of each meeting of the Association at least ten (10) days but not more than fifty (50) days prior to the date set for such meeting, to each Owner of record (and to any first Mortgagee of record requesting such notice) in accordance with the notice procedures set forth in Section 13.1 or in any other manner permitted under the Act. Notwithstanding the foregoing, notice of a special meeting to approve an Extraordinary Action or Material Amendment must be given to each Owner (and to any first Mortgagee of record requesting such notice) at least twenty-five (25) days but not more than fifty (50) days prior to the date of the meeting. The notice of any meeting shall state the purpose, time, and place of the meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or any proposal to remove a Director or an officer of the Association. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. For a period of ten (10) years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to the Owners, and Declarant or a representative of Declarant shall be entitled to attend and participate in all such meetings. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

## 2.8 Voting.

2.8.1 Subject to Declarant's enhanced voting rights as set forth in Section 20 of the Declaration, the total number of votes of all Owners shall be equal to the total number of Units in the Condominium and each Owner shall be entitled to a number of votes equal to the number of Units owned by the Owner. Declarant shall be entitled to vote as the Owner of any Units retained by Declarant, and the Board shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; *provided, however*, that the Board shall not be entitled to vote such Units in any election of Directors.

2.8.2 If an Owner is in default under a first Mortgage on its Unit for ninety (90) consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any

time thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with the pledge has been filed with the Board. Amendments to this Section shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

2.8.3 If an Owner is in default for payment of assessments or other charges under these Bylaws, the Declaration or the Rules and Regulations for thirty (30) consecutive days or more, the Owner's voting rights shall be suspended until all outstanding amounts are paid in full, including any interest, penalties or late charges due thereon.

2.8.4 Voting by the Owners may be conducted in person, by proxy, by written or electronic ballot, or by absentee ballot if authorized by the Board, all in accordance with the Act.

2.9 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of the minor's estate, through a parent having custody of the minor.

2.10 Proxies and Absentee Ballots. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed and dated by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid (i) for over one year, or (ii) which is undated, or (iii) which purports to be revocable without notice, or (iv) after the meeting for which it was solicited (unless otherwise expressly stated in the proxy) and every proxy shall automatically cease upon sale of a Unit by its Owner. An Owner may revoke such Owner's proxy only as provided in Section 100.427 of the Act. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for absentee ballots shall include instructions for return delivery of the completed absentee ballot and information about whether or not the absentee ballot may be canceled if it is returned in accordance with the instructions. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee gives written notice of such pledge or assignment to the Board. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.11 Fiduciary, Corporate and Joint Owners. An attorney-in-fact, executor, administrator, conservator, guardian or trustee may exercise the vote with respect to any Unit owned or held by him or her in such capacity, whether or not the same shall have been transferred to his or her name; *provided, however,* that he or she shall satisfy the Secretary that he or she is the attorney-in-fact, executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or

other entity shall provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof. Unless a valid court order establishes the authority of a co-Owner to vote, 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 of the Owners then present, in the absence of protest by a co-Owner. 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 the matter voted upon.

2.12 Quorum. At any meeting of the Association other than the Turnover Meeting, the presence, in person, by proxy or by absentee ballot (if authorized by the Board), of a number of Owners holding at least thirty-four percent (34%) of the voting power of the Association shall constitute a quorum. For purposes of the Turnover Meeting, the presence, in person, by proxy or by absentee ballot (if authorized by the Board) of a number of Owners holding at least twenty percent (20%) of the voting power of the Association shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting until another date and time. The quorum requirement for a meeting following a meeting adjourned for lack of a quorum may be reduced as provided in Section 100.408(3) of the Act.

2.13 Binding Vote. The vote of the Owners holding more than fifty percent (50%) of the total voting power of the Owners present in person, by proxy or by absentee ballot (if authorized by the Board) at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws. Without limiting the foregoing, Extraordinary Actions must be approved in accordance with Section 26 of the Declaration.

2.14 Order of Business. The order of business at an annual meeting of the Association shall be:

- 2.14.1 Calling of the roll and certifying of proxies;
- 2.14.2 Proof of notice of meeting or waiver of notice;
- 2.14.3 Reading of minutes of the immediately preceding meeting;
- 2.14.4 Reports of officers;
- 2.14.5 Reports of committees, if any;
- 2.14.6 Election of Directors;
- 2.14.7 Unfinished business;
- 2.14.8 New business; and

#### 2.14.9 Adjournment.

2.15 Rules of Order. Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

2.16 Action Without a Meeting. Any action which applicable law, the Declaration or these Bylaws require or permit the Owners to take at a meeting may be taken without a meeting by written ballot if the procedures set forth in Section 100.425 of the Act are followed. For votes of the Owners by written ballot, the Board shall provide the Owners with at ten (10) days' notice before written ballots are mailed or otherwise delivered. The notice shall state the general subject matter of the vote by written ballot, the right of Owners to request secrecy procedures as specified in Section 100.425(2)(b) of the Act, the date after which ballots may be distributed, the date and time by which any petition requesting secrecy procedures must be received by the Board, and the address where such a petition may be delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Member, and instructions for mailing and returning the ballot. The secrecy procedures and the requirement to provide a secrecy envelope and return identification envelope shall not apply to the written ballot of an Owner if the consent or approval of that particular Owner is required under these Bylaws, the Declaration or the Act. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. All written ballots must set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall state the number of responses needed to satisfy any applicable quorum requirement, the required percentage of votes needed for approval, and the period during which the Association will accept written ballots for counting. Any vote that may be conducted by written ballot may also be conducted by electronic ballot subject to the procedures and requirements set forth in the Act for electronic ballots. An electronic ballot shall mean any ballot given by electronic mail, facsimile transmission, posting on a website or other means of electronic communication approved by the Board. Approval by written or electronic ballot shall be valid only when the number of votes cast by written or electronic ballot equals or exceeds any quorum required to be present if a meeting was held to authorize the action and the number of approvals equals or exceeds the number of votes required to approve the matter if a meeting was held to authorize the action. Notwithstanding the foregoing, action by written or electronic ballot may not substitute for: (i) the annual meeting of the Owners; (ii) a meeting of the Owners if the agenda includes a proposal to remove a Director; or (iii) a special meeting of the Owners called at the request of the Owners under Section 100.407(2)(a) of the Act.

### 3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board, which shall consist of one (1) to three (3) Directors prior to the Turnover Meeting and five (5) Directors thereafter. Until the Turnover Meeting is held, the Board shall consist of the Directors named in the Articles, subject to the appointment and removal powers of Declarant described in Section 20 of the Declaration; *provided, however,* that after selection of

the Transitional Committee pursuant to Section 2.2, one of the pre-turnover Directors shall be a member of the Transitional Committee (as the members of the Transitional Committee shall determine). At the Turnover Meeting, five (5) Directors shall be elected by the Owners to serve until the first annual meeting of the Association. At the first annual meeting of the Association, three (3) Directors shall be elected by the Owners to serve for a term of two (2) years and two (2) Directors shall be elected by the Owners to serve for a term of one (1) year. Those three (3) Directors receiving the three (3) highest vote totals shall serve for the initial two-year terms. Election by the Owners shall be by plurality. There shall be no cumulative voting for the election of Directors. At the expiration of the initial term of office of each Director elected or appointed at the first annual meeting of the Association, that Director's successor shall be elected or appointed as provided in this Section 3.1 to serve for a term of two (2) years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board, if elected or appointed as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board after the Director ceases to be an Owner. All Directors shall be individuals. If a corporation, limited liability company, partnership or trust owns a Unit or an interest in an entity that owns a Unit, then an officer, employee or agent of the corporation, member, manager, employee or agent of the limited liability company, partner, employee or agent of the partnership or trustee of the trust, as applicable, may serve as a Director. Additionally, an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for an Owner, or an officer or employee of an entity if the appointee is an entity, may serve as a Director. Prior to election to the Board, any individual wishing to serve on the Board in the capacity as a representative of an Owner in accordance with this Section 3.1 shall provide the Board with documentation satisfactory to the Board that the person is qualified to represent the Owner in compliance with the requirements of this Section 3.1. The term of an individual serving on the Board as a representative of an Owner in accordance with this Section 3.1 shall automatically terminate if the individual no longer meets the requirements set forth in this Section 3.1.

3.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts which by or under law, the Declaration or these Bylaws may not be performed by the Board or delegated to the Board by the Owners. The Board shall be governed by ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Operation, inspection, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property.

3.2.2 Determination of the amounts required for operation, inspection, maintenance, repair and replacement of the Common Elements and Association Property and the conduct of all other affairs of the Association, and the making of such expenditures.

3.2.3 Collection of the common expenses from the Owners.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the inspection, maintenance, upkeep and repair of the Common Elements; engagement of or contracting for the services of others; and making purchases for the inspection, maintenance, repair, replacement, administration, management and operation of the Condominium and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); *provided, however*, that, unless otherwise permitted under the Act, (i) any management agreement, service contract, or employee contract entered into before the Turnover Meeting shall not be in excess of three (3) years, and shall be terminable for any reason by the Association without penalty upon not less than thirty (30) days written notice to the other party given no later than sixty (60) days after the Turnover Meeting and (ii) any agreement for management services entered into after the Turnover Meeting on behalf of the Association shall have a reasonable term not exceeding three (3) years, shall be terminable by the Board without penalty or cause upon not more than ninety (90) days written notice and shall only be renewed with the express written consent of the Board and the property manager. If a first Mortgagee had previously required professional management, the Board may not terminate professional management and assume self-management unless the decision to do so is approved by one hundred percent (100%) of the total voting power of the Association and approved by at least fifty-one percent (51%) of the Mortgagees holding first Mortgages on the Units. Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 3.2.4 may be presumed by the Association if such Mortgagee fails to submit a response to a written request within sixty (60) days after it receives notice of the request by certified or registered mail, return receipt requested.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.30 hereof.

3.2.6 Maintaining bank accounts on behalf of the Association and designating the signatories required therefor.

3.2.7 Purchasing, leasing or otherwise acquiring, in the name of the Association or its designee, corporate or otherwise, on behalf of the Owners, Units offered for sale or lease or surrendered by their Owners to the Association, including without limitation, the purchasing of Units at foreclosure sales (judicial or non-judicial) or execution sales, provided that the purchase and/or acquisition of a Unit is approved by the Owners holding at least seventy-five percent ( 75%) of the total voting power of the Association.

3.2.8 Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Units of the Condominium acquired by the Association or its designee on behalf of all the Owners.

3.2.9 Organizing corporations to act as designees of the Association in acquiring title to or leasing Units by the Association on behalf of all Owners.

3.2.10 Obtaining and reviewing bonds and insurance, including directors' liability insurance, for the Association and the Condominium, including the Units, pursuant to the provisions of these Bylaws and in the case of such insurance, reviewing it at least annually.

3.2.11 Annually conducting a reserve study, or reviewing and updating an existing reserve study, of the Common Elements to determine the reserve fund requirements in accordance with Section 100.175 of the Act. The reserve study shall: (i) identify all items for which reserves are or will be established; (ii) include the estimated remaining useful life of each item as of the date of the reserve study or update thereof; and (iii) include for each item, as applicable, an estimated cost of maintenance, repair and replacement at the end of the item's useful life.

3.2.12 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws and Sections 21 and 22 of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof.

3.2.13 Making additions and improvements to, or alterations of, the Common Elements; *provided, however*, that no such project of a non-structural or non-capital nature may be undertaken by the Board if the total cost will exceed the amount of Ten Thousand Dollars (\$10,000), unless (i) the Owners holding at least seventy-five percent (75%) of the voting power of the Association have approved the project or (ii) the expenditure is authorized in the annual budget of the Association. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.2.1 or to work that is urgently needed for life, safety or structural integrity reasons.

3.2.14 After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, these Bylaws, and/or the Rules and Regulations based on a resolution of the Board that is delivered to the Unit Owner in accordance with the notice provisions set forth in Section 13.1 below.

3.2.15 Borrowing money on behalf of the Association when required in connection with the inspection, operation, care, upkeep, and maintenance of the Common Elements and Association Property; *provided, however*, that (i) the consent of Owners holding at least seventy-five percent (75%) of the voting power of the Association shall be required for the borrowing of any individual sum or aggregated sums for the calendar year in question in excess of fifteen percent (15%) of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements and Association Property, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of the Owner of such Unit. If any sum borrowed by the Board on behalf of the Association pursuant to the authority contained in this Section 3.2.15 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against such Owner's Unit.

3.2.16 Adjusting and settling claims under insurance policies and executing and delivering releases on settlement of such claims on behalf of all Owners, all holders of Mortgages or other liens on the Units, and all Owners of any other interest in the Condominium.

3.2.17 Filing all appropriate income tax returns.

3.2.18 Filing of the Annual Report described in Section 100.260 of the Act with the Real Estate Agency pursuant to Section 100.250 of the Act.

3.2.19 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Board or Association to take any specific action to enforce violations.

3.2.20 In conjunction with preparing and updating the reserve study, establish, periodically update, and implement a maintenance plan for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under the Declaration, these Bylaws or the Act (the "Maintenance Plan"). The Maintenance Plan shall: (i) describe the maintenance, repair and replacement to be conducted; (ii) include a schedule for the maintenance, repair and replacement; (iii) be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and (iv) address issues that include, but are not limited to, warranties and the useful life of the items for which the Association has maintenance, repair or replacement responsibility. The Maintenance Plan shall comply with Section 100.175 of the Act and shall provide for not less than annual inspections of the Property for evidence of water intrusion or other needed repairs by a knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. For a period of ten (10) years following recording of the Declaration, Declarant shall be notified prior to the inspections, shall have a right for Declarant or its employees or contractors to be present during the inspections and have a right to receive a copy of the inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

3.3 Limitation. The powers of the Board enumerated in these Bylaws shall be limited in that the Board shall have no authority to (i) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding ten percent (10%) of the estimated total budget of the Association for such calendar year, or (ii) enter into agreements having a term in excess of three (3) years, except agreements specifically authorized in these Bylaws or the Act, without, in each case, the prior approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association.

3.4 Organizational Meeting. Within thirty (30) days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the Board shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.5 Regular and Special Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board may be called by the Chairperson and must be called by the Secretary at the written request of at least two (2) Directors. Notice of any special meeting shall be given to each Director at least two (2) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board shall be open to the Owners except that the following matters and such other matters as are permitted by the Act, if any, may be considered in executive session: (a) consulting with legal counsel, *provided, however,* that the Board shall not initiate legal proceedings against Declarant or any Director without first obtaining the approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiating of contracts with third parties; and (d) discussing the collection of unpaid assessments. Except in the event of an emergency, the Board shall vote in an open meeting on whether to meet in executive session. If the Board votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of each meeting of the Board shall be posted at a place or places on the Property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting. For a period of ten (10) years following the recordation of the Declaration, notices of all Board meetings shall also be given to Declarant in the same manner as given to the Directors and Declarant or a representative of Declarant shall be entitled to attend and participate in all such meetings. Meetings of the Board may be conducted by any means of communication that allows the Directors to hear each other simultaneously or otherwise to communicate during the meeting. The meeting and notice requirements in Section 100.420 of the Act may not be circumvented by chance or social meetings or by any other means. Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Board shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.6 Waiver of Notice. Any Director may at any time waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice of the time and place thereof, except where a Director attends the meeting for the sole purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the Directors are present at any meeting of the Board, then no notice to Directors shall be required and any business may be transacted at such meeting.

3.7 Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the act of the Board. A Director who is present at a meeting of the Board at which action is taken on any Association matter is presumed to have assented to the action unless the Director votes against the action or

abstains from voting on the action because the Director claims a conflict of interest. If at any meeting of the Board there shall be less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.8 Removal. At any regular or special meeting of the Owners, any one or more of the Directors may be removed with or without cause, but only by approval of at least a majority of the Owners, notwithstanding the quorum provisions of Section 2.12, and a successor may then and there or thereafter be elected by the Owners to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.9 Resignation. Any Director may resign at any time by sending a written notice of such resignation to the office of the Association, addressed to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary.

3.10 Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director pursuant to Section 3.8 shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected or appointed shall be a member of the Board for the remainder of the term of the member whose position was vacated and until a successor shall be elected or appointed as provided in these Bylaws at the next annual meeting of the Owners.

3.11 Compensation. No Director shall receive any compensation from the Association for acting in such capacity, but shall be reimbursed for his reasonable out-of-pocket expenses.

3.12 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. To the fullest extent authorized by law and the Articles, the personal liability of each Director (including pre-turnover Directors) to the Association or its Owners for monetary damages for conduct as a Director shall be eliminated. Each Director (including pre-turnover Directors) and officer and the manager or managing agent, if any, shall be indemnified and held harmless by the Association, to the fullest extent permitted by law, from and against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon such person in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having been a Director (including pre-turnover Directors), officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof. The foregoing rights of indemnification shall be in addition to and not exclusive of any and all other rights conferred on such persons under any agreement, vote of the Owners or otherwise.

3.13 Insurance. The Board shall comply with the insurance requirements contained in Article 9 of these Bylaws. In addition, the Board, in its discretion, may obtain such

other insurance as it deems necessary to protect the interests of the Association, the Board or the Owners.

3.14 Special Committees. The Board by resolution may designate one or more special committees, each committee to consist of three or more Owners which, to the extent provided in such resolution, shall have and may exercise the powers set forth in such resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committee shall keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the Chairperson. The Board or the Chairperson may appoint Owners to fill vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

3.15 Action Without a Meeting. Any action which the Act, the Declaration or these Bylaws require or permit the Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Board, shall be filed in the records of minutes of the Association.

#### 4. OFFICERS.

4.1 Designation. The principal officers of the Association shall be the Chairperson, the Secretary and a treasurer (the "Treasurer"), all of whom shall be elected by the Board. The Board may appoint a vice chairperson (the "Vice Chairperson"), an assistant treasurer (an "Assistant Treasurer"), an assistant secretary (an "Assistant Secretary") and such other officers as in its judgment may be desirable. None of the officers need be Owners until the Board is elected by the Owners at the Turnover Meeting. Thereafter, all officers shall be Owners (or officers, directors, shareholders, partners, employees or beneficiaries, or members of the respective families, of Units owned by corporations, partnerships, fiduciaries or Mortgagees).

4.2 Election. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office shall become vacant, the Board shall elect a successor to fill the unexpired term at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4.3 Removal. Upon the affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

4.4 Chairperson. The Chairperson shall be the chief executive officer of the Association and shall preside at all meetings of the Owners and of the Board. The Chairperson shall have all of the general powers and duties which are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as are appropriate to assist in the conduct of the affairs of the Association as determined by the Chairperson in his or her discretion.

4.5 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform the Chairperson's duties whenever the Chairperson shall be absent or unable to act. If neither the Chairperson nor the Vice Chairperson is able to act, the Board shall appoint some other member of the Board to act in the place of the Chairperson on an interim basis. The Vice Chairperson shall also perform such other duties as shall from time to time be prescribed by the Board or by the Chairperson.

4.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the minutes of all meetings of the Association. The Secretary shall attend to the giving and serving of all notices to the Owners and Directors required by these Bylaws and other notices required by law, shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice Chairperson, taking the place of the Vice Chairperson and performing the Vice Chairperson's duties whenever the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

4.7 Treasurer. The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, shall disburse funds of the Association upon properly authorized vouchers, and shall, in general, perform all other duties incident to the office of Treasurer of an association and such other duties as may be assigned to him by the Board.

4.8 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board. All checks, wire transfer instructions, authorizations and other similar instruments for amounts up to Ten Thousand Dollars (\$10,000) may be executed by the professional property management company for the Condominium if authorized by general or special resolution of the Board, and, in the absence of any such general or special resolution, then such instrument or authorization shall be signed by the Treasurer, or in his absence or disability, by the Chairperson or another person duly authorized by the Board. Notwithstanding the foregoing, all checks, wire transfer instructions, authorizations or other similar instruments for amounts in excess of Ten Thousand Dollars (\$10,000) shall require the signatures of (i) the Chairperson and Treasurer, or (ii) the Chairperson or Treasurer and one other officer of the Association.

4.9 Compensation of Officers. No officer who is a member of the Board, other than the Secretary and Treasurer, shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners. The Board may fix any reasonable compensation to be paid to the Secretary, Treasurer and any officers who are not also Directors.

## 5. BUDGET, EXPENSES AND ASSESSMENTS.

### 5.1 Budget.

5.1.1 The Board shall from time to time, at least annually, prepare and adopt a budget for the Association, estimate the common expenses expected to be incurred, less any previous over assessment, and assess the common expenses in accordance with Section 7.1 of the Declaration. The budget shall provide for an adequate reserve fund for funding major maintenance, repair and replacement of those Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any, in accordance with Section 5.2 of these Bylaws. The Board shall advise each Owner in writing of the amount of common expenses payable by the Owner, and furnish copies of each budget and amended budget on which such common expenses are based to all Owners, Declarant (for at least ten (10) years after the recordation of the Declaration), and, if requested, to their Mortgagees, at least thirty (30) days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to an Owner shall not affect the liability of the Owner for any such assessment. If the Board fails to adopt an annual budget, the last adopted budget shall continue in effect. Nothing herein contained shall be construed as restricting the right of the Board to, at any time, in its sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 20 of the Declaration shall be based on Declarant's good faith projection of the requirements of the Association for the period in question. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association for such period. Such projection need not include (a) items that reasonably could be funded from operating assessments or (b) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more Unit Owners under the provisions of the Declaration or these Bylaws. **The reserve study on which such projection is based assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to the Declaration, these Bylaws, the Maintenance Plan and the Act. If the Board fails to perform the required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** After the Turnover Meeting, the Board shall be responsible, in its sole discretion, for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 3.2.20 above.

5.1.2 Within thirty (30) days after adoption of any proposed budget for the Condominium following the Turnover Meeting, the Board shall provide a summary of the budget to all Owners and to Declarant for a period of ten (10) years following recordation of the Declaration.

5.2 Reserve Fund for Replacing Common Elements. Declarant shall, on behalf of the Owners, conduct a reserve study as required by the Act, prepare the initial Maintenance Plan

described in Section 3.2.20 above and as required by the Act and establish in the name of the Association a reserve fund for funding major maintenance, repair and replacement of those Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements which will normally require replacement in more than one (1) year and less than thirty (30) years such that the reserve fund is reasonably expected to provide sufficient funds for major maintenance, repair and replacement of such Common Elements and for the painting of exterior painted surfaces of the Common Elements, if any. Declarant, in establishing the reserve fund, shall rely on the reserve study in making a projection of the requirements of the Association with respect to the major maintenance, repair and replacement of such Common Elements and for the painting of exterior painted surfaces of the Common Elements, if any. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association. Such projection need not include (a) items that can reasonably be funded from operating assessments or (b) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more, but less than all, Owners under the provisions of the Declaration or these Bylaws. Declarant may elect to defer payment of the assessments for the reserve fund with respect to each Unit until the time of conveyance of the Unit, provided that Declarant may not defer payment of such reserve assessments beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association. The Board shall annually conduct a reserve study or review and update an existing reserve study of the Common Elements to determine reserve account requirements. The reserve study shall include all information required by the Act. After reviewing the reserve study or reserve study update, the Board may, without any required approval or other action of the Owners, adjust the amount of payments into the reserve account in accordance with the reserve study or reserve study update and provide for other reserve items that the Board, in its discretion, may deem appropriate. If, after reviewing the reserve study or reserve study update, the Board determines that the reserve account will be adequately funded for the following year, then the Board may vote to reduce or eliminate funding of the reserve account for that particular year. Additionally, following the Turnover Meeting, on an annual basis, the Board, with the approval of all Owners, may elect not to fund the reserve account for the following year regardless of whether or not the reserve account is fully funded. Any funds established for any of the purposes mentioned in this Section 5.2 shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board. The amount of the reserve fund shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for major maintenance, repair and replacement of the Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any, and is to be kept separate from the operating expense assessments. After the Turnover Meeting, however, the Board may borrow amounts from the reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other unexpected increases in expenses which will later be paid from special or regular assessments, if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds and, prior to adopting such a resolution, has provided advance written

notice of the resolution to all Owners and, for a period of ten (10) years following the recordation of the Declaration, to Declarant and its successors and assigns. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a repayment plan providing for repayment of the borrowed funds within a reasonable period. Repayment of such amounts borrowed from the reserve fund shall include any interest that would otherwise have been earned on such amounts.

**5.3 Assessments and Reserves.** THE PROJECTION OF THE BUDGET OF THE ASSOCIATION OF UNIT OWNERS FOR THE OPERATION AND MAINTENANCE AND OTHER COMMON EXPENSES OF THE CONDOMINIUM IS ONLY AN ESTIMATE. INITIAL ASSESSMENTS MAY BE HIGHER THAN SHOWN IN THE PROJECTED BUDGET, AND ASSESSMENTS ARE LIKELY TO INCREASE OVER TIME. RESERVE PROJECTIONS MAY INCREASE AND MAY VARY SUBSTANTIALLY FROM THE ACTUAL REQUIREMENTS OF THE ASSOCIATION IMPOSED ON UNIT OWNERS.

**5.4 Determination of Common Expenses.** Common expenses shall include:

5.4.1 Expenses of administration.

5.4.2 Cost of insurance or bonds obtained in accordance with these

Bylaws.

5.4.3 A general operating reserve, sufficient to pay the amount of the deductible on any insurance policy held by the Association under Section 9.1.1.

5.4.4 Reserve for major maintenance, repair and replacement of the Common Elements and for painting any exterior painted surfaces of the Common Elements as needed.

5.4.5 The costs of the annual reserve study required by the Act, or the renewal and update thereof.

5.4.6 The costs of establishing, updating and implementing the Maintenance Plan.

5.4.7 Any deficit in common expenses for any prior period, and any accrued interest or late charges thereon.

5.4.8 Utilities for the Common Elements and other utilities not separately metered or charged.

5.4.9 Services of any person or firm to act on behalf of the Owners in connection with any other matter where the respective interests of the Owners are deemed by the Board to be similar and nonadverse to each other.

5.4.10 Professional management services, gardening, landscaping, snow removal, waste removal, painting, cleaning, and inspection, maintenance, decorating, repair and replacement of the Common Elements and Association Property and such machinery and

equipment for the Common Elements and Association Property as the Board shall determine are necessary and proper, which the Board shall have the exclusive right and duty to acquire for the Common Elements and Association Property.

5.4.11 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and which the Board determines should be assessed to the Owners under Section 5.5.

5.4.12 The discharge of any mechanic's lien or other encumbrance levied against the entire Condominium or against the Common Elements or Association Property, rather than merely against the interests therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of such lien or liens shall be specifically assessed to the responsible Owners.

5.4.13 Inspection, maintenance and repair of any Unit if the Board determines that such inspection, maintenance or repair is necessary to protect the Common Elements, Association Property, another Unit, or any other portion of the Property, and the Owner of the Unit has failed or refused to perform such maintenance or repair in accordance with these Bylaws, the Maintenance Plan or the Declaration within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board to such Owner, provided that the Board may levy a special assessment against such Owner for the cost of such maintenance or repair.

5.4.14 Any other items properly chargeable as an expense of the Association.

#### 5.5 Assessment of Common Expenses.

5.5.1 All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws. Assessments may not be waived due to limited use or nonuse of Common Elements and no Owner may claim an offset against assessments for failure of the Board to perform its obligations. Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 7.1.3 of the Declaration. At the time of closing of the initial sale of each Unit, the purchaser shall make the contribution described in Section 5.6.3 to the working capital fund. The Board, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due which remains unpaid by him for more than ten (10) days from the due date for its payment (except as provided above for Declarant).

5.5.2 If Additional Property (as defined in the Declaration) is annexed to the Condominium, the Association shall, within sixty (60) days after the annexation, recompute the common expense budget based upon the additional Units and Common Elements and recompute all applicable assessments for each Unit in accordance with Section 11.4 of the Declaration. Newly annexed Units shall be subject to assessment beginning upon the date of annexation, unless Declarant elects to defer the commencement of assessments (other than reserve fund assessment in accordance with Section 5.2 of these Bylaws) as provided in Section 7.1.3 of the Declaration. The Association shall send notice of any applicable assessment to the Owners of newly annexed Units not later than sixty (60) days after the annexation or, if common expense assessments (other than reserve assessments) are deferred as provided in Section 7.1.3 of the Declaration no later than ten (10) days before commencement of such assessments. If Additional Property is annexed to the Condominium during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Units which were within the Condominium prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners not later than sixty (60) days after the annexation. Assessments under this Section 5.5.2 shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

#### 5.6 Special Assessments.

5.6.1 Capital Improvements. In the case of any duly authorized capital improvement to the Common Elements, the Board may by resolution establish separate assessments for the same, which may be treated as contributions by the Owners for capital improvements, and the proceeds of which shall be used only for the special capital improvements described in the resolution.

5.6.2 Other Reserve Trust Funds. The Board may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 5.2 of these Bylaws. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the Owners according to each Owner's percentage ownership in the Common Elements. The Board shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses which is due more than thirty (30) days after the delivery or mailing of such notice of further assessment. Any reserve fund established by Declarant shall be based upon Declarant's good faith projection of the applicable reserve requirements of the Association, but such projection may vary substantially from the actual requirements of the Association.

5.6.3 Working Capital Fund. Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in

Section 5.5. At the time of closing of the initial sale and each subsequent sale of a Unit, the purchaser shall make an initial contribution to the working capital fund equal to two months of Association assessments for the Unit, but, in any event, not less than the amount that may have been contributed to the working capital fund on behalf of such Unit by Declarant under this Section 5.6.3. At or prior to the Turnover Meeting, Declarant shall make a contribution to the working capital fund equal to two months of Association assessments for all Units then existing but not yet conveyed to persons other than Declarant; *provided, however*, that the contribution by the initial purchaser of a Unit described in the preceding sentence shall be paid to Declarant at the closing of such purchase in reimbursement of contributions made to the working capital fund by Declarant. At or prior to the Turnover Meeting, Declarant shall transfer the amount of the reserve fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.2 of these Bylaws. During the period of administrative control described in Section 20 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

5.7 Violation by Owners; Remedies. A violation of the Rules and Regulations or other determination duly adopted by the Board, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Association and its agents the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Association or its agents, shall not thereby be deemed guilty in any manner of trespass; *provided, however*, that the Association must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Association in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 7.3 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of such Owner's respective share of the common expenses. The Association shall have a lien for all of the same upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Unit or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, on behalf of the Association by the Board. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner's Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.8 Liability of Owners. An Owner shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family, or his or their guests, employees, servants, invitees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing in these Bylaws, however, shall be construed to modify any waiver by insurance companies of rights of subrogation. The expense of any such maintenance, repair or replacement shall be charged to the responsible Owner as a specific item, which shall be a lien against the corresponding Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.9 No Waiver. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by any of the provisions of the Declaration, these Bylaws or any Rules or Regulations shall not constitute a waiver of the right of the Association or an Owner to enforce such right, provision, covenant or condition in the future.

5.10 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments regarding a Unit that, in violation of these Bylaws, is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

## 6. RECORDS AND AUDITS.

6.1 General Records. The Board and the managing agent or manager, if any, shall keep records of the actions of the Board and the managing agent or manager, minutes of the meetings of the Board and minutes of the meetings of the Association and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property. The Board shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units to the extent the Board has been notified of such Mortgagees. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Articles, the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5; (iii) the current operating budget of the Association and the current reserve study and Maintenance Plan for the Condominium; and (iv) all documents, information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for

inspection within the State of Oregon by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours, except as otherwise permitted under Section 100.480 of the Act. For a period of ten (10) years following the recordation of the Declaration, the Secretary shall mail to Declarant within thirty (30) days after the creation, adoption or recordation of such documents, as applicable, copies of the foregoing documents, including without limitation, written consents of the actions of the Board and minutes of the meetings of the Association and the Board.

6.2 Records of Receipts and Expenditures. The Board or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

6.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books or on a computerized accounting program in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of each assessment against the Owner, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

6.4 Payment of Vouchers. Vouchers and instruments shall be authorized and signed in accordance with Section 4.8 above.

6.5 Reports and Audits. Within ninety (90) days after the end of each fiscal year, the Board shall prepare or cause to be prepared an annual financial statement of the Association consisting of at least a balance sheet and income and expense statement for the preceding fiscal year (the "Annual Financial Statement") and shall distribute a copy of the Annual Financial Statement to each Owner and to each Mortgagee who has requested the same in writing. If the Association has annual assessments exceeding \$75,000 for any fiscal year following the Turnover Meeting, then pursuant to Section 100.480(4) of the Act, the Board shall cause the Annual Financial Statement for that fiscal year to be reviewed within one hundred and eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Pursuant to Section 100.480(6) of the Act, the Association may elect on an annual basis not to comply with the review requirements set forth in Section 100.480(4) of the Act by an affirmative vote of at least 60% of the Owners, not including the votes of Declarant with respect to Units owned by Declarant. If the Association has annual assessments of \$75,000 or less for any fiscal year, then pursuant to Section 100.480(5) of the Act, the Board shall cause the most recent Annual Financial Statement to be reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants within one hundred and eighty (180) days after the Board receives a petition requesting such review signed by at least a majority of the Owners. At any time any Owner or Mortgagee may, at its own expense, cause an audit or inspection to be made of the books and records of the Association. In addition, the Board shall not less than annually provide each Owner and Declarant, including its

successors and assigns, a written report regarding the Association's compliance with the Maintenance Plan.

6.6 Notice of Sale or Mortgage. Immediately upon the closing of any sale or Mortgage of any Unit, the Owner shall promptly inform the Secretary or manager of the name and address of the purchaser or Mortgagee.

6.7 Statement of Assessments. Within ten (10) business days after receipt of a written request from an Owner or Owner's agent for the benefit of a prospective purchaser of such Owner's Unit(s), the Association shall provide a written statement detailing the amount of assessments due from such Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, late payment charges, the percentage rate at which interest accrues on assessments not paid when due, and the percentage rate used to calculate the late payment charges or the amount of a fixed charge for late payment. The Association is not required to comply with the foregoing request if the Association has commenced litigation by filing a complaint against the Owner, and the litigation is pending when the statement would otherwise be due.

## 7. OCCUPATION AND USE.

7.1 Rentals. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1. As used herein, "Leasing," "Renting," "Leased" or "Rented" means the granting of a lease, sublease, right to use or to occupy a Unit for a specified term or indefinite term in exchange for the payment of rent (that is, money, property or other goods or services of value) but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. With the exception of a lender in possession of a Unit following a default under a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his Unit for hotel or transient purposes, or for any period of fewer than thirty (30) days.

7.1.1 No Partial Leases. No Owner of a Unit may Lease less than the entire Unit.

7.1.2 Written Leases. All Leasing or Rental agreements shall be in writing and shall expressly state that they shall be subject to the Declaration and these Bylaws (with a default by the tenant in complying with the Declaration and/or these Bylaws constituting a default under the Lease or Rental agreement).

7.1.3 Payment by Tenant or Lessee to Association. If a Unit is Rented or Leased by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board. Such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner and the Unit under the Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its

Owner, nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

7.1.4 Approval of Lease. Each Owner desiring to rent his Unit shall submit for approval by the Board the lease agreement with the prospective renter or lessee. The Board shall approve such lease agreement as long as (a) any charge due the Association in connection with its review of the lease agreement has been paid by the Owner and (b) the Board determines that the lease agreement satisfies the requirements of the Declaration and these Bylaws relating thereto.

7.1.5 Limitation of Number of Rented Units. At no time shall more than thirty percent (30%) of the Units be rented or occupied by non-Owner occupants. In order to insure that the foregoing limitation is not exceeded, Owners who intend to rent or grant occupancy rights to their Units shall provide thirty (30) days written notice to the Board of their intentions. Each such Owner may proceed to rent or grant occupancy to non-Owner occupants for his or her Unit unless such Owner is provided written notice of the Board's refusal to allow such rental or non-Owner occupancy because such rental or non-Owner occupancy would exceed the limitation of the foregoing sentence. In the event of such Board refusal, the requesting Owner shall not rent or grant occupancy to any person until the Board notifies him or her that such rental or occupancy would not violate the limitation on non-Owner occupied Units. The Board shall maintain a list of Owners who requested and were denied the ability to rent or grant non-Owner occupancy of their Units, on a first-come, first-serve basis and shall promptly notify each Owner on such list as it becomes permissible to rent or grant non-Owner occupancy of such Owners' Unit.

7.1.6 No Other Restrictions. Other than as stated in this Section 7.1, there is no restriction on the right of any Owner to Lease or otherwise Rent his or her Unit.

7.1.7 Declarant's Activities. The restrictions contained in this Section 7.1 shall not apply to the Leasing or Renting of Units owned by Declarant.

7.2 Insurance Risk. No Unit or Common Element shall be occupied or used by anyone in such a manner as to result in an increase in the cost of casualty or liability insurance on the Condominium or the risk of cancellation, or threat of cancellation, of any policy of insurance on the Condominium or any Unit or Common Elements.

7.3 Compliance. Each Owner shall comply and shall require all residents, lessees, servants, invitees, employees and visitors to his Unit to comply with the Act, the Declaration, these Bylaws and the Rules and Regulations adopted pursuant thereto. An Owner shall continue to be responsible for compliance with all of the foregoing, notwithstanding that the Unit is Leased or Rented in violation of these Bylaws.

7.4 Alterations. No Owner shall make or allow any structural alterations in or to his Unit, or alter the exterior design or color of any part of the Owner's Unit normally visible from the exterior thereof (including any alteration of the window coverings for the Owner's Unit) or make an installation or any change to an installation upon the Common Elements, or maintain, decorate, alter or repair any part of the Common Elements, without the prior consent in

writing of the Board. The Board shall consider the granting of such consent only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board shall deem appropriate. The Board shall provide a copy of such submission materials to Declarant upon receipt. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board, for such professional review. During the course of construction and after completion of same, the Board may cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board, upon demand. The Board shall provide reasonable advance notice to Declarant of its inspection and Declarant or its contractors or agents may, but shall not be obligated to, inspect the work concurrently with the Board's professional advisors. Prior to commencement of construction, the Owner shall provide the Board with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. An Owner may not remove any partition walls separating contiguous Units. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board, each in the amount of at least one hundred twenty-five percent (125%) of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

7.5 Residential Use. The Units shall be used for: (i) residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling; (ii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iii) for purposes of operating the Association and managing the Condominium. An Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Condominium; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Condominium; and (iv) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board.

7.6 Non-Interference. Each Unit shall be used only for such purpose and to such extent as will not overload or interfere with any Common Elements or the enjoyment of adjacent Common Elements by the other Owners.

7.7 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Without limitation of the foregoing, no woodpiles shall be permitted outside of any Unit and no Owners shall allow the storage or use of hazardous substances in their Units other than normal cleaning materials stored and used in

accordance with applicable law. Additionally, Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents, employees or vendors.

**7.8 Offensive or Unlawful Activities.** No noxious or offensive activities shall be carried on upon the Condominium, Unit, Common Elements, or any part thereof, nor shall anything be done or placed in, on or under any part of the Condominium or any Unit which unreasonably interferes with or jeopardizes the enjoyment of the Condominium, or which is a source of unreasonable annoyance to residents. No unlawful use shall be made of the Condominium or any part thereof, and all laws, zoning ordinances, regulations or any other Legal Requirement (as defined in the Declaration) of all governmental authorities having jurisdiction thereof shall be strictly complied with. Construction of buildings and improvements that are part of or are scheduled to become a part of the Condominium shall not violate this Section. Compliance with any Legal Requirements shall be accomplished by and at the sole expense of the Owner or Association, as the case may be, whichever shall have the obligation to maintain and repair the portion of the Condominium affected by any such Legal Requirement. Each Owner shall give prompt notice to the Board of any written notice received of the violation of any Legal Requirement affecting the Owner's Unit or the Condominium. Notwithstanding the foregoing provisions, an Owner may, at his expense, defer compliance with and contest, by appropriate proceedings prosecuted diligently and in good faith, the validity or applicability of any Legal Requirement affecting any portion of the Condominium which such Owner is obligated to maintain and repair, and the Board shall cooperate with such Owner in such proceedings, *provided that*:

7.8.1 Such Owner shall pay and shall defend, save harmless, and indemnify the Board, the Association, and each other Owner against all liability, loss or damage which any of them respectively shall suffer by reason of such contest and any noncompliance with such Legal Requirement, including attorneys' fees and other expenses incurred;

7.8.2 Such Owner shall keep the Board advised as to the status of such proceedings; and

7.8.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 5.7.

**7.9 Contested Legal Requirements.** An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.8, *provided that* noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest. The Board may also contest any Legal Requirement without being subject to the conditions described in Section 7.8 as to contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.9 as to deferral

of compliance by an Owner, and the costs and expenses of any contest by the Board shall be a common expense.

7.10 Parking Areas. All garage areas within Units and other parking areas included in the Common Elements shall be subject to the provisions of this Section 7, as well as the rules and regulations thereon adopted by the Board pursuant to Section 7.30. Garage areas within Units and other parking areas within the Condominium are restricted to use for parking of operative primary and secondary motor vehicles. Parking of boats, truck campers, recreational vehicles, or similar vehicles or equipment shall not be permitted. Parking areas shall not be used for storage of personal property unless fully enclosed within the garage portion of a Unit. The Board shall require removal of any inoperative or improperly licensed vehicle, or any unsightly vehicle, or any other equipment or item improperly stored in the garage portion of any Unit or any other parking area within the Condominium. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof.

7.11 Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked upon any part of the Condominium for a period in excess of 48 hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably determines that its presence offends the residents of the Condominium. Should any Owner fail to remove such vehicle within two days following the date on which notice is mailed to such Owner by the Board, the Board may have the vehicles removed from the Condominium and charge the expense of such removal to the Owner.

7.12 Vehicles in Repair. No vehicle maintenance or repair involving motor oils, fuels, or other lubricants or solvents shall be permitted anywhere within the Condominium.

7.13 On-Site Vehicle Washing. On-site vehicle washing shall be permitted only in paved areas that discharge all waste to a water quality treatment facility.

7.14 Common Streets and Sidewalks. Common streets and sidewalks and other Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

7.15 Signs. No signs shall be erected or maintained on any part of the Condominium by anyone other than Declarant or its affiliates or their respective agents, employees, or contractors except signs that have been approved in writing by the Board.

7.16 Pets. Domestic household pets, such as cats and dogs, may be kept by Owners, *provided that* the keeping of pets shall be subject to such reasonable rules and regulations as the Board may adopt from time to time. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion determines to be disturbing other Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Unit to a street or sidewalk. At all times the Common Elements shall be free from pet debris, including food and fecal matter. Except for the foregoing pets, no livestock, poultry, rabbits or other animals

whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purposes or in any unreasonable numbers. Any outside facility for pets must be kept clean on a daily basis and no waste products or food may be left in either the facility or on the Property. Any damage caused by pets shall be the responsibility of the respective Owners thereof.

7.17 Protection of Wildlife. Feeding or harassing of wildlife anywhere on the Condominium shall be prohibited. Bird feeders may be used, subject to the rules and restrictions of the Association, but only sterile bird seed may be used.

7.18 Rubbish and Trash. No Unit nor any part of the Common Elements (including the decks and patios included in the Limited Common Elements) shall be used as a dump for trash or rubbish of any kind. All garbage and other debris and waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. In the event an Owner or occupant fails to remove any trash, rubbish, garbage, or other debris or waste materials from such Owner's or occupant's Unit (or from the street or other Common Elements if deposited thereon by such Owner or occupant) within five days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Unit as provided in Section 5.4.13. Customary construction activities that relate to development and construction of the Condominium or buildings and improvements which are scheduled to be part of the Condominium shall not violate this Section.

7.19 Restriction on Vegetation. Only vegetation approved by the Association may be planted on any portion of the Condominium.

7.20 Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in the Condominium at any time as a residence either temporarily or permanently.

7.21 Maintenance of Unit and Limited Common Elements. Each Owner shall maintain such Owner's Unit and Limited Common Elements in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard and in conformance with the standards set forth in any warranty provided to such Owner by Declarant.

7.22 Utilities and Antennae. No sewer, drainage, or utility lines, wires, satellite dishes, or other devices for the communication or transmission of electric current, power, or signals (including telephone, television, microwave, or radio signals) shall be constructed, placed, or maintained anywhere in or upon the Condominium other than within Buildings or other structures unless contained in conduits or placed or maintained underground or concealed in or under Buildings or other structures, without the prior written approval of the Board. No device for the transmission or reception of telephone, television, microwave, or radio signals will be allowed within the Condominium unless the antenna is located and screened so as not to be visible from neighboring buildings and streets. Nothing contained in this Section 7.22 shall be construed to prohibit the erection or use of temporary power or telephone facilities during construction or repair of Improvements nor shall it apply to construction activities of Declarant. The restrictions contained in this Section 7.22 shall be effective only to the extent permissible under applicable laws and regulations.

7.23 Leaf Blowers. No leaf blowers that generate either noise or air pollution shall be used on any part of the Condominium other than by a landscape maintenance company hired by the Board.

7.24 Wood Burning Stoves and Turkey Fryers. Wood burning stoves and turkey fryers or similar appliances shall not be used on any portion of the Condominium.

7.25 Exterior Lighting. No exterior lighting of any kind may be installed on any portion of a the Condominium or a Unit without the prior review and approval of the Association.

7.26 Driveways. Parking in driveways that are designated as Limited Common Elements, if any, shall be restricted to parking by the Unit Owner and his or her guests. The Board shall require removal of any vehicle parked in violation of this subsection. If the vehicle is not promptly removed, the Board shall cause such removal at the risk and expense of the Owner thereof (or the Owner to whose guest such vehicle belongs).

7.27 Replacement or Installation of Finished Surfaces. Subject to Section 7.4, each Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing in such Owner's Unit's ceilings, floors and walls; *provided that*, except for hard surface flooring installed by Declarant or installed as part of the original construction of the Unit, no Owner shall install hard surface flooring within a Unit except with the prior written consent of the Board.

7.28 Sporting or Exercise Equipment. No sporting or exercise equipment shall be used in any upstairs Unit or on the adjacent patio or deck thereof, including, without limitation, bikes (stationary or otherwise), treadmills, trampolines, free weights, weight machines, elliptical fitness machines, stair machines, and the like.

7.29 Activities of Declarant. Nothing in this Section 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of Declarant pursuant to the Declaration with respect to the development, construction, and sale of the Condominium.

7.30 Association Rules and Regulations. In addition to the foregoing requirements, the Board from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Units and the Common Elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium. Any such Rules and Regulations may be amended, modified or revoked by the Owners of Units in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

## 8. MAINTENANCE AND REPAIR.

8.1 Maintenance by Association. The necessary work to maintain, repair, or replace the Common Elements shall be the responsibility of the Association and shall be carried

out by the Board as provided in these Bylaws, the Declaration and the Maintenance Plan described in Section 3.2.20 above. The Board shall be solely responsible for determining the appropriate Maintenance Plan for the Common Elements and all other items for which the Board is responsible for maintaining pursuant to these Bylaws, the Declaration or the Act. Without limitation of the foregoing, the Association shall be responsible for the painting, staining, repair and replacement of the exterior surfaces of all Units (including the repair and replacement of roofs, gutters, vinyl siding, exterior windows and doors and garage doors); cleaning of the exterior surfaces of all window and door glass; the repair and resurfacing of all streets, driveways, and walkways; and the cutting, pruning, trimming, and watering of all landscaping. If the Mortgagee of any Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to Section 100.550 of the Act, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within sixty (60) days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.2 Maintenance by Owners. All maintenance of and repairs to any Unit shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair. Without limitation of the foregoing, each Owner shall be responsible for repairing and replacing any automatic opening or similar device installed for the garage door and for maintaining and cleaning the interior surfaces of all exterior windows and doors that Owner's Unit, regardless of whether such items are Common Elements. If an Owner fails properly to perform his or her maintenance and repair responsibility, the Association may enter on to the Owner's Unit and perform such maintenance and/or repair and assess all costs incurred by the Association against the Unit and the Owner as a special assessment pursuant to Section 5.4.13 of these Bylaws.

8.3 Failure to Follow Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 3.2.20 above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure.

## 9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her property not insured under Section 9.1.1 below and against his or her liability not covered under Section 9.1.2 below, unless the Association agrees otherwise. The Board, acting on behalf of the Association, shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

9.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverages such as flooding, which the Board deems desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and Common Elements, including any fixtures, building service equipment, and common personal property, Association Property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding five percent (5%) of the face amount of the policy.

9.1.2 A policy or policies insuring Declarant, the Association, the Board, the Owners and the managing agent, against liability to the public or to the Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation, maintenance, inspection or use of the Condominium, including all Common Elements, public ways, and any other areas under the supervision of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Condominium as to which such Owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) on a combined single limit basis. In addition to the indexing provided under Section 13.6, the foregoing policy limits of liability shall be increased, in the sole discretion of the Board, as indicated by the course of plaintiff's verdicts in personal injury claims in the Circuit Court of Washington County, State of Oregon, from time to time. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects any action against another named insured.

9.1.3 Workers' compensation insurance to the extent necessary to comply with any applicable laws.

9.1.4 Directors' and officers' liability insurance with coverage in an amount of not less than Two Million Dollars (\$2,000,000) on a combined single limit basis, subject to a commercially reasonable deductible determined by the Board. For a period of ten (10) years following the Turnover Meeting, the directors' and officers' liability insurance policy shall include full prior acts coverage or include a retroactive date covering all claims occurring from (i) the date of incorporation of the Association or (ii) the date which is ten (10) years prior to the date of the policy, whichever period is shorter. The Owners and the Association represent, warrant and covenant to Declarant and each Director and officer of the Association appointed by Declarant that the Association shall at times maintain the insurance coverage described in this Section 9.1.4. This Section 9.1.4 shall not be modified, amended or repealed so as to adversely affect any insurance coverage afforded hereunder to the Directors and officers of the Association appointed by Declarant during Declarant's period of administrative control of the Association.

9.1.5 Fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a manager, such manager shall

maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be at the expense of the Association. The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium,) without at least ten (10) days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("Fannie Mae").

9.2 Mandatory Policy Provisions. Insurance obtained by the Association shall be governed by the following provisions:

9.2.1 All policies shall be written within the State of Oregon or a company licensed to do business in the State of Oregon and acceptable to Fannie Mae which falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports – International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency rating or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability in Standard and Poor's *International Confidential Rating Service*. Should reinsurance be involved, the Board shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least "AAA."

9.2.2 All losses under policies hereafter in force placed by the Association regarding the Condominium shall be settled exclusively by the Board or its authorized representative. The Board may give such releases as are required, and any claimant, including the Owner of a damaged Unit, shall be bound by such adjustment; provided, however, that the Board may, in writing, authorize an Owner to adjust any loss to his or her Unit.

9.2.3 Each Owner shall be required to notify the Board of all improvements made by the Owner to his or her Unit, the value of which is in excess of Five Hundred Dollars (\$500.00). Nothing in this Section shall permit an Owner to make improvements other than in accordance with the Declaration and the other provisions of these Bylaws.

9.2.4 Any Owner who obtains individual insurance policies covering any portion of the Condominium other than his or her personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

9.2.5 Notwithstanding the provisions of these Bylaws, there may be named as an insured, on behalf of the Association, the Association's authorized representative,

including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive hold, or otherwise properly dispose of any proceeds of insurance in trust for Owners and their first mortgage holders, as their interests may appear.

9.2.6 All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners that is not in the control of such Owners collectively, and that the policy is primary in the event the Owner has other insurance covering the same loss.

9.2.7 For purposes of this Section 9, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against Fannie Mae, the designee of Fannie Mae, or the Association Owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members, or (iii) such policies include any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

9.2.8 All policies required by this Section 9 shall provide that they may not 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 insurance policy. Evidence of insurance shall be issued to each Owner and first Mortgagee upon request.

9.3 Discretionary Provisions. The Board shall make every effort to secure insurance policies that will provide for the following:

9.3.1 A waiver of subrogation by the insurer as to any claims against the Association, the Board, the manager, the Owners and their respective servants, agents, household members, and guests, except for arson and fraud;

9.3.2 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended, nor coverage denied thereunder, on account of the conduct of any one or more individual Owners;

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

9.3.4 A provision that any “no other insurance” clause in any master policy exclude individual Owners’ policies from consideration, and a waiver of the usual proration clause with respect to such policies;

9.3.5 A provision that the insurer issue subpolicies specifying the portion of any master policy earmarked for each Owner’s interest and that until the insurer furnishes written notice and a grace period to the Mortgagee insured under the loss payable clause thereof, the Mortgagee’s coverage is neither jeopardized by the conduct of the mortgagor-Owner, the Association, or other Owners, nor canceled for nonpayment of premiums;

9.3.6 A rider on any master policy patterned after “Use and Occupancy” insurance which will provide relief from monthly assessments while a Unit is uninhabitable by the payment of the Condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and Mortgage payments. The proceeds from any casualty policy, whether held by the Association or an Owner, payable with respect to any loss or damage to the Common Elements, shall be held in trust for the benefit of all insureds as their interests may appear;

9.3.7 A waiver of the insurer’s right to determine whether the damage should be repaired. If reasonably available, the policy or policies should contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause, to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild;

9.3.8 Waivers of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured;

9.3.9 A provision that the same shall be primary insurance in respect of any other insurance carried by any Owner;

9.3.10 An “inflation guard” endorsement;

9.3.11 An endorsement providing coverage with respect to changes that may be required under applicable codes or ordinances to undamaged portions of the Condominium in the event of a casualty affecting a portion of the Condominium; and

9.3.12 A provision that any insurance trust agreement will be recognized.

#### 9.4 Additional Requirements.

9.4.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least seventy-five percent (75%) of the Units so requires, or at such other times as the Board may deem advisable, the Board shall obtain an appraisal from an independent qualified appraiser, of the “full replacement cost” of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Section 9.1.1, and the cost of such appraisal shall be a common expense; *provided, however*, that the full replacement cost of the Common

Elements for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by Declarant.

9.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Section 9.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

9.4.3 A certificate or memorandum of all insurance policies and endorsements thereto shall be issued as soon as possible to each Owner and a duplicate original or certified copy of the policy or policies to each Mortgagee. Renewal certificates or certificates of new insurance policies shall be furnished to each Owner and Mortgagee not later than ten (10) days before the expiration of any current insurance policy. The master policy (or a copy thereof) for any insurance coverage shall be kept by the Association in its office, available for inspection by an Owner or Mortgagee on reasonable notice to the Association.

9.4.4 No insured, other than the Association, shall be entitled to amend any policy or policies of insurance obtained and maintained by the Association, or to direct that loss shall be payable in any manner other than as provided in these Bylaws.

9.5 By the Owner. It is acknowledged that the foregoing provisions specify the only insurance required to be obtained and maintained by the Association and that the following insurance shall be obtained and maintained by each Owner, as specified.

9.5.1 Insurance on any additions or improvements made by the Owner to his or her Unit or Units shall be purchased and maintained for the full insurable value thereof, to the extent not covered by the Association's insurance policy, unless the Owner presents in writing to the Board evidence that the additions or improvements made by the Owner are insurable under the insurance issued pursuant to Section 9.1.1 and the Board, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Section 9.1.1. Insurance also shall be purchased by each Owner for furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his or her Unit or Units, and his or her personal property and chattels stored elsewhere on the Property, including his or her automobile or automobiles, and for loss of use and occupancy of his or her Unit or Units in the event of damage. Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and

servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.5.2 Public liability insurance in the amount reasonably set by the Board not more often than every three (3) years covering any liability of an Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment, or personal property under the custody, care, or control of an Owner.

9.6 Fannie Mae and GNMA Requirements. Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by Fannie Mae or the Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by Fannie Mae or the Government National Mortgage Association. Fannie Mae or Fannie Mae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

## 10. AMENDMENTS TO BYLAWS.

10.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board or by the Owners holding at least thirty-three percent (33%) of the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board or by a majority of the Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the Units, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by Owners holding at least seventy-five percent (75%) of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least fifty-one percent (51%) of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held): (i) Section 8, which addresses maintenance and repair; (ii) Section 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 10.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested.

10.3 Correction Amendment. Notwithstanding anything in Section 10.2 to the contrary, these Bylaws may be corrected by a correction amendment adopted in accordance with this Section 10.3 ("Correction Amendment") to (i) correct a mathematical mistake in these Bylaws; (ii) correct an inconsistency within these Bylaws or between or among these Bylaws, the Declaration or the Plat; (iii) correct an ambiguity, inconsistency or error with respect to an objectively verifiable fact; (iv) correct any provision in these Bylaws which was inconsistent with the Act at the time these Bylaws were recorded; or (v) correct the omission of a provision required under the Act. The Board may adopt a Correction Amendment without Owner or Mortgagee approval provided that the Owners are given at least 3 days prior written notice of any Board meeting at which the Board intends to consider the Correction Amendment in the manner prescribed in Section 100.420(3) of the Act. The Owner of a Unit materially affected by a Correction Amendment must be given written notice in the manner prescribed by Section 100.407(4) of the Act. The notice must state that the Board intends to consider the adoption of a Correction Amendment, identify the document to be corrected and include a description of the nature of the correction. The Board shall provide a copy of the recorded Correction Amendment to any Owner materially affected by the Correction Amendment, including any Owner if the Correction Amendment changes the Owner's (i) allocation of voting rights; (ii) liability for common expenses that changes the amount of any assessment; or (iii) allocation of interest in Common Elements. Additionally, Declarant may unilaterally adopt a Correction Amendment at any time prior to the conveyance of the first Unit.

10.4 Execution and Recording. An amendment shall not be effective until certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded in the official records of Washington County, Oregon, as required by law.

10.5 Rights of Declarant. Nothing in this Article 10 shall limit the right of Declarant to approve or reject any amendment to these Bylaws or the Rules and Regulations pursuant to Section 14.6.4 of the Declaration. Additionally, neither these Bylaws nor the Rules and Regulations shall be modified, added to, amended, or repealed at any time so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designees, or otherwise so as to adversely affect Declarant or such designees.

## 11. LITIGATION.

11.1 By Less than All Owners. If any action is brought by one or more but less than all Owners on behalf of the Association and recovery is obtained, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; *provided, however*, that if such action is brought against all of the Owners or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff's expenses, including counsel's fees, shall not be charged to or borne by the other Owners, as a common expense or otherwise.

11.2 Complaints Against. Complaints brought against the Association, the Board or the officers, employees, or agents thereof, in their respective capacities as such, or against the Property as a whole, shall be directed to the Board, which shall promptly give written

notice thereof to the Owners and any Mortgagees who have requested notice thereof and shall be defended by the Board, and the Owners and Mortgagees shall have no right to participate other than through the Board in such defense. One or more Owners shall have the right to enjoin, abate, or remedy by appropriate legal proceedings any failure by the Association or the Board to comply with the provisions of the Declaration, these Bylaws, or any Rule or Regulation. Complaints against one or more, but less than all of the Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to the Mortgagees having an interest in such Units, and shall be defended by such Owners.

## 12. DISPUTE RESOLUTION.

12.1 Required Procedure. Except as otherwise provided below, to the fullest extent allowed by law, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, the Declaration, these Bylaws, the Articles, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, the Declaration or these Bylaws, the Articles, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to Section 5.7 of these Bylaws prior to summary abatement and removal of a structure or other condition that violates the Declaration, these Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.10 of these Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

12.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but if this is not successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 12.3, 12.4 and 12.5 below, as applicable,

12.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 12.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 12.5 below, but, in such event, mediation shall proceed in

advance of arbitration, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties. All mediation shall be in Washington County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended.

12.4 Small Claims. All claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

12.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 12.2, 12.3 and 12.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by one arbitrator selected by the Parties, or, if the Parties cannot agree on an arbitrator within thirty (30) days after a request for arbitration, the arbitrator shall be appointed by the presiding judge of the Circuit Court for Washington County, Oregon. The arbitration shall be conducted by and pursuant to the then effective arbitration rules of Construction Arbitration Services, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Board on behalf of the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

12.6 Approval of Legal Expenses. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend in excess of \$7,500 for attorneys' fees and costs for any reason unless such expenditure is first approved by the Owners holding at least seventy-five percent (75%) of the total voting power of the Association. The foregoing limitation shall not apply to: (i) actions for delinquent assessments or other charges under the Declaration or these Bylaws; (ii) actions initiated by the Association during Declarant's period of administrative control pursuant to Section 20 of the Declaration; (iii) actions challenging ad valorem taxation or condemnation proceedings; (iv) actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; (v) the defense of any claims filed against the Association and/or the Board or the assertion of counterclaims in proceedings instituted against the Association and/or Board (except for non-mandatory counterclaims); (vi) actions to appoint a receiver pursuant to Section 5.10 of these Bylaws; and (vii) actions to summarily abate, enjoin and remove a structure or condition that violates the Declaration or these Bylaws.

12.7 No Attorneys' Fees. Except as specifically provided for in the Declaration, these Bylaws or the Act, no party in the arbitration, mediation or other proceeding shall be entitled to recover costs and attorneys' fees in connection therewith.

12.8 Suits Against Declarant. Declarant shall have the right to be present at any meeting of the Association during which the Board or the Owners vote on whether to initiate legal action against Declarant. The Board shall provide Declarant with at least ten (10) days' prior written notice of the time and place of such meeting.

12.9 Initial Dispute Resolution Procedures. Notwithstanding anything contained herein to the contrary, in the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.9 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

### 13. MISCELLANEOUS.

13.1 Notices. All notices to the Association or to the Board 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 may hereafter designate from time to time by written notice thereof to each Owner. All notices to any individual Director or Owner shall be sent to such address as may be designated by him or her from time to time, in writing, to the Association, or if no address has been designated, then to the Director's or Owner's Unit. All notices shall be sent by: (i) messenger service (or hand delivery); (ii) overnight courier service; (iii) certified or registered U.S. Mail, return receipt requested with charges or postage prepaid; or (iv) electronic mail, facsimile or other form of electronic communication acceptable to the Board and in accordance with the Act. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to give notice of: (i) the failure to pay an assessment; (ii) foreclosure of an Association lien; (iii) an action the Association may take against an Owner; or (iv) an offer to use the dispute resolution program under Section 100.405 of the Act. Additionally, an Owner or Director may decline to receive notice by electronic mail, facsimile or other form of electronic communication by giving written notice thereof to the Board. Notices shall be deemed given upon the earlier of actual delivery or refusal of a party to accept delivery thereof.

13.2 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.

13.3 Number; Gender; Captions. 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.

13.4 Conflicts; Severability. Each term and provision of these Bylaws shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of these Bylaws or the application thereof to any person or circumstance shall to any extent be invalid or

unenforceable, whether under the Act or otherwise, the remainder of these Bylaws and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and the Declaration shall control over these Bylaws, any amendments hereto or any Rules and Regulations adopted hereunder.

13.5 Liability Survives Termination. The sale or other disposition of a Unit shall not relieve or release any former Owner thereof from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with such ownership and the covenants and obligations incident thereto. This Section 13.5 shall not apply to Declarant as the Owner of any or all Units.

13.6 Indexing. Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2010 as the base year.

13.7 Compliance with Certain Financing Requirements. The terms and provisions of these Bylaws are intended to comply with the current requirements of the Federal National Mortgage Association, the U.S. Department of Housing and Urban Development, the Federal Housing Administration and the United States Department of Veterans Affairs in effect as of the date of these Bylaws for insuring, guaranteeing and providing financing for any Unit in the Condominium (the "Financing Requirements"). In the event of any inconsistency between a provision of these Bylaws and the Financing Requirements, the Financing Requirements shall control and the inconsistent provision of these Bylaws shall be deemed amended and construed and interpreted as is necessary to comply with the Financing Requirements unless otherwise inconsistent with the Act. Notwithstanding the foregoing, if there is an inconsistency between the requirements of the Federal National Mortgage Association, the requirements of the U.S. Department of Housing and Urban Development and the Federal Housing Administration or the requirements of the United States Department of Veterans Affairs, the more restrictive requirements shall control and these Bylaws shall be construed and interpreted as is necessary to comply with the more restrictive requirements.

13.8 Declarant as Owner. Except as expressly provided in these Bylaws and the Declaration, Declarant shall, with respect to any Units owned by Declarant, enjoy any and all rights, and assume any and all obligations, enjoyed or assumed by an Owner.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

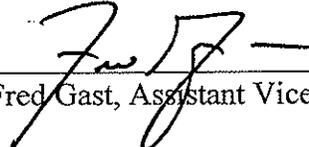
IN WITNESS WHEREOF, Declarant has executed and adopted these Bylaws on behalf of the Association as of this 15<sup>th</sup> day of September 2010.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company  
Its: Manager

By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company  
Its: Sole Member

By: PNW HOME BUILDERS GROUP,  
INC., a Washington corporation  
Its: Managing Member

By:   
Fred Gast, Assistant Vice President

50.00  
115.00  
15.00

After Recording Return To:  
Susan Zimmerman  
Ball Janik LLP  
101 SW Main Street, Suite 1100  
Portland, Oregon 97204



01682420201100217190100106  
I, Richard Hobernicht, Director of Assessment and  
Taxation and Ex-Officio County Clerk for Washington  
County, Oregon, do hereby certify that the within  
Instrument of writing was received and recorded in the  
book of records of said county.  
Richard Hobernicht, Director of Assessment and  
Taxation, Ex-Officio County Clerk



**SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM  
SUPPLEMENTAL PLAT NO. 1: ANNEXATION OF STAGE 2**

This SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 1: ANNEXATION OF STAGE 2 (this "Supplemental Declaration"), to be effective upon its recording in the official records of Washington County, Oregon pursuant to the provisions of the Oregon Condominium Act (ORS §§100.005-100.990) (the "Act"), is made and executed by Red Leaf Carriage, L.L.C., a Washington limited liability company ("Declarant").

Recitals:

A. Declarant previously executed that certain Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium dated September 1, 2010 (the "Declaration"), and those certain Bylaws of The Carriages at Autumn Creek Condominium Owners Association dated September 1, 2010 (the "Bylaws"), both of which were recorded in the official records of Washington County, Oregon on November 10, 2010 as Document No. 2010-090565. Section 11 of the Declaration confers on Declarant the authority to annex additional property to the Condominium, including the property legally described on the attached Exhibit A (the "Stage 2 Property").

B. Declarant now desires to annex the Stage 2 Property to the Condominium on the terms and conditions contained in this Supplemental Declaration.

Declarations:

1. Definitions. Capitalized terms used in this Supplemental Declaration and not otherwise defined shall have the meanings given to such terms in the Declaration.

2. Property Subject to Annexation. The Stage 2 Property hereby annexed to the Condominium pursuant to Section 11 of the Declaration and the Act is the land in fee simple legally described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Buildings and Units.

3.1 General Description of Buildings. The Stage 2 Property contains one (1) Building designated numerically as Building 49, as shown on The Carriages at Autumn Creek Condominium Supplemental Plat No. 1: Annexation of Stage 2 being recorded in the official

records of Washington County, Oregon concurrently herewith (the "Supplemental Plat"). Building 49 contains twenty (20) Units and has three (3) stories. Building 49 is of wood construction and has a composition roof and no basement.

3.2 General Description, Location, and Designation of Units. Upon recordation of this Supplemental Declaration and the Supplemental Plat (and subject to additions by annexation under Section 11 of the Declaration), the Condominium shall consist of a total of forty (40) Units. The Units created pursuant to this Supplemental Declaration are designated numerically on the Supplemental Plat as Units 49-102, 49-104, 49-106, 49-108, 49-201 through 49-208, inclusive, and 49-301 through 49-308, inclusive, and are hereinafter referred to individually as a "Stage 2 Unit" and collectively as the "Stage 2 Units." The designation and location of each Stage 2 Unit are shown on the Supplemental Plat.

3.3 Boundaries of Units. Each Stage 2 Unit shall be bounded by the interior surfaces of its perimeter and demising walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Building in which the Stage 2 Units are located. In addition, each Stage 2 Unit shall include: (a) the outlet of any utility service lines, including, but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts, but shall not include any part of such lines or ducts themselves; and (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Stage 2 Unit. The enclosed garage designated on the Supplemental Plat for a Stage 2 Unit, if any, (whether or not the garage is attached to or on the same floor as the Stage 2 Unit), as bounded in the manner described above in this Section 3.3, and the fireplace within each Stage 2 Unit, if any, (but not the chimney extending above the roofline of the Stage 2 Unit) shall also form a part of each Stage 2 Unit.

3.4 Unit Areas. The area in square feet of each Stage 2 Unit is listed on the attached Exhibit B, along with the area in square feet of the Units created pursuant to the Declaration, and is shown on the Supplemental Plat.

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NOTICE

THE SQUARE FOOTAGE AREAS STATED IN EXHIBIT B OF THIS SUPPLEMENTAL DECLARATION AND ON THE SUPPLEMENTAL PLAT FOR THE STAGE 2 UNITS ARE BASED ON THE BOUNDARIES OF THE STAGE 2 UNITS AS DESCRIBED IN THIS SUPPLEMENTAL DECLARATION AND MAY VARY FROM THE AREA OF THE STAGE 2 UNITS CALCULATED FOR OTHER PURPOSES.

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3.5 Use. The Stage 2 Units are intended for residential use in accordance with the Declaration and the Bylaws. The Stage 2 Units shall only be leased or rented in accordance with the procedures set forth in the Bylaws.

4. Designation of Common Elements.

4.1 General Common Elements. The General Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 2 General Common Elements") include the common corridors and stairways providing access to the Stage 2 Units and all other portions of the Stage 2 Property exclusive of the Stage 2 Units and the Stage 2 Limited Common Elements (as defined below), as such General Common Elements are generally described in Section 5 of the Declaration and as shown on the Supplemental Plat.

4.2 Limited Common Elements. The Limited Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 2 Limited Common Elements") consist of the following portions of the Stage 2 Property: (a) the patios, porches and decks adjoining the Stage 2 Units, the exclusive use of each patio, porch and deck being reserved for the Stage 2 Unit that the patio, porch or deck adjoins, as shown on the Supplemental Plat; (b) the storage areas adjoining certain Stage 2 Units, the exclusive use of each storage area being reserved for the Stage 2 Unit that the storage area adjoins, as shown on the Plat; (c) the driveways providing access to the garage portion of certain Stage 2 Units, the exclusive use of each driveway being reserved for the Stage 2 Unit that the driveway adjoins, as shown on the Supplemental Plat; and (d) the parking spaces identified on the attached Exhibit C, the exclusive use of each parking space being reserved for the Stage 2 Unit to which the parking space is assigned on Exhibit C. The dimensions, designation and location of the Stage 2 Limited Common Elements are shown on the Supplemental Plat.

5. Interest in Common Elements. The Stage 2 Units, together with the Units created pursuant to the Declaration, shall be entitled to an equal undivided fractional ownership interest in all of the Common Elements, as set forth on Exhibit B.

6. Method of Allocation. The common profits and the common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements, as set forth on Exhibit B.

7. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report or Condominium Annual Report, which has been filed in accordance with Section 100.250(1) of the Act.

8. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 8 shall first be approved by the Owners in accordance with Section 12 of the Declaration, unless otherwise allowed to be approved by the Board under Section 100.405(6)(a)(B) of the Act.

9. Effect of Original Declaration. The Stage 2 Property, the Stage 2 Units, the Stage 2 General Common Elements and the Stage 2 Limited Common Elements shall be governed by the provisions of the Declaration and shall be treated for all purposes as forming part of, respectively, the Property, the Units, the General Common Elements and the Limited Common Elements created pursuant to the Declaration. This Supplemental Declaration may be amended only in accordance with the provisions set forth in Section 24 of the Declaration with respect to amendment of the Declaration. Without limiting the generality of the foregoing, any amendment to this Supplemental Declaration of a material adverse nature to Mortgagees shall also require the prior written approval of at least fifty-one percent (51%) of the holders of first Mortgages on Units (based upon one vote for each first Mortgage held). Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 9 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Supplemental Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. The Declaration, as supplemented by this Supplemental Declaration, remains in full force and effect.

10. Severability. Each provision of this Supplemental Declaration and the Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Supplemental Declaration or the Declaration.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration as of the date first written above.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company  
Its: Manager

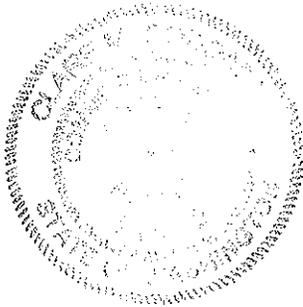
By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company  
Its: Sole Member

By: PNW HOME BUILDERS GROUP, INC., a  
Washington corporation  
Its: Manager

By: [Signature]  
Fred Gast  
Its: Assistant Vice President

STATE OF Washington )  
County of Clark ) ss.

The foregoing instrument was acknowledged before me on this 25 day of October 2010, by Fred Gast, who is the Assistant Vice President of PNW Home Builders Group, Inc., the Manager of PNW Home Builders, L.L.C., the Sole Member of PNW Home Builders South, L.L.C., the Manager of Red Leaf Carriage, L.L.C., a Washington limited liability company, on behalf of the limited liability company.



[Signature]  
Notary Public for the State of Washington  
My Commission Expires: 5/9/12

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 16<sup>th</sup> day of March 2011, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Supplemental Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

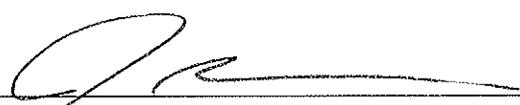
By: 

Name: LAURIE SKULMAN

Title: LAND DEVELOPMENT MGR.

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this \_\_\_\_\_ day of 18<sup>th</sup> MARCH 2011.

ASSESSOR & TAX COLLECTOR FOR  
WASHINGTON COUNTY

By: 

Name: Jeffrey Thomas Croth

Title: Cartographer

## EXHIBIT A

### Legal Description of Stage 2 Property

The Stage 2 Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

BEING A PORTION OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2010-058962, WASHINGTON COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, CITY OF HILLSBORO, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A FOUND 5/8" IRON ROD WITH YELLOW PLASTIC CAP INSCRIBED "FRONTIER LAND SURVEYING" MARKING THE MOST SOUTHERLY NORTHWESTERLY CORNER OF THE PLAT OF "THE VILLAS AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 1: ANNEXATION OF STAGE 2", WASHINGTON COUNTY RECORDS, ALSO BEING A POINT ON THE EASTERLY RIGHT OF WAY LINE OF N.W. EDGEWAY DRIVE; THENCE ALONG SAID EASTERLY RIGHT OF WAY LINE NORTH 00°11'43" EAST 211.17 FEET; THENCE SOUTH 89°48'17" EAST 129.60 FEET; THENCE SOUTH 00°11'43" WEST, 35.08 FEET; THENCE SOUTH 89°48'17" EAST, 105.65 FEET; THENCE SOUTH 00°11'43" WEST 153.32 FEET TO A POINT ON THE SOUTHERLY LINE OF DEED DOCUMENT 2010-058962, WASHINGTON COUNTY DEED RECORDS, THENCE ALONG SAID SOUTHERLY LINE SOUTH 60°11'43" WEST 19.15 FEET; THENCE NORTH 89°48'17" WEST 207.55 FEET; THENCE SOUTH 40°14'25" WEST 17.26 FEET TO THE INITIAL POINT.

**EXHIBIT B**

Area of Units and Allocations

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
44-102	1,270	1/40 <sup>th</sup>
44-104	886	1/40 <sup>th</sup>
44-106	659	1/40 <sup>th</sup>
44-108	1,270	1/40 <sup>th</sup>
44-201	1,288	1/40 <sup>th</sup>
44-202	1,170	1/40 <sup>th</sup>
44-203	659	1/40 <sup>th</sup>
44-204	659	1/40 <sup>th</sup>
44-205	659	1/40 <sup>th</sup>
44-206	659	1/40 <sup>th</sup>
44-207	1,288	1/40 <sup>th</sup>
44-208	1,170	1/40 <sup>th</sup>
44-301	1,375	1/40 <sup>th</sup>
44-302	1,169	1/40 <sup>th</sup>
44-303	659	1/40 <sup>th</sup>
44-304	659	1/40 <sup>th</sup>
44-305	659	1/40 <sup>th</sup>
44-306	886	1/40 <sup>th</sup>
44-307	1,276	1/40 <sup>th</sup>
44-308	1,268	1/40 <sup>th</sup>
49-102	1,482	1/40 <sup>th</sup>
49-104	1,191	1/40 <sup>th</sup>
49-106	1,191	1/40 <sup>th</sup>
49-108	1,482	1/40 <sup>th</sup>
49-201	1,287	1/40 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
49-202	1,391	1/40 <sup>th</sup>
49-203	1,166	1/40 <sup>th</sup>
49-204	919	1/40 <sup>th</sup>
49-205	1,166	1/40 <sup>th</sup>
49-206	919	1/40 <sup>th</sup>
49-207	1,288	1/40 <sup>th</sup>
49-208	1,391	1/40 <sup>th</sup>
49-301	1,275	1/40 <sup>th</sup>
49-302	1,381	1/40 <sup>th</sup>
49-303	919	1/40 <sup>th</sup>
49-304	919	1/40 <sup>th</sup>
49-305	919	1/40 <sup>th</sup>
49-306	919	1/40 <sup>th</sup>
49-307	1,277	1/40 <sup>th</sup>
49-308	1,381	<u>1/40<sup>th</sup></u>

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## EXHIBIT C

### Assignment of Limited Common Element Parking Spaces

<u>Unit</u>	<u>Limited Common Element Parking Space as Identified on the Supplemental Plat</u>
49-204	LCE P 49-204
49-206	LCE P 49-206
49-303	LCE P 49-303
49-304	LCE P 49-304
49-305	LCE P 49-305
49-306	LCE P 49-306

5/5  
11-15  
FN

After Recording Return To:  
Susan Zimmerman  
Ball Janik LLP  
101 SW Main Street, Suite 1100  
Portland, Oregon 97204



01607804201100444370110116

I, Richard Hobernicht, Director of Assessment and  
Taxation and Ex-Officio County Clerk for Washington  
County, Oregon, do hereby certify that the within  
instrument of writing was received and recorded in the  
book of records of said county.

Richard Hobernicht, Director of Assessment and  
Taxation, Ex-Officio County Clerk



**SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM  
SUPPLEMENTAL PLAT NO. 2: ANNEXATION OF STAGE 3**

This SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 2: ANNEXATION OF STAGE 3 (this "Supplemental Declaration"), to be effective upon its recording in the official records of Washington County, Oregon pursuant to the provisions of the Oregon Condominium Act (ORS §§100.005-100.990) (the "Act"), is made and executed as of this 30<sup>th</sup> day of March 2011 by Red Leaf Carriage, L.L.C., a Washington limited liability company ("Declarant").

Recitals:

A. Declarant previously executed that certain Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium dated September 1, 2010 (the "Declaration"), and those certain Bylaws of The Carriages at Autumn Creek Condominium Owners Association dated September 1, 2010 (the "Bylaws"), both of which were recorded in the official records of Washington County, Oregon on November 10, 2010 as Document No. 2010-090565, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 1: Annexation of Stage 2, which was recorded in the official records of Washington County, Oregon on March 18, 2011 as Document No. 2011-021719. Section 11 of the Declaration confers on Declarant the authority to annex additional property to the Condominium, including the property legally described on the attached Exhibit A (the "Stage 3 Property").

B. Declarant now desires to annex the Stage 3 Property to the Condominium on the terms and conditions contained in this Supplemental Declaration.

Declarations:

1. Definitions. Capitalized terms used in this Supplemental Declaration and not otherwise defined shall have the meanings given to such terms in the Declaration.

2. Property Subject to Annexation. The Stage 3 Property hereby annexed to the Condominium pursuant to Section 11 of the Declaration and the Act is the land in fee simple legally described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Buildings and Units.

3.1 General Description of Buildings. The Stage 3 Property contains one (1) Building designated numerically as Building 48, as shown on The Carriages at Autumn Creek Condominium Supplemental Plat No. 2: Annexation of Stage 3 being recorded in the official records of Washington County, Oregon concurrently herewith (the "Supplemental Plat"). Building 48 contains twenty (20) Units and has three (3) stories. Building 48 is of wood construction and has a composition roof and no basement.

3.2 General Description, Location, and Designation of Units. Upon recordation of this Supplemental Declaration and the Supplemental Plat (and subject to additions by annexation under Section 11 of the Declaration), the Condominium shall consist of a total of sixty (60) Units. The Units created pursuant to this Supplemental Declaration are designated numerically on the Supplemental Plat as Units 48-102, 48-104, 48-106, 48-108, 48-201 through 48-208, inclusive, and 48-301 through 48-308, inclusive, and are hereinafter referred to individually as a "Stage 3 Unit" and collectively as the "Stage 3 Units." The designation and location of each Stage 3 Unit are shown on the Supplemental Plat.

3.3 Boundaries of Units. Each Stage 3 Unit shall be bounded by the interior surfaces of its perimeter and demising walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Building in which the Stage 3 Units are located. In addition, each Stage 3 Unit shall include: (a) the outlet of any utility service lines, including, but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts, but shall not include any part of such lines or ducts themselves; and (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Stage 3 Unit. The enclosed garage designated on the Supplemental Plat for a Stage 3 Unit, if any, (whether or not the garage is attached to or on the same floor as the Stage 3 Unit), as bounded in the manner described above in this Section 3.3, and the fireplace within each Stage 3 Unit, if any, (but not the chimney extending above the roofline of the Stage 3 Unit) shall also form a part of each Stage 3 Unit.

3.4 Unit Areas. The area in square feet of each Stage 3 Unit is listed on the attached Exhibit B, along with the area in square feet of the Units created pursuant to the Declaration and all earlier supplemental declarations, and is shown on the Supplemental Plat.

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NOTICE

THE SQUARE FOOTAGE AREAS STATED IN EXHIBIT B OF THIS SUPPLEMENTAL DECLARATION AND ON THE SUPPLEMENTAL PLAT FOR THE STAGE 3 UNITS ARE BASED ON THE BOUNDARIES OF THE STAGE 3 UNITS AS DESCRIBED IN THIS SUPPLEMENTAL DECLARATION AND MAY VARY FROM THE AREA OF THE STAGE 3 UNITS CALCULATED FOR OTHER PURPOSES.

3.5 Use. The Stage 3 Units are intended for residential use in accordance with the Declaration and the Bylaws. The Stage 3 Units shall only be leased or rented in accordance with the procedures set forth in the Bylaws.

4. Designation of Common Elements.

4.1 General Common Elements. The General Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 3 General Common Elements") include the common corridors and stairways providing access to the Stage 3 Units and all other portions of the Stage 3 Property exclusive of the Stage 3 Units and the Stage 3 Limited Common Elements (as defined below), as such General Common Elements are generally described in Section 5 of the Declaration and as shown on the Supplemental Plat.

4.2 Limited Common Elements. The Limited Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 3 Limited Common Elements") consist of the following portions of the Stage 3 Property: (a) the patios and decks adjoining the Stage 3 Units, the exclusive use of each patio and deck being reserved for the Stage 3 Unit that the patio or deck adjoins, as shown on the Supplemental Plat; (b) the storage areas adjoining the Stage 3 Units, the exclusive use of each storage area being reserved for the Stage 3 Unit that the storage area adjoins, as shown on the Plat; (c) the driveways providing access to the garage portion of certain Stage 3 Units, the exclusive use of each driveway being reserved for the Stage 3 Unit that the driveway adjoins, as shown on the Supplemental Plat; and (d) the parking spaces identified on the attached Exhibit C, the exclusive use of each parking space being reserved for the Stage 3 Unit to which the parking space is assigned on Exhibit C. The dimensions, designation and location of the Stage 3 Limited Common Elements are shown on the Supplemental Plat.

5. Interest in Common Elements. The Stage 3 Units, together with the Units created pursuant to the Declaration and all earlier supplemental declarations, shall be entitled to an equal undivided fractional ownership interest in all of the Common Elements, as set forth on Exhibit B.

6. Method of Allocation. The common profits and the common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements, as set forth on Exhibit B.

7. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report or Condominium Annual Report, which has been filed in accordance with Section 100.250(1) of the Act.

8. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 8 shall first be approved by the Owners in accordance with Section 12 of the

Declaration, unless otherwise allowed to be approved by the Board under Section 100.405(6)(a)(B) of the Act.

9. Effect of Original Declaration. The Stage 3 Property, the Stage 3 Units, the Stage 3 General Common Elements and the Stage 3 Limited Common Elements shall be governed by the provisions of the Declaration and shall be treated for all purposes as forming part of, respectively, the Property, the Units, the General Common Elements and the Limited Common Elements created pursuant to the Declaration and all earlier supplemental declarations. This Supplemental Declaration may be amended only in accordance with the provisions set forth in Section 24 of the Declaration with respect to amendment of the Declaration. Without limiting the generality of the foregoing, any amendment to this Supplemental Declaration of a material adverse nature to Mortgagees shall also require the prior written approval of at least fifty-one percent (51%) of the holders of first Mortgages on Units (based upon one vote for each first Mortgage held). Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 9 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Supplemental Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. The Declaration, as supplemented by this Supplemental Declaration and all earlier supplemental declarations, remains in full force and effect.

10. Severability. Each provision of this Supplemental Declaration and the Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Supplemental Declaration or the Declaration.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration as of the date first written above.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company

Its: Manager

By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company

Its: Sole Member

By: PNW HOME BUILDERS GROUP, INC., a  
Washington corporation

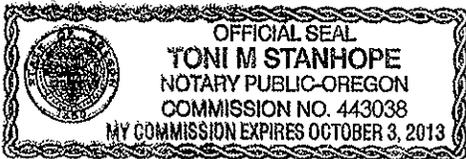
Its: Manager

By: *Fred Gast*  
Fred Gast  
Its: Assistant Vice President

STATE OF OREGON )  
 ) ss.  
County of Washington )

The foregoing instrument was acknowledged before me on this 30 day of March 2011, by Fred Gast, who is the Assistant Vice President of PNW Home Builders Group, Inc., the Manager of PNW Home Builders, L.L.C., the Sole Member of PNW Home Builders South, L.L.C., the Manager of Red Leaf Carriage, L.L.C., a Washington limited liability company, on behalf of the limited liability company.

*Toni M. Stanhope*  
Notary Public for the State of Oregon  
My Commission Expires: OCTOBER 03, 2013



The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 20<sup>th</sup> day of June 2011, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Supplemental Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

By: Laurie Skillman

Name: LAURIE SKILLMAN

Title: LAND DEVELOPMENT MANAGER

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 22 day of 06/22 June 2011.

JTG

ASSESSOR & TAX COLLECTOR FOR  
WASHINGTON COUNTY

By: JTG

Name: Jeffrey T. Groth

Title: Cartographer

## EXHIBIT A

### Legal Description of Stage 3 Property

The Stage 3 Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

A PORTION OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2010-058962, WASHINGTON COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, CITY OF HILLSBORO, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A FOUND 5/8" IRON ROD WITH YELLOW PLASTIC CAP INSCRIBED "FRONTIER LAND SURVEYING" MARKING THE MOST EASTERLY SOUTHEAST CORNER OF THE PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 1: ANNEXATION OF STAGE 2", WASHINGTON COUNTY RECORDS; THENCE ALONG THE EASTERLY LINE OF SAID PLAT NORTH 00°11'43" EAST, 155.32 FEET; THENCE NORTH 89°48'17" WEST, 105.65 FEET; THENCE CONTINUING ALONG SAID EASTERLY LINE AND THE EASTERLY LINE OF THE PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM" NORTH 00°11'43" EAST, 92.15 FEET; THENCE LEAVING SAID EASTERLY LINE SOUTH 89°48'35" EAST, 105.65 FEET; THENCE NORTH 00°11'25" EAST, 31.52 FEET; THENCE SOUTH 89°48'35" EAST, 106.53 FEET; THENCE SOUTH 00°11'43" WEST, 267.43 FEET TO THE NORTHEAST CORNER OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2010-061195, WASHINGTON COUNTY RECORDS; THENCE ALONG THE NORTHERLY LINE OF SAID DOCUMENT NUMBER 2010-061195 NORTH 89°48'18" WEST, 89.94 FEET; THENCE SOUTH 60°11'43" WEST, 19.15 FEET TO THE INITIAL POINT.

## EXHIBIT B

### Area of Units and Allocations

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
44-102	1,270	1/60 <sup>th</sup>
44-104	886	1/60 <sup>th</sup>
44-106	659	1/60 <sup>th</sup>
44-108	1,270	1/60 <sup>th</sup>
44-201	1,288	1/60 <sup>th</sup>
44-202	1,170	1/60 <sup>th</sup>
44-203	659	1/60 <sup>th</sup>
44-204	659	1/60 <sup>th</sup>
44-205	659	1/60 <sup>th</sup>
44-206	659	1/60 <sup>th</sup>
44-207	1,288	1/60 <sup>th</sup>
44-208	1,170	1/60 <sup>th</sup>
44-301	1,375	1/60 <sup>th</sup>
44-302	1,169	1/60 <sup>th</sup>
44-303	659	1/60 <sup>th</sup>
44-304	659	1/60 <sup>th</sup>
44-305	659	1/60 <sup>th</sup>
44-306	886	1/60 <sup>th</sup>
44-307	1,276	1/60 <sup>th</sup>
44-308	1,268	1/60 <sup>th</sup>
48-102	1,270	1/60 <sup>th</sup>
48-104	1,193	1/60 <sup>th</sup>
48-106	1,193	1/60 <sup>th</sup>
48-108	1,270	1/60 <sup>th</sup>
48-201	1,288	1/60 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
48-202	1,181	1/60 <sup>th</sup>
48-203	1,168	1/60 <sup>th</sup>
48-204	919	1/60 <sup>th</sup>
48-205	1,168	1/60 <sup>th</sup>
48-206	919	1/60 <sup>th</sup>
48-207	1,288	1/60 <sup>th</sup>
48-208	1,181	1/60 <sup>th</sup>
48-301	1,279	1/60 <sup>th</sup>
48-302	1,169	1/60 <sup>th</sup>
48-303	919	1/60 <sup>th</sup>
48-304	919	1/60 <sup>th</sup>
48-305	919	1/60 <sup>th</sup>
48-306	919	1/60 <sup>th</sup>
48-307	1,279	1/60 <sup>th</sup>
48-308	1,169	1/60 <sup>th</sup>
49-102	1,482	1/60 <sup>th</sup>
49-104	1,191	1/60 <sup>th</sup>
49-106	1,191	1/60 <sup>th</sup>
49-108	1,482	1/60 <sup>th</sup>
49-201	1,287	1/60 <sup>th</sup>
49-202	1,391	1/60 <sup>th</sup>
49-203	1,166	1/60 <sup>th</sup>
49-204	919	1/60 <sup>th</sup>
49-205	1,166	1/60 <sup>th</sup>
49-206	919	1/60 <sup>th</sup>
49-207	1,288	1/60 <sup>th</sup>
49-208	1,391	1/60 <sup>th</sup>
49-301	1,275	1/60 <sup>th</sup>
49-302	1,381	1/60 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
49-303	919	1/60 <sup>th</sup>
49-304	919	1/60 <sup>th</sup>
49-305	919	1/60 <sup>th</sup>
49-306	919	1/60 <sup>th</sup>
49-307	1,277	1/60 <sup>th</sup>
49-308	1,381	<u>1/60<sup>th</sup></u>
		1

## EXHIBIT C

### Assignment of Limited Common Element Parking Spaces

<u>Unit</u>	<u>Limited Common Element Parking Space as Identified on the Supplemental Plat</u>
48-204	LCE P 48-204
48-206	LCE P 48-206
48-303	LCE P 48-303
48-304	LCE P 48-304
48-305	LCE P 48-305
48-306	LCE P 48-306

After Recording Return To:  
Susan Zimmerman  
Radler White Parks & Alexander LLP  
111 SW Columbia Street, Suite 1100  
Portland, Oregon 97201



01737166201200668260110118

I, Richard Hobernicht, Director of Assessment and Taxation and Ex-Officio County Clerk for Washington County, Oregon, do hereby certify that the within instrument of writing was received and recorded in the book of records of said county.

Richard Hobernicht, Director of Assessment and Taxation, Ex-Officio County Clerk



**SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM  
SUPPLEMENTAL PLAT NO. 3: ANNEXATION OF STAGE 4**

This SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 3: ANNEXATION OF STAGE 4 (this "Supplemental Declaration"), to be effective upon its recording in the official records of Washington County, Oregon pursuant to the provisions of the Oregon Condominium Act (ORS §§100.005-100.990) (the "Act"), is made and executed as of this 18<sup>th</sup> day of August 2011 by Red Leaf Carriage, L.L.C., a Washington limited liability company ("Declarant").

Recitals:

A. Declarant previously executed that certain Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium dated September 1, 2010 (the "Declaration"), and those certain Bylaws of The Carriages at Autumn Creek Condominium Owners Association dated September 1, 2010 (the "Bylaws"), both of which were recorded in the official records of Washington County, Oregon on November 10, 2010 as Document No. 2010-090565, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 1: Annexation of Stage 2, which was recorded in the official records of Washington County, Oregon on March 18, 2011 as Document No. 2011-021719, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 2: Annexation of Stage 3, which was recorded in the official records of Washington County, Oregon on June 23, 2011 as Document No. 2011-044437. Section 11 of the Declaration confers on Declarant the authority to annex additional property to the Condominium, including the property legally described on the attached Exhibit A (the "Stage 4 Property").

B. Declarant now desires to annex the Stage 4 Property to the Condominium on the terms and conditions contained in this Supplemental Declaration.

Declarations:

1. Definitions. Capitalized terms used in this Supplemental Declaration and not otherwise defined shall have the meanings given to such terms in the Declaration.

2. Property Subject to Annexation. The Stage 4 Property hereby annexed to the Condominium pursuant to Section 11 of the Declaration and the Act is the land in fee simple legally described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Buildings and Units.

3.1 General Description of Buildings. The Stage 4 Property contains one (1) Building designated numerically as Building 45, as shown on The Carriages at Autumn Creek Condominium Supplemental Plat No. 3: Annexation of Stage 4 being recorded in the official records of Washington County, Oregon concurrently herewith (the "Supplemental Plat"). Building 45 contains twenty (20) Units and has three (3) stories. Building 45 is of wood construction and has a composition roof and no basement.

3.2 General Description, Location, and Designation of Units. Upon recordation of this Supplemental Declaration and the Supplemental Plat (and subject to additions by annexation under Section 11 of the Declaration), the Condominium shall consist of a total of eighty (80) Units. The Units created pursuant to this Supplemental Declaration are designated numerically on the Supplemental Plat as Units 45-102, 45-104, 45-106, 45-108, 45-201 through 45-208, inclusive, and 45-301 through 45-308, inclusive, and are hereinafter referred to individually as a "Stage 4 Unit" and collectively as the "Stage 4 Units." The designation and location of each Stage 4 Unit are shown on the Supplemental Plat.

3.3 Boundaries of Units. Each Stage 4 Unit shall be bounded by the interior surfaces of its perimeter and demising walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Building in which the Stage 4 Unit is located. In addition, each Stage 4 Unit shall include: (a) the outlet of any utility service lines, including, but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts, but shall not include any part of such lines or ducts themselves; and (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Stage 4 Unit. The enclosed garage designated on the Supplemental Plat for a Stage 4 Unit, if any, (whether or not the garage is attached to or on the same floor as the Stage 4 Unit), as bounded in the manner described above in this Section 3.3, and the fireplace within each Stage 4 Unit, if any, (but not the chimney extending above the roofline of the Stage 4 Unit) shall also form a part of each Stage 4 Unit.

3.4 Unit Areas. The area in square feet of each Stage 4 Unit is listed on the attached Exhibit B, along with the area in square feet of the Units created pursuant to the Declaration and all earlier supplemental declarations, and is shown on the Supplemental Plat.

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NOTICE

THE SQUARE FOOTAGE AREAS STATED IN EXHIBIT B OF THIS SUPPLEMENTAL DECLARATION AND ON THE SUPPLEMENTAL PLAT FOR THE STAGE 4 UNITS ARE BASED ON THE BOUNDARIES OF THE STAGE 4 UNITS AS DESCRIBED IN THIS SUPPLEMENTAL DECLARATION AND MAY VARY FROM THE AREA OF THE STAGE 4 UNITS CALCULATED FOR OTHER PURPOSES.

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3.5 Use. The Stage 4 Units are intended for residential use in accordance with the Declaration and the Bylaws. The Stage 4 Units shall only be leased or rented in accordance with the procedures set forth in the Bylaws.

4. Designation of Common Elements.

4.1 General Common Elements. The General Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 4 General Common Elements") include the common corridors and stairways providing access to the Stage 4 Units and all other portions of the Stage 4 Property exclusive of the Stage 4 Units and the Stage 4 Limited Common Elements (as defined below), as such General Common Elements are generally described in Section 5 of the Declaration and as shown on the Supplemental Plat.

4.2 Limited Common Elements. The Limited Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 4 Limited Common Elements") consist of the following portions of the Stage 4 Property: (a) the patios, porches and decks adjoining the Stage 4 Units, the exclusive use of each patio, porch and deck being reserved for the Stage 4 Unit that the patio, porch or deck adjoins, as shown on the Supplemental Plat; (b) the storage areas adjoining certain Stage 4 Units, the exclusive use of each storage area being reserved for the Stage 4 Unit that the storage area adjoins, as shown on the Supplemental Plat; (c) the driveways providing access to the garage portion of certain Stage 4 Units, the exclusive use of each driveway being reserved for the Stage 4 Unit that the driveway adjoins, as shown on the Supplemental Plat; and (d) the parking spaces identified on the attached Exhibit C and shown on the Supplemental Plat, the exclusive use of each parking space being reserved for the Stage 4 Unit to which the parking space is assigned on Exhibit C. The dimensions, designation and location of the Stage 4 Limited Common Elements are shown on the Supplemental Plat.

5. Interest in Common Elements. The Stage 4 Units, together with the Units created pursuant to the Declaration and all earlier supplemental declarations, shall be entitled to an equal undivided fractional ownership interest in all of the Common Elements, as set forth on Exhibit B.

6. Method of Allocation. The common profits and the common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements, as set forth on Exhibit B.

7. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report or Condominium Annual Report, which has been filed in accordance with Section 100.250(1) of the Act.

8. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 8 shall first be approved by the Owners in accordance with Section 12 of the

Declaration, unless otherwise allowed to be approved by the Board under Section 100.405(6)(a)(B) of the Act.

9. Effect of Original Declaration. The Stage 4 Property, the Stage 4 Units, the Stage 4 General Common Elements and the Stage 4 Limited Common Elements shall be governed by the provisions of the Declaration and shall be treated for all purposes as forming part of, respectively, the Property, the Units, the General Common Elements and the Limited Common Elements created pursuant to the Declaration and all earlier supplemental declarations. This Supplemental Declaration may be amended only in accordance with the provisions set forth in Section 24 of the Declaration with respect to amendment of the Declaration. Without limiting the generality of the foregoing, any amendment to this Supplemental Declaration of a material adverse nature to Mortgagees shall also require the prior written approval of at least fifty-one percent (51%) of the holders of first Mortgages on Units (based upon one vote for each first Mortgage held). Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 9 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Supplemental Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. The Declaration, as supplemented by this Supplemental Declaration and all earlier supplemental declarations, remains in full force and effect.

10. Severability. Each provision of this Supplemental Declaration and the Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Supplemental Declaration or the Declaration.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration as of the date first written above.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company

Its: Manager

By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company

Its: Sole Member

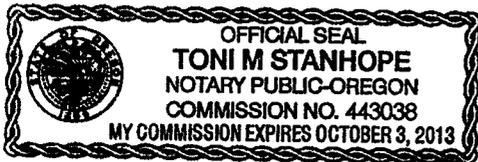
By: PNW HOME BUILDERS GROUP, INC., a  
Washington corporation

Its: Manager

By: *Fred Gast*  
Fred Gast  
Its: Assistant Vice President

STATE OF OREGON )  
County of Washington ) ss.

The foregoing instrument was acknowledged before me on this 18 day of August 2011, by Fred Gast, who is the Assistant Vice President of PNW Home Builders Group, Inc., the Manager of PNW Home Builders, L.L.C., the Sole Member of PNW Home Builders South, L.L.C., the Manager of Red Leaf Carriage, L.L.C., a Washington limited liability company, on behalf of the limited liability company.



*Toni M. Stanhope*  
Notary Public for the State of OREGON  
My Commission Expires: ~~August~~ OCTOBER 03, 2013

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 14<sup>th</sup> day of August 2012, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Supplemental Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

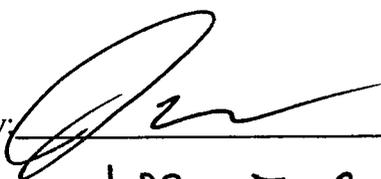
By: 

Name: Laurie Skillman

Title: Land Development Manager

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 14<sup>th</sup> day of August 2012.

ASSESSOR & TAX COLLECTOR FOR  
WASHINGTON COUNTY

By: 

Name: Jeffrey T. Groth

Title: Cartographer

## EXHIBIT A

### Legal Description of Stage 4 Property

The Stage 4 Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

A PORTION OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2010-058962, WASHINGTON COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, CITY OF HILLSBORO, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A FOUND 5/8" IRON ROD WITH YELLOW PLASTIC CAP INSCRIBED "FRONTIER LAND SURVEYING" MARKING THE NORTHEAST CORNER OF THE PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM", WASHINGTON COUNTY RECORDS, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF N.W. HOLLY STREET, BEING 31.00 FEET SOUTHERLY OF THE CENTERLINE THEREOF (WHEN MEASURED PERPENDICULAR THERETO); THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE SOUTH 89°48'17" EAST, 212.17 FEET; THENCE LEAVING SAID SOUTHERLY RIGHT-OF-WAY LINE SOUTH 00°11'43" WEST, 95.25 FEET TO THE NORTHEAST CORNER OF THE PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 2: ANNEXATION OF STAGE 3", WASHINGTON COUNTY RECORDS; THENCE ALONG THE NORTHERLY LINE OF SAID PLAT NORTH 89°48'35" WEST, 106.53 FEET; THENCE SOUTH 00°11'25" WEST, 31.52 FEET; THENCE NORTH 89°48'35" WEST, 105.65 FEET TO THE EASTERLY LINE OF AFOREMENTIONED PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM"; THENCE ALONG SAID EASTERLY LINE NORTH 00°11'43" EAST, 65.70 FEET; THENCE NORTH 89°48'17" WEST, 22.00 FEET; THENCE NORTH 00°11'43" EAST, 17.00 FEET; THENCE SOUTH 89°48'17" EAST, 22.00 FEET; THENCE NORTH 00°11'43" EAST, 44.08 FEET TO THE INITIAL POINT.

**EXHIBIT B**

Area of Units and Allocations

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
44-102	1,270	1/80 <sup>th</sup>
44-104	886	1/80 <sup>th</sup>
44-106	659	1/80 <sup>th</sup>
44-108	1,270	1/80 <sup>th</sup>
44-201	1,288	1/80 <sup>th</sup>
44-202	1,170	1/80 <sup>th</sup>
44-203	659	1/80 <sup>th</sup>
44-204	659	1/80 <sup>th</sup>
44-205	659	1/80 <sup>th</sup>
44-206	659	1/80 <sup>th</sup>
44-207	1,288	1/80 <sup>th</sup>
44-208	1,170	1/80 <sup>th</sup>
44-301	1,375	1/80 <sup>th</sup>
44-302	1,169	1/80 <sup>th</sup>
44-303	659	1/80 <sup>th</sup>
44-304	659	1/80 <sup>th</sup>
44-305	659	1/80 <sup>th</sup>
44-306	886	1/80 <sup>th</sup>
44-307	1,276	1/80 <sup>th</sup>
44-308	1,268	1/80 <sup>th</sup>
45-102	1,482	1/80 <sup>th</sup>
45-104	1,191	1/80 <sup>th</sup>
45-106	1,191	1/80 <sup>th</sup>
45-108	1,482	1/80 <sup>th</sup>
45-201	1,287	1/80 <sup>th</sup>
45-202	1,391	1/80 <sup>th</sup>
45-203	1,166	1/80 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
45-204	919	1/80 <sup>th</sup>
45-205	1,166	1/80 <sup>th</sup>
45-206	919	1/80 <sup>th</sup>
45-207	1,287	1/80 <sup>th</sup>
45-208	1,391	1/80 <sup>th</sup>
45-301	1,275	1/80 <sup>th</sup>
45-302	1,381	1/80 <sup>th</sup>
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45-304	919	1/80 <sup>th</sup>
45-305	919	1/80 <sup>th</sup>
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48-205	1,168	1/80 <sup>th</sup>
48-206	919	1/80 <sup>th</sup>
48-207	1,288	1/80 <sup>th</sup>
48-208	1,181	1/80 <sup>th</sup>
48-301	1,279	1/80 <sup>th</sup>
48-302	1,169	1/80 <sup>th</sup>
48-303	919	1/80 <sup>th</sup>
48-304	919	1/80 <sup>th</sup>
48-305	919	1/80 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
48-306	919	1/80 <sup>th</sup>
48-307	1,279	1/80 <sup>th</sup>
48-308	1,169	1/80 <sup>th</sup>
49-102	1,482	1/80 <sup>th</sup>
49-104	1,191	1/80 <sup>th</sup>
49-106	1,191	1/80 <sup>th</sup>
49-108	1,482	1/80 <sup>th</sup>
49-201	1,287	1/80 <sup>th</sup>
49-202	1,391	1/80 <sup>th</sup>
49-203	1,166	1/80 <sup>th</sup>
49-204	919	1/80 <sup>th</sup>
49-205	1,166	1/80 <sup>th</sup>
49-206	919	1/80 <sup>th</sup>
49-207	1,288	1/80 <sup>th</sup>
49-208	1,391	1/80 <sup>th</sup>
49-301	1,275	1/80 <sup>th</sup>
49-302	1,381	1/80 <sup>th</sup>
49-303	919	1/80 <sup>th</sup>
49-304	919	1/80 <sup>th</sup>
49-305	919	1/80 <sup>th</sup>
49-306	919	1/80 <sup>th</sup>
49-307	1,277	1/80 <sup>th</sup>
49-308	1,381	<u>1/80<sup>th</sup></u>

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## EXHIBIT C

### Assignment of Limited Common Element Parking Spaces

<u>Unit</u>	<u>Limited Common Element Parking Space as Identified on the Supplemental Plat</u>
45-204	LCE P 45-204
45-206	LCE P 45-206
45-303	LCE P 45-303
45-304	LCE P 45-304
45-305	LCE P 45-305
45-306	LCE P 45-306



01815403201300264980120128

I, Richard Hobernicht, Director of Assessment and Taxation and Ex-Officio County Clerk for Washington County, Oregon, do hereby certify that the within instrument of writing was received and recorded in the book of records of said county.

*Richard Hobernicht*  
Richard Hobernicht, Director of Assessment and Taxation, Ex-Officio County Clerk



60  
After Recording Return To:  
Susan Zimmerman  
Radler White Parks & Alexander LLP  
111 SW Columbia Street, Suite 1100  
Portland, Oregon 97201

**SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM  
SUPPLEMENTAL PLAT NO. 4: ANNEXATION OF STAGE 5**

This SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 4: ANNEXATION OF STAGE 5 (this "Supplemental Declaration") is executed by Red Leaf Carriage, L.L.C., a Washington limited liability company ("Declarant"), and shall be effective upon its recording in the official records of Washington County, Oregon pursuant to the provisions of the Oregon Condominium Act (ORS §§ 100.005-100.990) (the "Act").

**Recitals**

A. Declarant previously executed that certain Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium dated September 1, 2010 (the "Declaration"), and those certain Bylaws of The Carriages at Autumn Creek Condominium Owners Association dated September 1, 2010 (the "Bylaws"), both of which were recorded in the official records of Washington County, Oregon on November 10, 2010 as Document No. 2010-090565, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 1: Annexation of Stage 2, which was recorded in the official records of Washington County, Oregon on March 18, 2011 as Document No. 2011-021719, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 2: Annexation of Stage 3, which was recorded in the official records of Washington County, Oregon on June 23, 2011 as Document No. 2011-044437, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 3: Annexation of Stage 4, which was recorded in the official records of Washington County, Oregon on August 15, 2012 as Document No. 2012-066826. Section 11 of the Declaration confers on Declarant the authority to annex additional property to the Condominium, including the property legally described on the attached Exhibit A (the "Stage 5 Property").

B. Declarant now desires to annex the Stage 5 Property to the Condominium on the terms and conditions contained in this Supplemental Declaration.

**Declarations**

1. Definitions. Capitalized terms used in this Supplemental Declaration and not otherwise defined shall have the meanings given to such terms in the Declaration.

2. Property Subject to Annexation. The Stage 5 Property hereby annexed to the Condominium pursuant to Section 11 of the Declaration and the Act is the land in fee simple

legally described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Buildings and Units.

3.1 General Description of Buildings. The Stage 5 Property contains one (1) Building designated numerically as Building 46, as shown on The Carriages at Autumn Creek Condominium Supplemental Plat No. 4: Annexation of Stage 5 being recorded in the official records of Washington County, Oregon concurrently herewith (the "Supplemental Plat"). Building 46 contains twenty (20) Units and has three (3) stories. Building 46 is of wood construction and has a composition roof and no basement.

3.2 General Description, Location, and Designation of Units. Upon recordation of this Supplemental Declaration and the Supplemental Plat (and subject to additions by annexation under Section 11 of the Declaration), the Condominium shall consist of a total of one hundred (100) Units. The Units created pursuant to this Supplemental Declaration are designated numerically on the Supplemental Plat as Units 46-102, 46-104, 46-106, 46-108, 46-201 through 46-208, inclusive, and 46-301 through 46-308, inclusive, and are hereinafter referred to individually as a "Stage 5 Unit" and collectively as the "Stage 5 Units." The designation and location of each Stage 5 Unit are shown on the Supplemental Plat.

3.3 Boundaries of Units. Each Stage 5 Unit shall be bounded by the interior surfaces of its perimeter and demising walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Building in which the Stage 5 Unit is located. In addition, each Stage 5 Unit shall include: (a) the outlet of any utility service lines, including, but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts, but shall not include any part of such lines or ducts themselves; and (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Stage 5 Unit. The enclosed garage designated on the Supplemental Plat for a Stage 5 Unit, if any, (whether or not the garage is attached to or on the same floor as the Stage 5 Unit), as bounded in the manner described above in this Section 3.3, and the fireplace within each Stage 5 Unit, if any, (but not the chimney extending above the roofline of the Stage 5 Unit) shall also form a part of each Stage 5 Unit.

3.4 Unit Areas. The area in square feet of each Stage 5 Unit is listed on the attached Exhibit B, along with the area in square feet of the Units created pursuant to the Declaration and all earlier supplemental declarations, and is shown on the Supplemental Plat.

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## NOTICE

THE SQUARE FOOTAGE AREAS STATED IN EXHIBIT B OF THIS SUPPLEMENTAL DECLARATION AND ON THE SUPPLEMENTAL PLAT FOR THE STAGE 5 UNITS ARE BASED ON THE BOUNDARIES OF THE STAGE 5 UNITS AS DESCRIBED IN THIS SUPPLEMENTAL DECLARATION AND MAY VARY FROM THE AREA OF THE STAGE 5 UNITS CALCULATED FOR OTHER PURPOSES.

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3.5 Use. The Stage 5 Units are intended for residential use in accordance with the Declaration and the Bylaws. The Stage 5 Units shall only be leased or rented in accordance with the procedures set forth in the Bylaws.

4. Designation of Common Elements.

4.1 General Common Elements. The General Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 5 General Common Elements") include the common corridors and stairways providing access to the Stage 5 Units and all other portions of the Stage 5 Property exclusive of the Stage 5 Units and the Stage 5 Limited Common Elements (as defined below), as such General Common Elements are generally described in Section 5 of the Declaration and as shown on the Supplemental Plat.

4.2 Limited Common Elements. The Limited Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 5 Limited Common Elements") consist of the following portions of the Stage 5 Property: (a) the patios and decks adjoining the Stage 5 Units, the exclusive use of each patio and deck being reserved for the Stage 5 Unit that the patio or deck adjoins, as shown on the Supplemental Plat; (b) the storage areas adjoining the Stage 5 Units, the exclusive use of each storage area being reserved for the Stage 5 Unit that the storage area adjoins, as shown on the Supplemental Plat; (c) the driveways providing access to the garage portion of certain Stage 5 Units, the exclusive use of each driveway being reserved for the Stage 5 Unit that the driveway adjoins, as shown on the Supplemental Plat; and (d) the parking spaces identified on the attached Exhibit C and shown on the Supplemental Plat, the exclusive use of each parking space being reserved for the Stage 5 Unit to which the parking space is assigned on Exhibit C. The dimensions, designation and location of the Stage 5 Limited Common Elements are shown on the Supplemental Plat.

5. Interest in Common Elements. The Stage 5 Units, together with the Units created pursuant to the Declaration and all earlier supplemental declarations, shall be entitled to an equal undivided fractional ownership interest in all of the Common Elements, as set forth on Exhibit B.

6. Method of Allocation. The common profits and the common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements, as set forth on Exhibit B.

7. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report or

Condominium Annual Report, which has been filed in accordance with Section 100.250(1) of the Act.

8. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 8 shall first be approved by the Owners in accordance with Section 12 of the Declaration, unless otherwise allowed to be approved by the Board under Section 100.405(6)(a)(B) of the Act.

9. Effect of Original Declaration. The Stage 5 Property, the Stage 5 Units, the Stage 5 General Common Elements and the Stage 5 Limited Common Elements shall be governed by the provisions of the Declaration and shall be treated for all purposes as forming part of, respectively, the Property, the Units, the General Common Elements and the Limited Common Elements created pursuant to the Declaration and all earlier supplemental declarations. This Supplemental Declaration may be amended only in accordance with the provisions set forth in Section 24 of the Declaration with respect to amendment of the Declaration. Without limiting the generality of the foregoing, any amendment to this Supplemental Declaration of a material adverse nature to Mortgagees shall also require the prior written approval of at least fifty-one percent (51%) of the holders of first Mortgages on Units (based upon one vote for each first Mortgage held). Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 9 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Supplemental Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. The Declaration, as supplemented by this Supplemental Declaration and all earlier supplemental declarations, remains in full force and effect.

10. Severability. Each provision of this Supplemental Declaration and the Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Supplemental Declaration or the Declaration.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration to be effective upon its recording in the official records of Washington County, Oregon.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company

Its: Manager

By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company

Its: Sole Member

By: PNW HOME BUILDERS GROUP, INC., a  
Washington corporation

Its: Manager

By: *Fred Gast*  
Fred Gast  
Its: Assistant Vice President

STATE OF Washington )  
County of Clark ) ss.

The foregoing instrument was acknowledged before me on this 9<sup>th</sup> day of October 2012, by Fred Gast, who is the Assistant Vice President of PNW Home Builders Group, Inc., the Manager of PNW Home Builders, L.L.C., the Sole Member of PNW Home Builders South, L.L.C., the Manager of Red Leaf Carriage, L.L.C., a Washington limited liability company, on behalf of the limited liability company.



*Latasha R. Nix*  
Notary Public for the State of Washington  
My Commission Expires: July 6, 2015

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 26<sup>th</sup> day of February 2013 and in accordance with ORS 100.110(8), this approval shall automatically expire if this Supplemental Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

By: [Signature]  
Name: LAURIE SKILMAN  
Title: LAND DEVELOPMENT MANAGER

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 25<sup>th</sup> day of March 2013.

ASSESSOR & TAX COLLECTOR FOR  
WASHINGTON COUNTY

By: [Signature]  
Name: Adam Niles  
Title: GIS Technician

## EXHIBIT A

### Legal Description of Stage 5 Property

The Stage 5 Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

A PORTION OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2010-058962, WASHINGTON COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, CITY OF HILLSBORO, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A FOUND 5/8" IRON ROD WITH YELLOW PLASTIC CAP INSCRIBED "FRONTIER LAND SURVEYING" MARKING THE NORTHEAST CORNER OF THE PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 3: ANNEXATION OF STAGE 4", WASHINGTON COUNTY RECORDS, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF N.W. HOLLY STREET, BEING 31.00 FEET SOUTHERLY OF THE CENTERLINE THEREOF (WHEN MEASURED PERPENDICULAR THERETO); THENCE LEAVING SAID SOUTHERLY RIGHT-OF-WAY LINE, ALONG THE EASTERLY LINE OF SAID PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 3: ANNEXATION OF STAGE 4" SOUTH 00°11'43" WEST, 95.25 FEET TO THE SOUTHEAST CORNER OF SAID PLAT; THENCE SOUTH 89°56'16" EAST, 100.07 FEET; THENCE SOUTH 00°03'44" WEST, 91.64 FEET; THENCE SOUTH 89°56'16" EAST, 37.98 FEET; THENCE NORTH 00°03'44" EAST, 91.64 FEET; THENCE SOUTH 89°56'16" EAST, 159.84 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF N.W. 185TH AVENUE; THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE NORTH 07°14'06" WEST, 3.30 FEET; THENCE NORTH 00°23'32" WEST, 58.00 FEET; THENCE NORTH 40°59'36" WEST, 36.88 FEET; THENCE NORTH 00°23'32" WEST, 5.54 FEET TO AFOREMENTIONED SOUTHERLY RIGHT-OF-WAY LINE OF N.W. HOLLY STREET; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY LINE, ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE NORTH 89°48'17" WEST, 272.52 FEET TO THE INITIAL POINT.

**EXHIBIT B**

Area of Units and Allocations

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
44-102	1,270	1/100 <sup>th</sup>
44-104	886	1/100 <sup>th</sup>
44-106	659	1/100 <sup>th</sup>
44-108	1,270	1/100 <sup>th</sup>
44-201	1,288	1/100 <sup>th</sup>
44-202	1,170	1/100 <sup>th</sup>
44-203	659	1/100 <sup>th</sup>
44-204	659	1/100 <sup>th</sup>
44-205	659	1/100 <sup>th</sup>
44-206	659	1/100 <sup>th</sup>
44-207	1,288	1/100 <sup>th</sup>
44-208	1,170	1/100 <sup>th</sup>
44-301	1,375	1/100 <sup>th</sup>
44-302	1,169	1/100 <sup>th</sup>
44-303	659	1/100 <sup>th</sup>
44-304	659	1/100 <sup>th</sup>
44-305	659	1/100 <sup>th</sup>
44-306	886	1/100 <sup>th</sup>
44-307	1,276	1/100 <sup>th</sup>
44-308	1,268	1/100 <sup>th</sup>
45-102	1,482	1/100 <sup>th</sup>
45-104	1,191	1/100 <sup>th</sup>
45-106	1,191	1/100 <sup>th</sup>
45-108	1,482	1/100 <sup>th</sup>
45-201	1,287	1/100 <sup>th</sup>
45-202	1,391	1/100 <sup>th</sup>
45-203	1,166	1/100 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
45-204	919	1/100 <sup>th</sup>
45-205	1,166	1/100 <sup>th</sup>
45-206	919	1/100 <sup>th</sup>
45-207	1,287	1/100 <sup>th</sup>
45-208	1,391	1/100 <sup>th</sup>
45-301	1,275	1/100 <sup>th</sup>
45-302	1,381	1/100 <sup>th</sup>
45-303	919	1/100 <sup>th</sup>
45-304	919	1/100 <sup>th</sup>
45-305	919	1/100 <sup>th</sup>
45-306	919	1/100 <sup>th</sup>
45-307	1,277	1/100 <sup>th</sup>
45-308	1,381	1/100 <sup>th</sup>
46-102	1,270	1/100 <sup>th</sup>
46-104	1,193	1/100 <sup>th</sup>
46-106	1,193	1/100 <sup>th</sup>
46-108	1,270	1/100 <sup>th</sup>
46-201	1,288	1/100 <sup>th</sup>
46-202	1,181	1/100 <sup>th</sup>
46-203	1,168	1/100 <sup>th</sup>
46-204	919	1/100 <sup>th</sup>
46-205	1,168	1/100 <sup>th</sup>
46-206	919	1/100 <sup>th</sup>
46-207	1,288	1/100 <sup>th</sup>
46-208	1,181	1/100 <sup>th</sup>
46-301	1,279	1/100 <sup>th</sup>
46-302	1,169	1/100 <sup>th</sup>
46-303	919	1/100 <sup>th</sup>
46-304	919	1/100 <sup>th</sup>
46-305	919	1/100 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
46-306	919	1/100 <sup>th</sup>
46-307	1,279	1/100 <sup>th</sup>
46-308	1,169	1/100 <sup>th</sup>
48-102	1,270	1/100 <sup>th</sup>
48-104	1,193	1/100 <sup>th</sup>
48-106	1,193	1/100 <sup>th</sup>
48-108	1,270	1/100 <sup>th</sup>
48-201	1,288	1/100 <sup>th</sup>
48-202	1,181	1/100 <sup>th</sup>
48-203	1,168	1/100 <sup>th</sup>
48-204	919	1/100 <sup>th</sup>
48-205	1,168	1/100 <sup>th</sup>
48-206	919	1/100 <sup>th</sup>
48-207	1,288	1/100 <sup>th</sup>
48-208	1,181	1/100 <sup>th</sup>
48-301	1,279	1/100 <sup>th</sup>
48-302	1,169	1/100 <sup>th</sup>
48-303	919	1/100 <sup>th</sup>
48-304	919	1/100 <sup>th</sup>
48-305	919	1/100 <sup>th</sup>
48-306	919	1/100 <sup>th</sup>
48-307	1,279	1/100 <sup>th</sup>
48-308	1,169	1/100 <sup>th</sup>
49-102	1,482	1/100 <sup>th</sup>
49-104	1,191	1/100 <sup>th</sup>
49-106	1,191	1/100 <sup>th</sup>
49-108	1,482	1/100 <sup>th</sup>
49-201	1,287	1/100 <sup>th</sup>
49-202	1,391	1/100 <sup>th</sup>
49-203	1,166	1/100 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
49-204	919	1/100 <sup>th</sup>
49-205	1,166	1/100 <sup>th</sup>
49-206	919	1/100 <sup>th</sup>
49-207	1,288	1/100 <sup>th</sup>
49-208	1,391	1/100 <sup>th</sup>
49-301	1,275	1/100 <sup>th</sup>
49-302	1,381	1/100 <sup>th</sup>
49-303	919	1/100 <sup>th</sup>
49-304	919	1/100 <sup>th</sup>
49-305	919	1/100 <sup>th</sup>
49-306	919	1/100 <sup>th</sup>
49-307	1,277	1/100 <sup>th</sup>
49-308	1,381	<u>1/100<sup>th</sup></u>

1

## EXHIBIT C

### Assignment of Limited Common Element Parking Spaces

<u>Unit</u>	<u>Limited Common Element Parking Space as Identified on the Supplemental Plat</u>
46-204	LCE P 46-204
46-206	LCE P 46-206
46-303	LCE P 46-303
46-304	LCE P 46-304
46-305	LCE P 46-305
46-306	LCE P 46-306



01858052201300652940120127

I, Richard Hobernicht, Director of Assessment and Taxation and Ex-Officio County Clerk for Washington County, Oregon, do hereby certify that the within instrument of writing was received and recorded in the book of records of said county.

Richard Hobernicht, Director of Assessment and Taxation, Ex-Officio County Clerk



After Recording Return To:  
Susan Zimmerman  
Radler White Parks & Alexander LLP  
111 SW Columbia Street, Suite 1100  
Portland, Oregon 97201

**SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR  
THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM  
SUPPLEMENTAL PLAT NO. 5: ANNEXATION OF STAGE 6**

This SUPPLEMENTAL DECLARATION OF CONDOMINIUM OWNERSHIP FOR THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 5: ANNEXATION OF STAGE 6 (this "Supplemental Declaration") is executed by Red Leaf Carriage, L.L.C., a Washington limited liability company ("Declarant"), and shall be effective upon its recording in the official records of Washington County, Oregon pursuant to the provisions of the Oregon Condominium Act (ORS §§ 100.005-100.990) (the "Act").

**Recitals**

A. Declarant previously executed that certain Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium dated September 1, 2010 (the "Declaration"), and those certain Bylaws of The Carriages at Autumn Creek Condominium Owners Association dated September 1, 2010 (the "Bylaws"), both of which were recorded in the official records of Washington County, Oregon on November 10, 2010 as Document No. 2010-090565, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 1: Annexation of Stage 2, which was recorded in the official records of Washington County, Oregon on March 18, 2011 as Document No. 2011-021719, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 2: Annexation of Stage 3, which was recorded in the official records of Washington County, Oregon on June 23, 2011 as Document No. 2011-044437, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 3: Annexation of Stage 4, which was recorded in the official records of Washington County, Oregon on August 15, 2012 as Document No. 2012-066826, and that certain Supplemental Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium Supplemental Plat No. 4: Annexation of Stage 5, which was recorded in the official records of Washington County, Oregon on March 25, 2013 as Document No. 2013-026498. Section 11 of the Declaration confers on Declarant the authority to annex additional property to the Condominium, including the property legally described on the attached Exhibit A (the "Stage 6 Property").

B. Declarant now desires to annex the Stage 6 Property to the Condominium on the terms and conditions contained in this Supplemental Declaration.

## Declarations

1. Definitions. Capitalized terms used in this Supplemental Declaration and not otherwise defined shall have the meanings given to such terms in the Declaration.

2. Property Subject to Annexation. The Stage 6 Property hereby annexed to the Condominium pursuant to Section 11 of the Declaration and the Act is the land in fee simple legally described on the attached Exhibit A, together with all easements, rights, and appurtenances belonging thereto and all improvements now existing or hereafter constructed on such land.

3. Buildings and Units.

3.1 General Description of Buildings. The Stage 6 Property contains one (1) Building designated numerically as Building 47, as shown on The Carriages at Autumn Creek Condominium Supplemental Plat No. 5: Annexation of Stage 6 being recorded in the official records of Washington County, Oregon concurrently herewith (the "Supplemental Plat"). Building 47 contains ten (10) Units and has three (3) stories. Building 47 is of wood construction and has a composition roof and no basement.

3.2 General Description, Location, and Designation of Units. Upon recordation of this Supplemental Declaration and the Supplemental Plat, the Condominium shall consist of a total of one hundred ten (110) Units. The Units created pursuant to this Supplemental Declaration are designated numerically on the Supplemental Plat as Units 47-102, 47-104, 47-201 through 47-204, inclusive, and 47-301 through 47-304, inclusive, and are hereinafter referred to individually as a "Stage 6 Unit" and collectively as the "Stage 6 Units." The designation and location of each Stage 6 Unit are shown on the Supplemental Plat.

3.3 Boundaries of Units. Each Stage 6 Unit shall be bounded by the interior surfaces of its perimeter and demising walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described (including the unexposed face of the sheetrock or other similar material and the underside of the finished floor or top surface of any concrete slab, as applicable) and the air space so encompassed, but shall exclude those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Building in which the Stage 6 Unit is located. In addition, each Stage 6 Unit shall include: (a) the outlet of any utility service lines, including, but not limited to, water, sewer, electricity, gas, refrigeration, waste disposal and cable television, and of heating, ventilation and air conditioning ducts, but shall not include any part of such lines or ducts themselves; and (b) all spaces, nonbearing interior partitions, interior windows, interior doors and all other fixtures and improvements located within the boundaries of the Stage 6 Unit. The enclosed garage designated on the Supplemental Plat for a Stage 6 Unit, if any, (whether or not the garage is attached to or on the same floor as the Stage 6 Unit), as bounded in the manner described above in this Section 3.3, and the fireplace within each Stage 6 Unit, if any, (but not the chimney extending above the roofline of the Stage 6 Unit) shall also form a part of each Stage 6 Unit.

3.4 Unit Areas. The area in square feet of each Stage 6 Unit is listed on the attached Exhibit B, along with the area in square feet of the Units created pursuant to the Declaration and all earlier supplemental declarations, and is shown on the Supplemental Plat.

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NOTICE

THE SQUARE FOOTAGE AREAS STATED IN EXHIBIT B OF THIS SUPPLEMENTAL DECLARATION AND ON THE SUPPLEMENTAL PLAT FOR THE STAGE 6 UNITS ARE BASED ON THE BOUNDARIES OF THE STAGE 6 UNITS AS DESCRIBED IN THIS SUPPLEMENTAL DECLARATION AND MAY VARY FROM THE AREA OF THE STAGE 6 UNITS CALCULATED FOR OTHER PURPOSES.

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3.5 Use. The Stage 6 Units are intended for residential use in accordance with the Declaration and the Bylaws. The Stage 6 Units shall only be leased or rented in accordance with the procedures set forth in the Bylaws.

4. Designation of Common Elements.

4.1 General Common Elements. The General Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 6 General Common Elements") include the common corridors and stairways providing access to the Stage 6 Units and all other portions of the Stage 6 Property exclusive of the Stage 6 Units and the Stage 6 Limited Common Elements (as defined below), as such General Common Elements are generally described in Section 5 of the Declaration and as shown on the Supplemental Plat.

4.2 Limited Common Elements. The Limited Common Elements annexed to the Condominium pursuant to this Supplemental Declaration (the "Stage 6 Limited Common Elements") consist of the following portions of the Stage 6 Property: (a) the patios and decks adjoining the Stage 6 Units, the exclusive use of each patio and deck being reserved for the Stage 6 Unit that the patio or deck adjoins, as shown on the Supplemental Plat; (b) the storage areas adjoining the Stage 6 Units, the exclusive use of each storage area being reserved for the Stage 6 Unit that the storage area adjoins, as shown on the Supplemental Plat; (c) the driveways providing access to the garage portion of certain Stage 6 Units, the exclusive use of each driveway being reserved for the Stage 6 Unit that the driveway adjoins, as shown on the Supplemental Plat; and (d) the parking spaces identified on the attached Exhibit C and shown on the Supplemental Plat, the exclusive use of each parking space being reserved for the Stage 6 Unit to which the parking space is assigned on Exhibit C. The dimensions, designation and location of the Stage 6 Limited Common Elements are shown on the Supplemental Plat.

5. Interest in Common Elements. The Stage 6 Units, together with the Units created pursuant to the Declaration and all earlier supplemental declarations, shall be entitled to an equal undivided fractional ownership interest in all of the Common Elements, as set forth on Exhibit B.

6. Method of Allocation. The common profits and the common expenses of the Condominium shall be allocated in proportion to each Owner's interest in the Common Elements, as set forth on Exhibit B.

7. Service of Process. The designated agent to receive service of process in cases described in Section 100.550(1) of the Act is named in the Condominium Information Report or Condominium Annual Report, which has been filed in accordance with Section 100.250(1) of the Act.

8. Authority Regarding Easements and Other Property Rights. The Association has the authority, pursuant to Section 100.405(5) of the Act, to execute, acknowledge, deliver, and record on behalf of the Owners leases, easements, rights of way, licenses, and other similar interests affecting the Common Elements and to consent to vacation of roadways within and adjacent to the Condominium, in each case, which are reasonably necessary to the ongoing development and operation of the Condominium. The granting of any interest pursuant to this Section 8 shall first be approved by the Owners in accordance with Section 12 of the Declaration, unless otherwise allowed to be approved by the Board under Section 100.405(6)(a)(B) of the Act.

9. Effect of Original Declaration. The Stage 6 Property, the Stage 6 Units, the Stage 6 General Common Elements and the Stage 6 Limited Common Elements shall be governed by the provisions of the Declaration and shall be treated for all purposes as forming part of, respectively, the Property, the Units, the General Common Elements and the Limited Common Elements created pursuant to the Declaration and all earlier supplemental declarations. This Supplemental Declaration may be amended only in accordance with the provisions set forth in Section 24 of the Declaration with respect to amendment of the Declaration. Without limiting the generality of the foregoing, any amendment to this Supplemental Declaration of a material adverse nature to Mortgagees shall also require the prior written approval of at least fifty-one percent (51%) of the holders of first Mortgages on Units (based upon one vote for each first Mortgage held). Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 9 may be presumed by the Association if such Mortgagee fails to submit a response to a written proposal for an amendment to this Supplemental Declaration within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested. The Declaration, as supplemented by this Supplemental Declaration and all earlier supplemental declarations, remains in full force and effect.

10. Severability. Each provision of this Supplemental Declaration and the Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Supplemental Declaration or the Declaration.

*(Remainder of Page Intentionally Left Blank;  
Signature Page Follows)*

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration to be effective upon its recording in the official records of Washington County, Oregon.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company

Its: Manager

By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company

Its: Sole Member

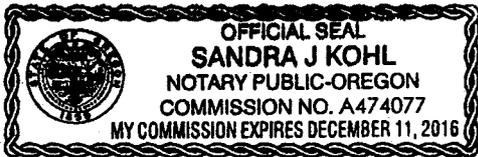
By: PNW HOME BUILDERS GROUP, INC., a  
Washington corporation

Its: Manager

By: *Fred Gast*  
Fred Gast  
Its: Assistant Vice President

STATE OF Oregon )  
 ) ss.  
County of Washington )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of April 2013, by Fred Gast, who is the Assistant Vice President of PNW Home Builders Group, Inc., the Manager of PNW Home Builders, L.L.C., the Sole Member of PNW Home Builders South, L.L.C., the Manager of Red Leaf Carriage, L.L.C., a Washington limited liability company, on behalf of the limited liability company.



*Sandra Kohl*  
Notary Public for the State of Oregon  
My Commission Expires: December 11, 2016

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 16<sup>th</sup> day of July 2013, and in accordance with ORS 100.110(8), this approval shall automatically expire if this Supplemental Declaration is not recorded within one (1) year from this date.

GENE BENTLEY  
Oregon Real Estate Commissioner

By: 

Name: LAURIE SKULMAN

Title: LAND DEVELOPMENT MGR

The foregoing Supplemental Declaration is approved pursuant to ORS 100.110 this 17<sup>th</sup> day of July 2013.

ASSESSOR & TAX COLLECTOR FOR  
WASHINGTON COUNTY

By: 

Name: Jeffrey T. Groth

Title: Cartographer

## EXHIBIT A

### Legal Description of Stage 6 Property

The Stage 6 Property is located in the City of Hillsboro, Washington County, Oregon and is described as follows:

A PORTION OF THAT TRACT OF LAND DESCRIBED IN DOCUMENT NUMBER 2010-058962, WASHINGTON COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 2 WEST, WILLAMETTE MERIDIAN, CITY OF HILLSBORO, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, BEING A 1" COPPER DISK INSCRIBED "PLS 56181" MARKING THE MOST SOUTHERLY SOUTHWEST CORNER OF THE PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 4: ANNEXATION OF STAGE 5", WASHINGTON COUNTY RECORDS; THENCE ALONG THE SOUTHERLY LINE OF SAID PLAT OF "THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM SUPPLEMENTAL PLAT NO. 4: ANNEXATION OF STAGE 5" SOUTH 89°56'16" EAST, 37.98 FEET; THENCE NORTH 00°03'44" EAST, 91.64 FEET; THENCE SOUTH 89°56'16" EAST, 159.84 FEET TO THE MOST EASTERLY SOUTHEAST CORNER OF SAID PLAT AND THE WESTERLY RIGHT-OF-WAY LINE OF N.W. 185TH AVENUE; THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE SOUTH 07°14'06" EAST, 47.06 FEET; THENCE SOUTH 00°23'32" EAST, 46.92 FEET; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY LINE NORTH 89°48'41" WEST, 128.06 FEET; THENCE SOUTH 00°11'19" WEST, 19.52 FEET; THENCE NORTH 89°48'41" WEST, 76.08 FEET; THENCE NORTH 00°03'44" EAST, 21.03 FEET TO THE INITIAL POINT.

## EXHIBIT B

### Area of Units and Allocations

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
44-102	1,270	1/110 <sup>th</sup>
44-104	886	1/110 <sup>th</sup>
44-106	659	1/110 <sup>th</sup>
44-108	1,270	1/110 <sup>th</sup>
44-201	1,288	1/110 <sup>th</sup>
44-202	1,170	1/110 <sup>th</sup>
44-203	659	1/110 <sup>th</sup>
44-204	659	1/110 <sup>th</sup>
44-205	659	1/110 <sup>th</sup>
44-206	659	1/110 <sup>th</sup>
44-207	1,288	1/110 <sup>th</sup>
44-208	1,170	1/110 <sup>th</sup>
44-301	1,375	1/110 <sup>th</sup>
44-302	1,169	1/110 <sup>th</sup>
44-303	659	1/110 <sup>th</sup>
44-304	659	1/110 <sup>th</sup>
44-305	659	1/110 <sup>th</sup>
44-306	886	1/110 <sup>th</sup>
44-307	1,276	1/110 <sup>th</sup>
44-308	1,268	1/110 <sup>th</sup>
45-102	1,482	1/110 <sup>th</sup>
45-104	1,191	1/110 <sup>th</sup>
45-106	1,191	1/110 <sup>th</sup>
45-108	1,482	1/110 <sup>th</sup>
45-201	1,287	1/110 <sup>th</sup>
45-202	1,391	1/110 <sup>th</sup>
45-203	1,166	1/110 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
45-204	919	1/110 <sup>th</sup>
45-205	1,166	1/110 <sup>th</sup>
45-206	919	1/110 <sup>th</sup>
45-207	1,287	1/110 <sup>th</sup>
45-208	1,391	1/110 <sup>th</sup>
45-301	1,275	1/110 <sup>th</sup>
45-302	1,381	1/110 <sup>th</sup>
45-303	919	1/110 <sup>th</sup>
45-304	919	1/110 <sup>th</sup>
45-305	919	1/110 <sup>th</sup>
45-306	919	1/110 <sup>th</sup>
45-307	1,277	1/110 <sup>th</sup>
45-308	1,381	1/110 <sup>th</sup>
46-102	1,270	1/110 <sup>th</sup>
46-104	1,193	1/110 <sup>th</sup>
46-106	1,193	1/110 <sup>th</sup>
46-108	1,270	1/110 <sup>th</sup>
46-201	1,288	1/110 <sup>th</sup>
46-202	1,181	1/110 <sup>th</sup>
46-203	1,168	1/110 <sup>th</sup>
46-204	919	1/110 <sup>th</sup>
46-205	1,168	1/110 <sup>th</sup>
46-206	919	1/110 <sup>th</sup>
46-207	1,288	1/110 <sup>th</sup>
46-208	1,181	1/110 <sup>th</sup>
46-301	1,279	1/110 <sup>th</sup>
46-302	1,169	1/110 <sup>th</sup>
46-303	919	1/110 <sup>th</sup>
46-304	919	1/110 <sup>th</sup>
46-305	919	1/110 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
46-306	919	1/110 <sup>th</sup>
46-307	1,279	1/110 <sup>th</sup>
46-308	1,169	1/110 <sup>th</sup>
47-102	1,270	1/110 <sup>th</sup>
47-104	1,270	1/110 <sup>th</sup>
47-201	1,277	1/110 <sup>th</sup>
47-202	1,181	1/110 <sup>th</sup>
47-203	1,277	1/110 <sup>th</sup>
47-204	1,181	1/110 <sup>th</sup>
47-301	1,276	1/110 <sup>th</sup>
47-302	1,169	1/110 <sup>th</sup>
47-303	1,071	1/110 <sup>th</sup>
47-304	964	1/110 <sup>th</sup>
48-102	1,270	1/110 <sup>th</sup>
48-104	1,193	1/110 <sup>th</sup>
48-106	1,193	1/110 <sup>th</sup>
48-108	1,270	1/110 <sup>th</sup>
48-201	1,288	1/110 <sup>th</sup>
48-202	1,181	1/110 <sup>th</sup>
48-203	1,168	1/110 <sup>th</sup>
48-204	919	1/110 <sup>th</sup>
48-205	1,168	1/110 <sup>th</sup>
48-206	919	1/110 <sup>th</sup>
48-207	1,288	1/110 <sup>th</sup>
48-208	1,181	1/110 <sup>th</sup>
48-301	1,279	1/110 <sup>th</sup>
48-302	1,169	1/110 <sup>th</sup>
48-303	919	1/110 <sup>th</sup>
48-304	919	1/110 <sup>th</sup>
48-305	919	1/110 <sup>th</sup>

<u>Building and Unit</u>	<u>Area in Square Feet</u>	<u>Allocation of Ownership Interests in Common Elements and of Common Profits and Expenses</u>
48-306	919	1/110 <sup>th</sup>
48-307	1,279	1/110 <sup>th</sup>
48-308	1,169	1/110 <sup>th</sup>
49-102	1,482	1/110 <sup>th</sup>
49-104	1,191	1/110 <sup>th</sup>
49-106	1,191	1/110 <sup>th</sup>
49-108	1,482	1/110 <sup>th</sup>
49-201	1,287	1/110 <sup>th</sup>
49-202	1,391	1/110 <sup>th</sup>
49-203	1,166	1/110 <sup>th</sup>
49-204	919	1/110 <sup>th</sup>
49-205	1,166	1/110 <sup>th</sup>
49-206	919	1/110 <sup>th</sup>
49-207	1,288	1/110 <sup>th</sup>
49-208	1,391	1/110 <sup>th</sup>
49-301	1,275	1/110 <sup>th</sup>
49-302	1,381	1/110 <sup>th</sup>
49-303	919	1/110 <sup>th</sup>
49-304	919	1/110 <sup>th</sup>
49-305	919	1/110 <sup>th</sup>
49-306	919	1/110 <sup>th</sup>
49-307	1,277	1/110 <sup>th</sup>
49-308	1,381	<u>1/110<sup>th</sup></u>

1

**EXHIBIT C**

Assignment of Limited Common Element Parking Spaces

<u>Unit</u>	<u>Limited Common Element Parking Space as Identified on the Supplemental Plat</u>
47-303	LCE P 47-303
47-304	LCE P 47-304

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**BYLAWS**  
**OF**  
**THE CARRIAGES AT AUTUMN CREEK CONDOMINIUM OWNERS ASSOCIATION**

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## 1. GENERAL PROVISIONS.

1.1 Identity. The Carriages at Autumn Creek Condominium Owners Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which have been filed with the Corporation Division of the Oregon Secretary of State (the "Association"), has been organized for the purpose of administering the operation and management of The Carriages at Autumn Creek Condominium (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Red Leaf Carriage, L.L.C., a Washington limited liability company, in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is situated upon property located in the City of Hillsboro, Washington County, Oregon, as more particularly described in the Declaration of Condominium Ownership for The Carriages at Autumn Creek Condominium (the "Declaration"), which is being recorded simultaneously herewith in the official records of Washington County, Oregon.

1.2 Bylaws Subject to Other Documents. The provisions of these Bylaws are applicable to the Condominium and are expressly subject to the terms, provisions, and conditions contained in the Articles of Incorporation of the Association (the "Articles") and in the Declaration.

1.3 Defined Terms. Any capitalized term used in these Bylaws and not specifically defined herein shall have the meaning given to such term in the Declaration.

1.4 Applicability. All Owners, tenants and occupants of the Units, and each of their respective agents, servants, invitees, licensees, and employees that use the Condominium, or any part thereof, are subject to these Bylaws and all Rules and Regulations adopted by the Board from time to time in accordance with these Bylaws.

1.5 Office. The office of the Association shall be located in the City of Hillsboro, Oregon, or at any other place within the Portland, Oregon metropolitan area designated by the Association.

## 2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provision of these Bylaws, until the Turnover Meeting, Declarant shall have the powers and authorities reserved to Declarant in Section 20 of the Declaration.

2.2 Transitional Committee. Unless the Turnover Meeting has been held, Declarant shall call a meeting of the Owners within sixty (60) days after the conveyance to persons other than Declarant of fifty percent (50%) of all Units planned for the Condominium. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least ten (10) days but not more than fifty (50) days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the meeting is not called by Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than Declarant fail to select a transitional committee (the "Transitional Committee"), Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory

only and shall consist of two (2) or more members selected by Owners other than Declarant and one representative of Declarant. The members of the Transitional Committee shall serve until the Turnover Meeting. The Transitional Committee shall function to ease the transition from control of the administration of the Association by Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records that Declarant must turn over to the Owners pursuant to Section 2.3.

2.3 Turnover Meeting. The Turnover Meeting, which shall constitute the initial meeting of the Association, shall be called by Declarant within ninety (90) days of the expiration of the period of Declarant's administrative control described in Section 20 of the Declaration. Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least ten (10) days but not more than fifty (50) days prior to the meeting. The notice shall state the purpose, time, and place of the meeting. If the Turnover Meeting is not timely called by Declarant, the Turnover Meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting: (i) Declarant shall relinquish control of the administration of the Association to the Owners and the Owners shall assume control thereof; (ii) the Owners shall elect directors to serve on the Board (each a "Director" and collectively, the "Directors") as set forth in these Bylaws; and (iii) Declarant shall deliver to the Association the items specified in Section 100.210(5) of the Act. During the three-month period following the Turnover Meeting, Declarant or an informed representative of Declarant shall be available to meet with the Board on at least three (3) mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5) of the Act. If Declarant has complied with the terms of Section 100.210 of the Act, then, unless Declarant otherwise has sufficient voting rights as an Owner to control the Association, Declarant shall not be responsible for the failure of the Owners to comply with the provisions of Section 100.210(4) of the Act, and Declarant shall be relieved of any further responsibility for the administration of the Association except as an Owner of any unsold Unit. If a quorum of the Owners is not constituted at the Turnover Meeting or the Owners fail to elect at the Turnover Meeting a sufficient number of Directors to constitute a quorum of the Board, then any Owner or first Mortgagee of a Unit may: (i) call a special meeting for the purpose of electing Directors and shall give notice of the meeting in accordance with Section 2.7 below; or (ii) request a court to appoint a receiver as provided in Section 100.418 of the Act.

2.4 Annual Meetings. In the 12<sup>th</sup> month following the month in which the Turnover Meeting is held, the first annual meeting of the Owners shall be held. At the first annual meeting, the Directors elected at the Turnover Meeting shall resign and new Directors shall be elected by the Owners in accordance with Section 3.1 below. Thereafter, annual meetings shall be held in the same month as the initial annual meeting or in the month following, at such hour and on such date as the chairperson of the Board (the "Chairperson") may designate or, if the Chairperson fails to designate such date by the last day of the first month in which the meeting may be held, the meeting shall be held on the second Wednesday of the second month in which the meeting may be held, unless such date shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day. At such meetings, the Owners shall elect Directors to fill vacancies or to succeed retiring Directors as provided in Article 3 of these Bylaws and shall also transact such other business of the Association as may properly come before the meeting.

2.5 Place of Meetings. Meetings of the Owners shall be held at the principal office of the Association or at such other suitable and convenient place within the Portland, Oregon metropolitan area, as may be designated by the Board.

2.6 Special Meetings. Special meetings of the Association may be called by the Chairperson, a majority of the Board or upon a petition signed and presented to the secretary of the Association (the "Secretary") by the Owners of not less than thirty percent (30%) of the Units stating the purpose of the meeting. Notice of any special meeting shall state the purpose, time, and place of the meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or any proposal to remove a Director or an officer of the Association. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice of Meetings. The Chairperson or Secretary shall give written notice of each meeting of the Association at least ten (10) days but not more than fifty (50) days prior to the date set for such meeting, to each Owner of record (and to any first Mortgagee of record requesting such notice) in accordance with the notice procedures set forth in Section 13.1 or in any other manner permitted under the Act. Notwithstanding the foregoing, notice of a special meeting to approve an Extraordinary Action or Material Amendment must be given to each Owner (and to any first Mortgagee of record requesting such notice) at least twenty-five (25) days but not more than fifty (50) days prior to the date of the meeting. The notice of any meeting shall state the purpose, time, and place of the meeting as well as the items on the meeting agenda, including, without limitation, the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes or any proposal to remove a Director or an officer of the Association. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Proof of the giving of such notice shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Owner before or after a meeting. For a period of ten (10) years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to the Owners, and Declarant or a representative of Declarant shall be entitled to attend and participate in all such meetings. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

## 2.8 Voting.

2.8.1 Subject to Declarant's enhanced voting rights as set forth in Section 20 of the Declaration, the total number of votes of all Owners shall be equal to the total number of Units in the Condominium and each Owner shall be entitled to a number of votes equal to the number of Units owned by the Owner. Declarant shall be entitled to vote as the Owner of any Units retained by Declarant, and the Board shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; *provided, however*, that the Board shall not be entitled to vote such Units in any election of Directors.

2.8.2 If an Owner is in default under a first Mortgage on its Unit for ninety (90) consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any

time thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with the pledge has been filed with the Board. Amendments to this Section shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

2.8.3 If an Owner is in default for payment of assessments or other charges under these Bylaws, the Declaration or the Rules and Regulations for thirty (30) consecutive days or more, the Owner's voting rights shall be suspended until all outstanding amounts are paid in full, including any interest, penalties or late charges due thereon.

2.8.4 Voting by the Owners may be conducted in person, by proxy, by written or electronic ballot, or by absentee ballot if authorized by the Board, all in accordance with the Act.

2.9 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of the minor's estate, through a parent having custody of the minor.

2.10 Proxies and Absentee Ballots. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed and dated by such Owner, may be given to any person or persons of legal age, and shall be filed with the Secretary. No proxy shall be valid (i) for over one year, or (ii) which is undated, or (iii) which purports to be revocable without notice, or (iv) after the meeting for which it was solicited (unless otherwise expressly stated in the proxy) and every proxy shall automatically cease upon sale of a Unit by its Owner. An Owner may revoke such Owner's proxy only as provided in Section 100.427 of the Act. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for absentee ballots shall include instructions for return delivery of the completed absentee ballot and information about whether or not the absentee ballot may be canceled if it is returned in accordance with the instructions. An Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the date that the Mortgagee gives written notice of such pledge or assignment to the Board. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.11 Fiduciary, Corporate and Joint Owners. An attorney-in-fact, executor, administrator, conservator, guardian or trustee may exercise the vote with respect to any Unit owned or held by him or her in such capacity, whether or not the same shall have been transferred to his or her name; *provided, however*, that he or she shall satisfy the Secretary that he or she is the attorney-in-fact, executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Unit owned by a corporation or

other entity shall provide the Secretary with written evidence, satisfactory to the Secretary, that such person is the duly constituted representative thereof. Unless a valid court order establishes the authority of a co-Owner to vote, 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 of the Owners then present, in the absence of protest by a co-Owner. 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 the matter voted upon.

2.12 Quorum. At any meeting of the Association other than the Turnover Meeting, the presence, in person, by proxy or by absentee ballot (if authorized by the Board), of a number of Owners holding at least thirty-four percent (34%) of the voting power of the Association shall constitute a quorum. For purposes of the Turnover Meeting, the presence, in person, by proxy or by absentee ballot (if authorized by the Board) of a number of Owners holding at least twenty percent (20%) of the voting power of the Association shall constitute a quorum. The subsequent joinder of an Owner in the action taken at a meeting, evidenced by that Owner signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner or Owners. If any meeting of the Association cannot be organized because of lack of a quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting until another date and time. The quorum requirement for a meeting following a meeting adjourned for lack of a quorum may be reduced as provided in Section 100.408(3) of the Act.

2.13 Binding Vote. The vote of the Owners holding more than fifty percent (50%) of the total voting power of the Owners present in person, by proxy or by absentee ballot (if authorized by the Board) at a meeting at which a quorum is constituted shall be binding upon all Owners for all purposes except where a higher percentage vote is required by law, the Declaration or these Bylaws. Without limiting the foregoing, Extraordinary Actions must be approved in accordance with Section 26 of the Declaration.

2.14 Order of Business. The order of business at an annual meeting of the Association shall be:

- 2.14.1 Calling of the roll and certifying of proxies;
- 2.14.2 Proof of notice of meeting or waiver of notice;
- 2.14.3 Reading of minutes of the immediately preceding meeting;
- 2.14.4 Reports of officers;
- 2.14.5 Reports of committees, if any;
- 2.14.6 Election of Directors;
- 2.14.7 Unfinished business;
- 2.14.8 New business; and

#### 2.14.9 Adjournment.

2.15 Rules of Order. Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

2.16 Action Without a Meeting. Any action which applicable law, the Declaration or these Bylaws require or permit the Owners to take at a meeting may be taken without a meeting by written ballot if the procedures set forth in Section 100.425 of the Act are followed. For votes of the Owners by written ballot, the Board shall provide the Owners with at ten (10) days' notice before written ballots are mailed or otherwise delivered. The notice shall state the general subject matter of the vote by written ballot, the right of Owners to request secrecy procedures as specified in Section 100.425(2)(b) of the Act, the date after which ballots may be distributed, the date and time by which any petition requesting secrecy procedures must be received by the Board, and the address where such a petition may be delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Member, and instructions for mailing and returning the ballot. The secrecy procedures and the requirement to provide a secrecy envelope and return identification envelope shall not apply to the written ballot of an Owner if the consent or approval of that particular Owner is required under these Bylaws, the Declaration or the Act. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. All written ballots must set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall state the number of responses needed to satisfy any applicable quorum requirement, the required percentage of votes needed for approval, and the period during which the Association will accept written ballots for counting. Any vote that may be conducted by written ballot may also be conducted by electronic ballot subject to the procedures and requirements set forth in the Act for electronic ballots. An electronic ballot shall mean any ballot given by electronic mail, facsimile transmission, posting on a website or other means of electronic communication approved by the Board. Approval by written or electronic ballot shall be valid only when the number of votes cast by written or electronic ballot equals or exceeds any quorum required to be present if a meeting was held to authorize the action and the number of approvals equals or exceeds the number of votes required to approve the matter if a meeting was held to authorize the action. Notwithstanding the foregoing, action by written or electronic ballot may not substitute for: (i) the annual meeting of the Owners; (ii) a meeting of the Owners if the agenda includes a proposal to remove a Director; or (iii) a special meeting of the Owners called at the request of the Owners under Section 100.407(2)(a) of the Act.

### 3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board, which shall consist of one (1) to three (3) Directors prior to the Turnover Meeting and five (5) Directors thereafter. Until the Turnover Meeting is held, the Board shall consist of the Directors named in the Articles, subject to the appointment and removal powers of Declarant described in Section 20 of the Declaration; *provided, however*, that after selection of

the Transitional Committee pursuant to Section 2.2, one of the pre-turnover Directors shall be a member of the Transitional Committee (as the members of the Transitional Committee shall determine). At the Turnover Meeting, five (5) Directors shall be elected by the Owners to serve until the first annual meeting of the Association. At the first annual meeting of the Association, three (3) Directors shall be elected by the Owners to serve for a term of two (2) years and two (2) Directors shall be elected by the Owners to serve for a term of one (1) year. Those three (3) Directors receiving the three (3) highest vote totals shall serve for the initial two-year terms. Election by the Owners shall be by plurality. There shall be no cumulative voting for the election of Directors. At the expiration of the initial term of office of each Director elected or appointed at the first annual meeting of the Association, that Director's successor shall be elected or appointed as provided in this Section 3.1 to serve for a term of two (2) years. The Directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board, if elected or appointed as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board after the Director ceases to be an Owner. All Directors shall be individuals. If a corporation, limited liability company, partnership or trust owns a Unit or an interest in an entity that owns a Unit, then an officer, employee or agent of the corporation, member, manager, employee or agent of the limited liability company, partner, employee or agent of the partnership or trustee of the trust, as applicable, may serve as a Director. Additionally, an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for an Owner, or an officer or employee of an entity if the appointee is an entity, may serve as a Director. Prior to election to the Board, any individual wishing to serve on the Board in the capacity as a representative of an Owner in accordance with this Section 3.1 shall provide the Board with documentation satisfactory to the Board that the person is qualified to represent the Owner in compliance with the requirements of this Section 3.1. The term of an individual serving on the Board as a representative of an Owner in accordance with this Section 3.1 shall automatically terminate if the individual no longer meets the requirements set forth in this Section 3.1.

3.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts which by or under law, the Declaration or these Bylaws may not be performed by the Board or delegated to the Board by the Owners. The Board shall be governed by ORS 65.357, 65.361, 65.367, 65.369 and 65.377. Such powers and duties of the Board shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Operation, inspection, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property.

3.2.2 Determination of the amounts required for operation, inspection, maintenance, repair and replacement of the Common Elements and Association Property and the conduct of all other affairs of the Association, and the making of such expenditures.

3.2.3 Collection of the common expenses from the Owners.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the inspection, maintenance, upkeep and repair of the Common Elements; engagement of or contracting for the services of others; and making purchases for the inspection, maintenance, repair, replacement, administration, management and operation of the Condominium and delegating any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent); *provided, however*, that, unless otherwise permitted under the Act, (i) any management agreement, service contract, or employee contract entered into before the Turnover Meeting shall not be in excess of three (3) years, and shall be terminable for any reason by the Association without penalty upon not less than thirty (30) days written notice to the other party given no later than sixty (60) days after the Turnover Meeting and (ii) any agreement for management services entered into after the Turnover Meeting on behalf of the Association shall have a reasonable term not exceeding three (3) years, shall be terminable by the Board without penalty or cause upon not more than ninety (90) days written notice and shall only be renewed with the express written consent of the Board and the property manager. If a first Mortgagee had previously required professional management, the Board may not terminate professional management and assume self-management unless the decision to do so is approved by one hundred percent (100%) of the total voting power of the Association and approved by at least fifty-one percent (51%) of the Mortgagees holding first Mortgages on the Units. Unless otherwise prohibited by any statute, ordinance, regulation or guideline of a Mortgage Insurer or Guarantor, any approval of a Mortgagee required under this Section 3.2.4 may be presumed by the Association if such Mortgagee fails to submit a response to a written request within sixty (60) days after it receives notice of the request by certified or registered mail, return receipt requested.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.30 hereof.

3.2.6 Maintaining bank accounts on behalf of the Association and designating the signatories required therefor.

3.2.7 Purchasing, leasing or otherwise acquiring, in the name of the Association or its designee, corporate or otherwise, on behalf of the Owners, Units offered for sale or lease or surrendered by their Owners to the Association, including without limitation, the purchasing of Units at foreclosure sales (judicial or non-judicial) or execution sales, provided that the purchase and/or acquisition of a Unit is approved by the Owners holding at least seventy-five percent ( 75%) of the total voting power of the Association.

3.2.8 Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Units of the Condominium acquired by the Association or its designee on behalf of all the Owners.

3.2.9 Organizing corporations to act as designees of the Association in acquiring title to or leasing Units by the Association on behalf of all Owners.

3.2.10 Obtaining and reviewing bonds and insurance, including directors' liability insurance, for the Association and the Condominium, including the Units, pursuant to the provisions of these Bylaws and in the case of such insurance, reviewing it at least annually.

3.2.11 Annually conducting a reserve study, or reviewing and updating an existing reserve study, of the Common Elements to determine the reserve fund requirements in accordance with Section 100.175 of the Act. The reserve study shall: (i) identify all items for which reserves are or will be established; (ii) include the estimated remaining useful life of each item as of the date of the reserve study or update thereof; and (iii) include for each item, as applicable, an estimated cost of maintenance, repair and replacement at the end of the item's useful life.

3.2.12 Making repairs, additions and improvements to, or alterations of, the Condominium and repairs to and restoration of the Condominium in accordance with these Bylaws and Sections 21 and 22 of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof.

3.2.13 Making additions and improvements to, or alterations of, the Common Elements; *provided, however*, that no such project of a non-structural or non-capital nature may be undertaken by the Board if the total cost will exceed the amount of Ten Thousand Dollars (\$10,000), unless (i) the Owners holding at least seventy-five percent (75%) of the voting power of the Association have approved the project or (ii) the expenditure is authorized in the annual budget of the Association. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.2.1 or to work that is urgently needed for life, safety or structural integrity reasons.

3.2.14 After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against the Owners for violations of the Declaration, these Bylaws, and/or the Rules and Regulations based on a resolution of the Board that is delivered to the Unit Owner in accordance with the notice provisions set forth in Section 13.1 below.

3.2.15 Borrowing money on behalf of the Association when required in connection with the inspection, operation, care, upkeep, and maintenance of the Common Elements and Association Property; *provided, however*, that (i) the consent of Owners holding at least seventy-five percent (75%) of the voting power of the Association shall be required for the borrowing of any individual sum or aggregated sums for the calendar year in question in excess of fifteen percent (15%) of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements and Association Property, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of the Owner of such Unit. If any sum borrowed by the Board on behalf of the Association pursuant to the authority contained in this Section 3.2.15 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against such Owner's Unit.

3.2.16 Adjusting and settling claims under insurance policies and executing and delivering releases on settlement of such claims on behalf of all Owners, all holders of Mortgages or other liens on the Units, and all Owners of any other interest in the Condominium.

3.2.17 Filing all appropriate income tax returns.

3.2.18 Filing of the Annual Report described in Section 100.260 of the Act with the Real Estate Agency pursuant to Section 100.250 of the Act.

3.2.19 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Board or Association to take any specific action to enforce violations.

3.2.20 In conjunction with preparing and updating the reserve study, establish, periodically update, and implement a maintenance plan for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under the Declaration, these Bylaws or the Act (the "Maintenance Plan"). The Maintenance Plan shall: (i) describe the maintenance, repair and replacement to be conducted; (ii) include a schedule for the maintenance, repair and replacement; (iii) be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and (iv) address issues that include, but are not limited to, warranties and the useful life of the items for which the Association has maintenance, repair or replacement responsibility. The Maintenance Plan shall comply with Section 100.175 of the Act and shall provide for not less than annual inspections of the Property for evidence of water intrusion or other needed repairs by a knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. For a period of ten (10) years following recording of the Declaration, Declarant shall be notified prior to the inspections, shall have a right for Declarant or its employees or contractors to be present during the inspections and have a right to receive a copy of the inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

3.3 Limitation. The powers of the Board enumerated in these Bylaws shall be limited in that the Board shall have no authority to (i) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Elements (other than for purposes of repairing, replacing or restoring portions of the Common Elements, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding ten percent (10%) of the estimated total budget of the Association for such calendar year, or (ii) enter into agreements having a term in excess of three (3) years, except agreements specifically authorized in these Bylaws or the Act, without, in each case, the prior approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association.

3.4 Organizational Meeting. Within thirty (30) days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the Board shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

3.5 Regular and Special Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board may be called by the Chairperson and must be called by the Secretary at the written request of at least two (2) Directors. Notice of any special meeting shall be given to each Director at least two (2) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. All meetings of the Board shall be open to the Owners except that the following matters and such other matters as are permitted by the Act, if any, may be considered in executive session: (a) consulting with legal counsel, *provided, however,* that the Board shall not initiate legal proceedings against Declarant or any Director without first obtaining the approval of the Owners holding at least seventy-five percent (75%) of the voting power of the Association; (b) dealing with personnel matters, including salary negotiations and discipline; (c) negotiating of contracts with third parties; and (d) discussing the collection of unpaid assessments. Except in the event of an emergency, the Board shall vote in an open meeting on whether to meet in executive session. If the Board votes to meet in executive session, the Chairperson shall announce the general nature of the action being considered and when and under what circumstances the deliberations can be disclosed to the Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of each meeting of the Board shall be posted at a place or places on the Property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting. For a period of ten (10) years following the recordation of the Declaration, notices of all Board meetings shall also be given to Declarant in the same manner as given to the Directors and Declarant or a representative of Declarant shall be entitled to attend and participate in all such meetings. Meetings of the Board may be conducted by any means of communication that allows the Directors to hear each other simultaneously or otherwise to communicate during the meeting. The meeting and notice requirements in Section 100.420 of the Act may not be circumvented by chance or social meetings or by any other means. Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Board shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.6 Waiver of Notice. Any Director may at any time waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice of the time and place thereof, except where a Director attends the meeting for the sole purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the Directors are present at any meeting of the Board, then no notice to Directors shall be required and any business may be transacted at such meeting.

3.7 Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the act of the Board. A Director who is present at a meeting of the Board at which action is taken on any Association matter is presumed to have assented to the action unless the Director votes against the action or

abstains from voting on the action because the Director claims a conflict of interest. If at any meeting of the Board there shall be less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.8 Removal. At any regular or special meeting of the Owners, any one or more of the Directors may be removed with or without cause, but only by approval of at least a majority of the Owners, notwithstanding the quorum provisions of Section 2.12, and a successor may then and there or thereafter be elected by the Owners to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.9 Resignation. Any Director may resign at any time by sending a written notice of such resignation to the office of the Association, addressed to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary.

3.10 Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director pursuant to Section 3.8 shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected or appointed shall be a member of the Board for the remainder of the term of the member whose position was vacated and until a successor shall be elected or appointed as provided in these Bylaws at the next annual meeting of the Owners.

3.11 Compensation. No Director shall receive any compensation from the Association for acting in such capacity, but shall be reimbursed for his reasonable out-of-pocket expenses.

3.12 Liability and Indemnification of Directors, Officers, Manager or Managing Agent. To the fullest extent authorized by law and the Articles, the personal liability of each Director (including pre-turnover Directors) to the Association or its Owners for monetary damages for conduct as a Director shall be eliminated. Each Director (including pre-turnover Directors) and officer and the manager or managing agent, if any, shall be indemnified and held harmless by the Association, to the fullest extent permitted by law, from and against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon such person in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having been a Director (including pre-turnover Directors), officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof. The foregoing rights of indemnification shall be in addition to and not exclusive of any and all other rights conferred on such persons under any agreement, vote of the Owners or otherwise.

3.13 Insurance. The Board shall comply with the insurance requirements contained in Article 9 of these Bylaws. In addition, the Board, in its discretion, may obtain such

other insurance as it deems necessary to protect the interests of the Association, the Board or the Owners.

3.14 Special Committees. The Board by resolution may designate one or more special committees, each committee to consist of three or more Owners which, to the extent provided in such resolution, shall have and may exercise the powers set forth in such resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committee shall keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the Chairperson. The Board or the Chairperson may appoint Owners to fill vacancies on each of any special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

3.15 Action Without a Meeting. Any action which the Act, the Declaration or these Bylaws require or permit the Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Board, shall be filed in the records of minutes of the Association.

#### 4. OFFICERS.

4.1 Designation. The principal officers of the Association shall be the Chairperson, the Secretary and a treasurer (the "Treasurer"), all of whom shall be elected by the Board. The Board may appoint a vice chairperson (the "Vice Chairperson"), an assistant treasurer (an "Assistant Treasurer"), an assistant secretary (an "Assistant Secretary") and such other officers as in its judgment may be desirable. None of the officers need be Owners until the Board is elected by the Owners at the Turnover Meeting. Thereafter, all officers shall be Owners (or officers, directors, shareholders, partners, employees or beneficiaries, or members of the respective families, of Units owned by corporations, partnerships, fiduciaries or Mortgagees).

4.2 Election. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office shall become vacant, the Board shall elect a successor to fill the unexpired term at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4.3 Removal. Upon the affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

4.4 Chairperson. The Chairperson shall be the chief executive officer of the Association and shall preside at all meetings of the Owners and of the Board. The Chairperson shall have all of the general powers and duties which are usually incident to the office of the chief executive officer of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as are appropriate to assist in the conduct of the affairs of the Association as determined by the Chairperson in his or her discretion.

4.5 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform the Chairperson's duties whenever the Chairperson shall be absent or unable to act. If neither the Chairperson nor the Vice Chairperson is able to act, the Board shall appoint some other member of the Board to act in the place of the Chairperson on an interim basis. The Vice Chairperson shall also perform such other duties as shall from time to time be prescribed by the Board or by the Chairperson.

4.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the minutes of all meetings of the Association. The Secretary shall attend to the giving and serving of all notices to the Owners and Directors required by these Bylaws and other notices required by law, shall keep the records of the Association, except for those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the Chairperson. In addition, the Secretary shall act as Vice Chairperson, taking the place of the Vice Chairperson and performing the Vice Chairperson's duties whenever the Vice Chairperson is absent or unable to act, unless the Directors have appointed another Vice Chairperson.

4.7 Treasurer. The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, shall disburse funds of the Association upon properly authorized vouchers, and shall, in general, perform all other duties incident to the office of Treasurer of an association and such other duties as may be assigned to him by the Board.

4.8 Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board. All checks, wire transfer instructions, authorizations and other similar instruments for amounts up to Ten Thousand Dollars (\$10,000) may be executed by the professional property management company for the Condominium if authorized by general or special resolution of the Board, and, in the absence of any such general or special resolution, then such instrument or authorization shall be signed by the Treasurer, or in his absence or disability, by the Chairperson or another person duly authorized by the Board. Notwithstanding the foregoing, all checks, wire transfer instructions, authorizations or other similar instruments for amounts in excess of Ten Thousand Dollars (\$10,000) shall require the signatures of (i) the Chairperson and Treasurer, or (ii) the Chairperson or Treasurer and one other officer of the Association.

4.9 Compensation of Officers. No officer who is a member of the Board, other than the Secretary and Treasurer, shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the Owners. The Board may fix any reasonable compensation to be paid to the Secretary, Treasurer and any officers who are not also Directors.

## 5. BUDGET, EXPENSES AND ASSESSMENTS.

### 5.1 Budget.

5.1.1 The Board shall from time to time, at least annually, prepare and adopt a budget for the Association, estimate the common expenses expected to be incurred, less any previous over assessment, and assess the common expenses in accordance with Section 7.1 of the Declaration. The budget shall provide for an adequate reserve fund for funding major maintenance, repair and replacement of those Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any, in accordance with Section 5.2 of these Bylaws. The Board shall advise each Owner in writing of the amount of common expenses payable by the Owner, and furnish copies of each budget and amended budget on which such common expenses are based to all Owners, Declarant (for at least ten (10) years after the recordation of the Declaration), and, if requested, to their Mortgagees, at least thirty (30) days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to an Owner shall not affect the liability of the Owner for any such assessment. If the Board fails to adopt an annual budget, the last adopted budget shall continue in effect. Nothing herein contained shall be construed as restricting the right of the Board to, at any time, in its sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. Any budget for the Association prepared by Declarant or during the period of Declarant's administrative control of the Association pursuant to Section 20 of the Declaration shall be based on Declarant's good faith projection of the requirements of the Association for the period in question. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association for such period. Such projection need not include (a) items that reasonably could be funded from operating assessments or (b) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more Unit Owners under the provisions of the Declaration or these Bylaws. **The reserve study on which such projection is based assumes that the Board conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to the Declaration, these Bylaws, the Maintenance Plan and the Act. If the Board fails to perform the required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** After the Turnover Meeting, the Board shall be responsible, in its sole discretion, for preparation of the budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant. The budget shall take into account the requirements of the Maintenance Plan adopted pursuant to Section 3.2.20 above.

5.1.2 Within thirty (30) days after adoption of any proposed budget for the Condominium following the Turnover Meeting, the Board shall provide a summary of the budget to all Owners and to Declarant for a period of ten (10) years following recordation of the Declaration.

5.2 Reserve Fund for Replacing Common Elements. Declarant shall, on behalf of the Owners, conduct a reserve study as required by the Act, prepare the initial Maintenance Plan

described in Section 3.2.20 above and as required by the Act and establish in the name of the Association a reserve fund for funding major maintenance, repair and replacement of those Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any. The common expenses of the Condominium shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements which will normally require replacement in more than one (1) year and less than thirty (30) years such that the reserve fund is reasonably expected to provide sufficient funds for major maintenance, repair and replacement of such Common Elements and for the painting of exterior painted surfaces of the Common Elements, if any. Declarant, in establishing the reserve fund, shall rely on the reserve study in making a projection of the requirements of the Association with respect to the major maintenance, repair and replacement of such Common Elements and for the painting of exterior painted surfaces of the Common Elements, if any. Such projection (i) may increase over time and (ii) may vary substantially from the actual requirements of the Association. Such projection need not include (a) items that can reasonably be funded from operating assessments or (b) a reserve for limited common elements for which maintenance and replacement are the responsibility of one or more, but less than all, Owners under the provisions of the Declaration or these Bylaws. Declarant may elect to defer payment of the assessments for the reserve fund with respect to each Unit until the time of conveyance of the Unit, provided that Declarant may not defer payment of such reserve assessments beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association. The Board shall annually conduct a reserve study or review and update an existing reserve study of the Common Elements to determine reserve account requirements. The reserve study shall include all information required by the Act. After reviewing the reserve study or reserve study update, the Board may, without any required approval or other action of the Owners, adjust the amount of payments into the reserve account in accordance with the reserve study or reserve study update and provide for other reserve items that the Board, in its discretion, may deem appropriate. If, after reviewing the reserve study or reserve study update, the Board determines that the reserve account will be adequately funded for the following year, then the Board may vote to reduce or eliminate funding of the reserve account for that particular year. Additionally, following the Turnover Meeting, on an annual basis, the Board, with the approval of all Owners, may elect not to fund the reserve account for the following year regardless of whether or not the reserve account is fully funded. Any funds established for any of the purposes mentioned in this Section 5.2 shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board. The amount of the reserve fund shall constitute an asset of the Association and shall not be distributed to any Owner except on termination of the Condominium and the Association. The reserve fund is to be used only for major maintenance, repair and replacement of the Common Elements which will normally require major maintenance, repair or replacement in more than one (1) year and less than thirty (30) years and for the painting of exterior painted surfaces of the Common Elements, if any, and is to be kept separate from the operating expense assessments. After the Turnover Meeting, however, the Board may borrow amounts from the reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other unexpected increases in expenses which will later be paid from special or regular assessments, if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds and, prior to adopting such a resolution, has provided advance written

notice of the resolution to all Owners and, for a period of ten (10) years following the recordation of the Declaration, to Declarant and its successors and assigns. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a repayment plan providing for repayment of the borrowed funds within a reasonable period. Repayment of such amounts borrowed from the reserve fund shall include any interest that would otherwise have been earned on such amounts.

**5.3 Assessments and Reserves.** THE PROJECTION OF THE BUDGET OF THE ASSOCIATION OF UNIT OWNERS FOR THE OPERATION AND MAINTENANCE AND OTHER COMMON EXPENSES OF THE CONDOMINIUM IS ONLY AN ESTIMATE. INITIAL ASSESSMENTS MAY BE HIGHER THAN SHOWN IN THE PROJECTED BUDGET, AND ASSESSMENTS ARE LIKELY TO INCREASE OVER TIME. RESERVE PROJECTIONS MAY INCREASE AND MAY VARY SUBSTANTIALLY FROM THE ACTUAL REQUIREMENTS OF THE ASSOCIATION IMPOSED ON UNIT OWNERS.

**5.4 Determination of Common Expenses.** Common expenses shall include:

5.4.1 Expenses of administration.

5.4.2 Cost of insurance or bonds obtained in accordance with these

Bylaws.

5.4.3 A general operating reserve, sufficient to pay the amount of the deductible on any insurance policy held by the Association under Section 9.1.1.

5.4.4 Reserve for major maintenance, repair and replacement of the Common Elements and for painting any exterior painted surfaces of the Common Elements as needed.

5.4.5 The costs of the annual reserve study required by the Act, or the renewal and update thereof.

5.4.6 The costs of establishing, updating and implementing the Maintenance Plan.

5.4.7 Any deficit in common expenses for any prior period, and any accrued interest or late charges thereon.

5.4.8 Utilities for the Common Elements and other utilities not separately metered or charged.

5.4.9 Services of any person or firm to act on behalf of the Owners in connection with any other matter where the respective interests of the Owners are deemed by the Board to be similar and nonadverse to each other.

5.4.10 Professional management services, gardening, landscaping, snow removal, waste removal, painting, cleaning, and inspection, maintenance, decorating, repair and replacement of the Common Elements and Association Property and such machinery and

equipment for the Common Elements and Association Property as the Board shall determine are necessary and proper, which the Board shall have the exclusive right and duty to acquire for the Common Elements and Association Property.

5.4.11 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium as a first-class Condominium or for the enforcement of these restrictions, and which the Board determines should be assessed to the Owners under Section 5.5.

5.4.12 The discharge of any mechanic's lien or other encumbrance levied against the entire Condominium or against the Common Elements or Association Property, rather than merely against the interests therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of such lien or liens shall be specifically assessed to the responsible Owners.

5.4.13 Inspection, maintenance and repair of any Unit if the Board determines that such inspection, maintenance or repair is necessary to protect the Common Elements, Association Property, another Unit, or any other portion of the Property, and the Owner of the Unit has failed or refused to perform such maintenance or repair in accordance with these Bylaws, the Maintenance Plan or the Declaration within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board to such Owner, provided that the Board may levy a special assessment against such Owner for the cost of such maintenance or repair.

5.4.14 Any other items properly chargeable as an expense of the Association.

#### 5.5 Assessment of Common Expenses.

5.5.1 All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws. Assessments may not be waived due to limited use or nonuse of Common Elements and no Owner may claim an offset against assessments for failure of the Board to perform its obligations. Declarant shall be assessed as the Owner of any unsold Unit, but such assessment shall be prorated to the date of sale of the Unit. Assessments shall commence in accordance with Section 7.1.3 of the Declaration. At the time of closing of the initial sale of each Unit, the purchaser shall make the contribution described in Section 5.6.3 to the working capital fund. The Board, on behalf of the Association, shall assess the common expenses against the Owners from time to time, and at least annually, and shall take prompt action to collect from an Owner any common expense due which remains unpaid by him for more than ten (10) days from the due date for its payment (except as provided above for Declarant).

5.5.2 If Additional Property (as defined in the Declaration) is annexed to the Condominium, the Association shall, within sixty (60) days after the annexation, recompute the common expense budget based upon the additional Units and Common Elements and recompute all applicable assessments for each Unit in accordance with Section 11.4 of the Declaration. Newly annexed Units shall be subject to assessment beginning upon the date of annexation, unless Declarant elects to defer the commencement of assessments (other than reserve fund assessment in accordance with Section 5.2 of these Bylaws) as provided in Section 7.1.3 of the Declaration. The Association shall send notice of any applicable assessment to the Owners of newly annexed Units not later than sixty (60) days after the annexation or, if common expense assessments (other than reserve assessments) are deferred as provided in Section 7.1.3 of the Declaration no later than ten (10) days before commencement of such assessments. If Additional Property is annexed to the Condominium during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Units which were within the Condominium prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners not later than sixty (60) days after the annexation. Assessments under this Section 5.5.2 shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

#### 5.6 Special Assessments.

5.6.1 Capital Improvements. In the case of any duly authorized capital improvement to the Common Elements, the Board may by resolution establish separate assessments for the same, which may be treated as contributions by the Owners for capital improvements, and the proceeds of which shall be used only for the special capital improvements described in the resolution.

5.6.2 Other Reserve Trust Funds. The Board may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 5.2 of these Bylaws. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged against such reserve. If the estimated cash requirement proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the Owners according to each Owner's percentage ownership in the Common Elements. The Board shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the first monthly assessment of common expenses which is due more than thirty (30) days after the delivery or mailing of such notice of further assessment. Any reserve fund established by Declarant shall be based upon Declarant's good faith projection of the applicable reserve requirements of the Association, but such projection may vary substantially from the actual requirements of the Association.

5.6.3 Working Capital Fund. Declarant shall establish in the name of the Association a working capital fund for the Association. Amounts paid into this fund shall not be considered advance payments of the monthly assessments for common expenses described in

Section 5.5. At the time of closing of the initial sale and each subsequent sale of a Unit, the purchaser shall make an initial contribution to the working capital fund equal to two months of Association assessments for the Unit, but, in any event, not less than the amount that may have been contributed to the working capital fund on behalf of such Unit by Declarant under this Section 5.6.3. At or prior to the Turnover Meeting, Declarant shall make a contribution to the working capital fund equal to two months of Association assessments for all Units then existing but not yet conveyed to persons other than Declarant; *provided, however*, that the contribution by the initial purchaser of a Unit described in the preceding sentence shall be paid to Declarant at the closing of such purchase in reimbursement of contributions made to the working capital fund by Declarant. At or prior to the Turnover Meeting, Declarant shall transfer the amount of the reserve fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.2 of these Bylaws. During the period of administrative control described in Section 20 of the Declaration, Declarant shall not use any funds contained in the working capital fund to defray Declarant's expenses, contributions to reserves, or construction costs, or to compensate for any deficits in the operating budget of the Condominium.

5.7 Violation by Owners; Remedies. A violation of the Rules and Regulations or other determination duly adopted by the Board, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Association and its agents the right: (i) to enter upon that part of the Condominium where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions so violated, and the Association or its agents, shall not thereby be deemed guilty in any manner of trespass; *provided, however*, that the Association must institute legal proceedings before any item of construction may be altered or demolished in remedying such violation, and (ii) to enjoin, abate or remedy by appropriate legal proceedings the continuance of any breach. Any Owner aggrieved by such a violation shall also have the right, on behalf of the Association, to enjoin, abate, or remedy by appropriate legal proceedings any such violation and to recover its expenses in accordance with Section 11.1. All expenses of the Association in connection with such violation and such action or proceedings (including any action or proceeding brought on behalf of the Association), including engineering, architectural and other professional fees and costs, court costs and attorneys' fees and any other fees and expenses (including fees, fines, late charges and interest imposed pursuant to these Bylaws), and all damages, liquidated or otherwise, together with interest thereon at the rate provided in Section 7.3 of the Declaration until the amount outstanding is paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of such Owner's respective share of the common expenses. The Association shall have a lien for all of the same upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Unit or elsewhere in the Condominium. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, on behalf of the Association by the Board. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the offending Owner as a specific item, which shall be a lien against the offending Owner's Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.8 Liability of Owners. An Owner shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family, or his or their guests, employees, servants, invitees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing in these Bylaws, however, shall be construed to modify any waiver by insurance companies of rights of subrogation. The expense of any such maintenance, repair or replacement shall be charged to the responsible Owner as a specific item, which shall be a lien against the corresponding Unit with the same force and effect as if the charge were a part of the normal common expenses attributable to such Unit.

5.9 No Waiver. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by any of the provisions of the Declaration, these Bylaws or any Rules or Regulations shall not constitute a waiver of the right of the Association or an Owner to enforce such right, provision, covenant or condition in the future.

5.10 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments regarding a Unit that, in violation of these Bylaws, is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

## 6. RECORDS AND AUDITS.

6.1 General Records. The Board and the managing agent or manager, if any, shall keep records of the actions of the Board and the managing agent or manager, minutes of the meetings of the Board and minutes of the meetings of the Association and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement and maintenance of the Common Elements and Association Property. The Board shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units to the extent the Board has been notified of such Mortgagees. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Articles, the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5; (iii) the current operating budget of the Association and the current reserve study and Maintenance Plan for the Condominium; and (iv) all documents, information and records delivered to the Association at the Turnover Meeting. Such documents shall be available for

inspection within the State of Oregon by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours, except as otherwise permitted under Section 100.480 of the Act. For a period of ten (10) years following the recordation of the Declaration, the Secretary shall mail to Declarant within thirty (30) days after the creation, adoption or recordation of such documents, as applicable, copies of the foregoing documents, including without limitation, written consents of the actions of the Board and minutes of the meetings of the Association and the Board.

6.2 Records of Receipts and Expenditures. The Board or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Units, and insurers and guarantors of such Mortgages during normal business hours.

6.3 Assessment Roll. The assessment roll shall be maintained in a set of accounting books or on a computerized accounting program in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of each assessment against the Owner, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

6.4 Payment of Vouchers. Vouchers and instruments shall be authorized and signed in accordance with Section 4.8 above.

6.5 Reports and Audits. Within ninety (90) days after the end of each fiscal year, the Board shall prepare or cause to be prepared an annual financial statement of the Association consisting of at least a balance sheet and income and expense statement for the preceding fiscal year (the "Annual Financial Statement") and shall distribute a copy of the Annual Financial Statement to each Owner and to each Mortgagee who has requested the same in writing. If the Association has annual assessments exceeding \$75,000 for any fiscal year following the Turnover Meeting, then pursuant to Section 100.480(4) of the Act, the Board shall cause the Annual Financial Statement for that fiscal year to be reviewed within one hundred and eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Pursuant to Section 100.480(6) of the Act, the Association may elect on an annual basis not to comply with the review requirements set forth in Section 100.480(4) of the Act by an affirmative vote of at least 60% of the Owners, not including the votes of Declarant with respect to Units owned by Declarant. If the Association has annual assessments of \$75,000 or less for any fiscal year, then pursuant to Section 100.480(5) of the Act, the Board shall cause the most recent Annual Financial Statement to be reviewed by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants within one hundred and eighty (180) days after the Board receives a petition requesting such review signed by at least a majority of the Owners. At any time any Owner or Mortgagee may, at its own expense, cause an audit or inspection to be made of the books and records of the Association. In addition, the Board shall not less than annually provide each Owner and Declarant, including its

successors and assigns, a written report regarding the Association's compliance with the Maintenance Plan.

6.6 Notice of Sale or Mortgage. Immediately upon the closing of any sale or Mortgage of any Unit, the Owner shall promptly inform the Secretary or manager of the name and address of the purchaser or Mortgagee.

6.7 Statement of Assessments. Within ten (10) business days after receipt of a written request from an Owner or Owner's agent for the benefit of a prospective purchaser of such Owner's Unit(s), the Association shall provide a written statement detailing the amount of assessments due from such Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, late payment charges, the percentage rate at which interest accrues on assessments not paid when due, and the percentage rate used to calculate the late payment charges or the amount of a fixed charge for late payment. The Association is not required to comply with the foregoing request if the Association has commenced litigation by filing a complaint against the Owner, and the litigation is pending when the statement would otherwise be due.

## 7. OCCUPATION AND USE.

7.1 Rentals. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 7.1. As used herein, "Leasing," "Renting," "Leased" or "Rented" means the granting of a lease, sublease, right to use or to occupy a Unit for a specified term or indefinite term in exchange for the payment of rent (that is, money, property or other goods or services of value) but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership. With the exception of a lender in possession of a Unit following a default under a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to Lease his Unit for hotel or transient purposes, or for any period of fewer than thirty (30) days.

7.1.1 No Partial Leases. No Owner of a Unit may Lease less than the entire Unit.

7.1.2 Written Leases. All Leasing or Rental agreements shall be in writing and shall expressly state that they shall be subject to the Declaration and these Bylaws (with a default by the tenant in complying with the Declaration and/or these Bylaws constituting a default under the Lease or Rental agreement).

7.1.3 Payment by Tenant or Lessee to Association. If a Unit is Rented or Leased by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board. Such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner and the Unit under the Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its

Owner, nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

7.1.4 Approval of Lease. Each Owner desiring to rent his Unit shall submit for approval by the Board the lease agreement with the prospective renter or lessee. The Board shall approve such lease agreement as long as (a) any charge due the Association in connection with its review of the lease agreement has been paid by the Owner and (b) the Board determines that the lease agreement satisfies the requirements of the Declaration and these Bylaws relating thereto.

7.1.5 Limitation of Number of Rented Units. At no time shall more than thirty percent (30%) of the Units be rented or occupied by non-Owner occupants. In order to insure that the foregoing limitation is not exceeded, Owners who intend to rent or grant occupancy rights to their Units shall provide thirty (30) days written notice to the Board of their intentions. Each such Owner may proceed to rent or grant occupancy to non-Owner occupants for his or her Unit unless such Owner is provided written notice of the Board's refusal to allow such rental or non-Owner occupancy because such rental or non-Owner occupancy would exceed the limitation of the foregoing sentence. In the event of such Board refusal, the requesting Owner shall not rent or grant occupancy to any person until the Board notifies him or her that such rental or occupancy would not violate the limitation on non-Owner occupied Units. The Board shall maintain a list of Owners who requested and were denied the ability to rent or grant non-Owner occupancy of their Units, on a first-come, first-serve basis and shall promptly notify each Owner on such list as it becomes permissible to rent or grant non-Owner occupancy of such Owners' Unit.

7.1.6 No Other Restrictions. Other than as stated in this Section 7.1, there is no restriction on the right of any Owner to Lease or otherwise Rent his or her Unit.

7.1.7 Declarant's Activities. The restrictions contained in this Section 7.1 shall not apply to the Leasing or Renting of Units owned by Declarant.

7.2 Insurance Risk. No Unit or Common Element shall be occupied or used by anyone in such a manner as to result in an increase in the cost of casualty or liability insurance on the Condominium or the risk of cancellation, or threat of cancellation, of any policy of insurance on the Condominium or any Unit or Common Elements.

7.3 Compliance. Each Owner shall comply and shall require all residents, lessees, servants, invitees, employees and visitors to his Unit to comply with the Act, the Declaration, these Bylaws and the Rules and Regulations adopted pursuant thereto. An Owner shall continue to be responsible for compliance with all of the foregoing, notwithstanding that the Unit is Leased or Rented in violation of these Bylaws.

7.4 Alterations. No Owner shall make or allow any structural alterations in or to his Unit, or alter the exterior design or color of any part of the Owner's Unit normally visible from the exterior thereof (including any alteration of the window coverings for the Owner's Unit) or make an installation or any change to an installation upon the Common Elements, or maintain, decorate, alter or repair any part of the Common Elements, without the prior consent in

writing of the Board. The Board shall consider the granting of such consent only after the Owner shall submit a complete set of architectural, mechanical, electrical or other relevant plans and specifications, which submission shall be reviewed by such architects and engineers as the Board shall deem appropriate. The Board shall provide a copy of such submission materials to Declarant upon receipt. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board, for such professional review. During the course of construction and after completion of same, the Board may cause its professional advisors to inspect the work to ensure that it is performed in compliance with the approved plans. The costs of such inspection(s) shall be paid by the Owner to the Board, upon demand. The Board shall provide reasonable advance notice to Declarant of its inspection and Declarant or its contractors or agents may, but shall not be obligated to, inspect the work concurrently with the Board's professional advisors. Prior to commencement of construction, the Owner shall provide the Board with copies of all relevant building permits and evidence of due compliance with any other requirements of government bodies having jurisdiction regarding such work. An Owner may not remove any partition walls separating contiguous Units. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board so requires, provide to the Association, at the expense of the Owner, a performance bond and a labor and materials bond, issued by a surety satisfactory to the Board, each in the amount of at least one hundred twenty-five percent (125%) of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

7.5 Residential Use. The Units shall be used for: (i) residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling; (ii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iii) for purposes of operating the Association and managing the Condominium. An Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Condominium; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Condominium; and (iv) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board.

7.6 Non-Interference. Each Unit shall be used only for such purpose and to such extent as will not overload or interfere with any Common Elements or the enjoyment of adjacent Common Elements by the other Owners.

7.7 Nuisances. No nuisances or noxious or offensive activities shall be allowed in the Condominium nor shall any use or practice be allowed that is improper or offensive in the opinion of the Board or that unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Condominium by other Owners or occupants or requires any alteration of or addition to any Common Element. Without limitation of the foregoing, no woodpiles shall be permitted outside of any Unit and no Owners shall allow the storage or use of hazardous substances in their Units other than normal cleaning materials stored and used in

accordance with applicable law. Additionally, Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the manager, its agents, employees or vendors.

**7.8 Offensive or Unlawful Activities.** No noxious or offensive activities shall be carried on upon the Condominium, Unit, Common Elements, or any part thereof, nor shall anything be done or placed in, on or under any part of the Condominium or any Unit which unreasonably interferes with or jeopardizes the enjoyment of the Condominium, or which is a source of unreasonable annoyance to residents. No unlawful use shall be made of the Condominium or any part thereof, and all laws, zoning ordinances, regulations or any other Legal Requirement (as defined in the Declaration) of all governmental authorities having jurisdiction thereof shall be strictly complied with. Construction of buildings and improvements that are part of or are scheduled to become a part of the Condominium shall not violate this Section. Compliance with any Legal Requirements shall be accomplished by and at the sole expense of the Owner or Association, as the case may be, whichever shall have the obligation to maintain and repair the portion of the Condominium affected by any such Legal Requirement. Each Owner shall give prompt notice to the Board of any written notice received of the violation of any Legal Requirement affecting the Owner's Unit or the Condominium. Notwithstanding the foregoing provisions, an Owner may, at his expense, defer compliance with and contest, by appropriate proceedings prosecuted diligently and in good faith, the validity or applicability of any Legal Requirement affecting any portion of the Condominium which such Owner is obligated to maintain and repair, and the Board shall cooperate with such Owner in such proceedings, *provided that*:

7.8.1 Such Owner shall pay and shall defend, save harmless, and indemnify the Board, the Association, and each other Owner against all liability, loss or damage which any of them respectively shall suffer by reason of such contest and any noncompliance with such Legal Requirement, including attorneys' fees and other expenses incurred;

7.8.2 Such Owner shall keep the Board advised as to the status of such proceedings; and

7.8.3 If any Owner conducts any activity or fails to comply with any Legal Requirement that increases the insurance premiums on insurance carried by the Association, or for which the Association is directly or indirectly responsible, such Owner shall pay such increased premium to the Association, upon demand, and if not so paid, such amount shall bear interest after the date of such demand at the rate provided in Section 5.7.

**7.9 Contested Legal Requirements.** An Owner need not comply with any Legal Requirement so long as the Owner is contesting the validity or applicability thereof as provided in Section 7.8, *provided that* noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment, and that no part of the Condominium shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest. The Board may also contest any Legal Requirement without being subject to the conditions described in Section 7.8 as to contest and may also defer compliance with any Legal Requirement, subject to the conditions contained in this Section 7.9 as to deferral

of compliance by an Owner, and the costs and expenses of any contest by the Board shall be a common expense.

7.10 Parking Areas. All garage areas within Units and other parking areas included in the Common Elements shall be subject to the provisions of this Section 7, as well as the rules and regulations thereon adopted by the Board pursuant to Section 7.30. Garage areas within Units and other parking areas within the Condominium are restricted to use for parking of operative primary and secondary motor vehicles. Parking of boats, truck campers, recreational vehicles, or similar vehicles or equipment shall not be permitted. Parking areas shall not be used for storage of personal property unless fully enclosed within the garage portion of a Unit. The Board shall require removal of any inoperative or improperly licensed vehicle, or any unsightly vehicle, or any other equipment or item improperly stored in the garage portion of any Unit or any other parking area within the Condominium. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof.

7.11 Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked upon any part of the Condominium for a period in excess of 48 hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably determines that its presence offends the residents of the Condominium. Should any Owner fail to remove such vehicle within two days following the date on which notice is mailed to such Owner by the Board, the Board may have the vehicles removed from the Condominium and charge the expense of such removal to the Owner.

7.12 Vehicles in Repair. No vehicle maintenance or repair involving motor oils, fuels, or other lubricants or solvents shall be permitted anywhere within the Condominium.

7.13 On-Site Vehicle Washing. On-site vehicle washing shall be permitted only in paved areas that discharge all waste to a water quality treatment facility.

7.14 Common Streets and Sidewalks. Common streets and sidewalks and other Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

7.15 Signs. No signs shall be erected or maintained on any part of the Condominium by anyone other than Declarant or its affiliates or their respective agents, employees, or contractors except signs that have been approved in writing by the Board.

7.16 Pets. Domestic household pets, such as cats and dogs, may be kept by Owners, *provided that* the keeping of pets shall be subject to such reasonable rules and regulations as the Board may adopt from time to time. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion determines to be disturbing other Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. Pets will not be allowed on any Common Element unless they are on a leash or being carried and are being walked to or from the Unit to a street or sidewalk. At all times the Common Elements shall be free from pet debris, including food and fecal matter. Except for the foregoing pets, no livestock, poultry, rabbits or other animals

whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purposes or in any unreasonable numbers. Any outside facility for pets must be kept clean on a daily basis and no waste products or food may be left in either the facility or on the Property. Any damage caused by pets shall be the responsibility of the respective Owners thereof.

7.17 Protection of Wildlife. Feeding or harassing of wildlife anywhere on the Condominium shall be prohibited. Bird feeders may be used, subject to the rules and restrictions of the Association, but only sterile bird seed may be used.

7.18 Rubbish and Trash. No Unit nor any part of the Common Elements (including the decks and patios included in the Limited Common Elements) shall be used as a dump for trash or rubbish of any kind. All garbage and other debris and waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. In the event an Owner or occupant fails to remove any trash, rubbish, garbage, or other debris or waste materials from such Owner's or occupant's Unit (or from the street or other Common Elements if deposited thereon by such Owner or occupant) within five days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Unit as provided in Section 5.4.13. Customary construction activities that relate to development and construction of the Condominium or buildings and improvements which are scheduled to be part of the Condominium shall not violate this Section.

7.19 Restriction on Vegetation. Only vegetation approved by the Association may be planted on any portion of the Condominium.

7.20 Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in the Condominium at any time as a residence either temporarily or permanently.

7.21 Maintenance of Unit and Limited Common Elements. Each Owner shall maintain such Owner's Unit and Limited Common Elements in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard and in conformance with the standards set forth in any warranty provided to such Owner by Declarant.

7.22 Utilities and Antennae. No sewer, drainage, or utility lines, wires, satellite dishes, or other devices for the communication or transmission of electric current, power, or signals (including telephone, television, microwave, or radio signals) shall be constructed, placed, or maintained anywhere in or upon the Condominium other than within Buildings or other structures unless contained in conduits or placed or maintained underground or concealed in or under Buildings or other structures, without the prior written approval of the Board. No device for the transmission or reception of telephone, television, microwave, or radio signals will be allowed within the Condominium unless the antenna is located and screened so as not to be visible from neighboring buildings and streets. Nothing contained in this Section 7.22 shall be construed to prohibit the erection or use of temporary power or telephone facilities during construction or repair of Improvements nor shall it apply to construction activities of Declarant. The restrictions contained in this Section 7.22 shall be effective only to the extent permissible under applicable laws and regulations.

7.23 Leaf Blowers. No leaf blowers that generate either noise or air pollution shall be used on any part of the Condominium other than by a landscape maintenance company hired by the Board.

7.24 Wood Burning Stoves and Turkey Fryers. Wood burning stoves and turkey fryers or similar appliances shall not be used on any portion of the Condominium.

7.25 Exterior Lighting. No exterior lighting of any kind may be installed on any portion of a the Condominium or a Unit without the prior review and approval of the Association.

7.26 Driveways. Parking in driveways that are designated as Limited Common Elements, if any, shall be restricted to parking by the Unit Owner and his or her guests. The Board shall require removal of any vehicle parked in violation of this subsection. If the vehicle is not promptly removed, the Board shall cause such removal at the risk and expense of the Owner thereof (or the Owner to whose guest such vehicle belongs).

7.27 Replacement or Installation of Finished Surfaces. Subject to Section 7.4, each Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing in such Owner's Unit's ceilings, floors and walls; *provided that*, except for hard surface flooring installed by Declarant or installed as part of the original construction of the Unit, no Owner shall install hard surface flooring within a Unit except with the prior written consent of the Board.

7.28 Sporting or Exercise Equipment. No sporting or exercise equipment shall be used in any upstairs Unit or on the adjacent patio or deck thereof, including, without limitation, bikes (stationary or otherwise), treadmills, trampolines, free weights, weight machines, elliptical fitness machines, stair machines, and the like.

7.29 Activities of Declarant. Nothing in this Section 7 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of Declarant pursuant to the Declaration with respect to the development, construction, and sale of the Condominium.

7.30 Association Rules and Regulations. In addition to the foregoing requirements, the Board from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Units and the Common Elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Condominium. Any such Rules and Regulations may be amended, modified or revoked by the Owners of Units in the same manner as these Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

## 8. MAINTENANCE AND REPAIR.

8.1 Maintenance by Association. The necessary work to maintain, repair, or replace the Common Elements shall be the responsibility of the Association and shall be carried

out by the Board as provided in these Bylaws, the Declaration and the Maintenance Plan described in Section 3.2.20 above. The Board shall be solely responsible for determining the appropriate Maintenance Plan for the Common Elements and all other items for which the Board is responsible for maintaining pursuant to these Bylaws, the Declaration or the Act. Without limitation of the foregoing, the Association shall be responsible for the painting, staining, repair and replacement of the exterior surfaces of all Units (including the repair and replacement of roofs, gutters, vinyl siding, exterior windows and doors and garage doors); cleaning of the exterior surfaces of all window and door glass; the repair and resurfacing of all streets, driveways, and walkways; and the cutting, pruning, trimming, and watering of all landscaping. If the Mortgagee of any Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements, such Mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to Section 100.550 of the Act, setting forth the particular defect(s) which it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within sixty (60) days after receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each Unit on which it holds a Mortgage on all business coming before such meeting, which proxy rights shall continue until the defect(s) described in the notice are corrected.

8.2 Maintenance by Owners. All maintenance of and repairs to any Unit shall be made by the Owner of such Unit, who shall keep the same in good order, condition, and repair. Without limitation of the foregoing, each Owner shall be responsible for repairing and replacing any automatic opening or similar device installed for the garage door and for maintaining and cleaning the interior surfaces of all exterior windows and doors that Owner's Unit, regardless of whether such items are Common Elements. If an Owner fails properly to perform his or her maintenance and repair responsibility, the Association may enter on to the Owner's Unit and perform such maintenance and/or repair and assess all costs incurred by the Association against the Unit and the Owner as a special assessment pursuant to Section 5.4.13 of these Bylaws.

8.3 Failure to Follow Maintenance Plan. If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 3.2.20 above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure.

## 9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her property not insured under Section 9.1.1 below and against his or her liability not covered under Section 9.1.2 below, unless the Association agrees otherwise. The Board, acting on behalf of the Association, shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

9.1.1 Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverages such as flooding, which the Board deems desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of the Units and Common Elements, including any fixtures, building service equipment, and common personal property, Association Property and supplies belonging to the Association. Such policy or policies shall name the Association and the Owners as insureds, as their interests may appear, and shall provide for a separate loss payable endorsement in favor of the Mortgagee of each Unit, if any. No such policy shall contain a deductible exceeding five percent (5%) of the face amount of the policy.

9.1.2 A policy or policies insuring Declarant, the Association, the Board, the Owners and the managing agent, against liability to the public or to the Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation, maintenance, inspection or use of the Condominium, including all Common Elements, public ways, and any other areas under the supervision of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Condominium as to which such Owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) on a combined single limit basis. In addition to the indexing provided under Section 13.6, the foregoing policy limits of liability shall be increased, in the sole discretion of the Board, as indicated by the course of plaintiff's verdicts in personal injury claims in the Circuit Court of Washington County, State of Oregon, from time to time. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects any action against another named insured.

9.1.3 Workers' compensation insurance to the extent necessary to comply with any applicable laws.

9.1.4 Directors' and officers' liability insurance with coverage in an amount of not less than Two Million Dollars (\$2,000,000) on a combined single limit basis, subject to a commercially reasonable deductible determined by the Board. For a period of ten (10) years following the Turnover Meeting, the directors' and officers' liability insurance policy shall include full prior acts coverage or include a retroactive date covering all claims occurring from (i) the date of incorporation of the Association or (ii) the date which is ten (10) years prior to the date of the policy, whichever period is shorter. The Owners and the Association represent, warrant and covenant to Declarant and each Director and officer of the Association appointed by Declarant that the Association shall at times maintain the insurance coverage described in this Section 9.1.4. This Section 9.1.4 shall not be modified, amended or repealed so as to adversely affect any insurance coverage afforded hereunder to the Directors and officers of the Association appointed by Declarant during Declarant's period of administrative control of the Association.

9.1.5 Fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a manager, such manager shall

maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be at the expense of the Association. The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds. Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium,) without at least ten (10) days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("Fannie Mae").

9.2 Mandatory Policy Provisions. Insurance obtained by the Association shall be governed by the following provisions:

9.2.1 All policies shall be written within the State of Oregon or a company licensed to do business in the State of Oregon and acceptable to Fannie Mae which falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports – International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency rating or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability in Standard and Poor's *International Confidential Rating Service*. Should reinsurance be involved, the Board shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least "AAA."

9.2.2 All losses under policies hereafter in force placed by the Association regarding the Condominium shall be settled exclusively by the Board or its authorized representative. The Board may give such releases as are required, and any claimant, including the Owner of a damaged Unit, shall be bound by such adjustment; provided, however, that the Board may, in writing, authorize an Owner to adjust any loss to his or her Unit.

9.2.3 Each Owner shall be required to notify the Board of all improvements made by the Owner to his or her Unit, the value of which is in excess of Five Hundred Dollars (\$500.00). Nothing in this Section shall permit an Owner to make improvements other than in accordance with the Declaration and the other provisions of these Bylaws.

9.2.4 Any Owner who obtains individual insurance policies covering any portion of the Condominium other than his or her personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

9.2.5 Notwithstanding the provisions of these Bylaws, there may be named as an insured, on behalf of the Association, the Association's authorized representative,

including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive hold, or otherwise properly dispose of any proceeds of insurance in trust for Owners and their first mortgage holders, as their interests may appear.

9.2.6 All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners that is not in the control of such Owners collectively, and that the policy is primary in the event the Owner has other insurance covering the same loss.

9.2.7 For purposes of this Section 9, insurance policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against Fannie Mae, the designee of Fannie Mae, or the Association Owners, or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members, or (iii) such policies include any limiting clauses (other than insurance conditions) that could prevent collecting insurance proceeds.

9.2.8 All policies required by this Section 9 shall provide that they may not 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 insurance policy. Evidence of insurance shall be issued to each Owner and first Mortgagee upon request.

9.3 Discretionary Provisions. The Board shall make every effort to secure insurance policies that will provide for the following:

9.3.1 A waiver of subrogation by the insurer as to any claims against the Association, the Board, the manager, the Owners and their respective servants, agents, household members, and guests, except for arson and fraud;

9.3.2 A provision that any master policy on the Condominium cannot be canceled, invalidated, or suspended, nor coverage denied thereunder, on account of the conduct of any one or more individual Owners;

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

9.3.4 A provision that any “no other insurance” clause in any master policy exclude individual Owners’ policies from consideration, and a waiver of the usual proration clause with respect to such policies;

9.3.5 A provision that the insurer issue subpolicies specifying the portion of any master policy earmarked for each Owner’s interest and that until the insurer furnishes written notice and a grace period to the Mortgagee insured under the loss payable clause thereof, the Mortgagee’s coverage is neither jeopardized by the conduct of the mortgagor-Owner, the Association, or other Owners, nor canceled for nonpayment of premiums;

9.3.6 A rider on any master policy patterned after “Use and Occupancy” insurance which will provide relief from monthly assessments while a Unit is uninhabitable by the payment of the Condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and Mortgage payments. The proceeds from any casualty policy, whether held by the Association or an Owner, payable with respect to any loss or damage to the Common Elements, shall be held in trust for the benefit of all insureds as their interests may appear;

9.3.7 A waiver of the insurer’s right to determine whether the damage should be repaired. If reasonably available, the policy or policies should contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause, to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild;

9.3.8 Waivers of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured;

9.3.9 A provision that the same shall be primary insurance in respect of any other insurance carried by any Owner;

9.3.10 An “inflation guard” endorsement;

9.3.11 An endorsement providing coverage with respect to changes that may be required under applicable codes or ordinances to undamaged portions of the Condominium in the event of a casualty affecting a portion of the Condominium; and

9.3.12 A provision that any insurance trust agreement will be recognized.

#### 9.4 Additional Requirements.

9.4.1 Prior to obtaining any policy or policies of insurance under Section 9.1.1, or any renewal or renewals thereof and if any first Mortgagee holding Mortgages on at least seventy-five percent (75%) of the Units so requires, or at such other times as the Board may deem advisable, the Board shall obtain an appraisal from an independent qualified appraiser, of the “full replacement cost” of the Condominium, for the purpose of determining the amount of insurance to be obtained pursuant to Section 9.1.1, and the cost of such appraisal shall be a common expense; *provided, however*, that the full replacement cost of the Common

Elements for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by Declarant.

9.4.2 No Mortgage may be placed against any Unit unless the Mortgagee agrees to waive any contractual or statutory provision giving the Mortgagee the right to have the proceeds of any insurance policy or policies applied on account of the Mortgage and thereby prevent application of the proceeds of any insurance policy or policies towards the repair of the property pursuant to the provisions of these Bylaws. This Section 9.4.2 shall be read without prejudice to the right of a Mortgagee to vote on or to consent to certain matters, if the Mortgage itself contains a provision giving the Mortgagee that right, and also to the right of any Mortgagee to receive the proceeds of any insurance policy, if the insured property is not repaired.

9.4.3 A certificate or memorandum of all insurance policies and endorsements thereto shall be issued as soon as possible to each Owner and a duplicate original or certified copy of the policy or policies to each Mortgagee. Renewal certificates or certificates of new insurance policies shall be furnished to each Owner and Mortgagee not later than ten (10) days before the expiration of any current insurance policy. The master policy (or a copy thereof) for any insurance coverage shall be kept by the Association in its office, available for inspection by an Owner or Mortgagee on reasonable notice to the Association.

9.4.4 No insured, other than the Association, shall be entitled to amend any policy or policies of insurance obtained and maintained by the Association, or to direct that loss shall be payable in any manner other than as provided in these Bylaws.

9.5 By the Owner. It is acknowledged that the foregoing provisions specify the only insurance required to be obtained and maintained by the Association and that the following insurance shall be obtained and maintained by each Owner, as specified.

9.5.1 Insurance on any additions or improvements made by the Owner to his or her Unit or Units shall be purchased and maintained for the full insurable value thereof, to the extent not covered by the Association's insurance policy, unless the Owner presents in writing to the Board evidence that the additions or improvements made by the Owner are insurable under the insurance issued pursuant to Section 9.1.1 and the Board, after consultation with the Association's insurer, concurs that such additions or improvements are insured under such insurance and, if necessary, the Association's insurer undertakes the requisite action to cause the additions or improvements to be added to the policy issued pursuant to Section 9.1.1. Insurance also shall be purchased by each Owner for furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his or her Unit or Units, and his or her personal property and chattels stored elsewhere on the Property, including his or her automobile or automobiles, and for loss of use and occupancy of his or her Unit or Units in the event of damage. Owners shall be responsible for insuring the deductible amount under the Association's policies. The Association shall notify all Owners of the amount of the deductible under the Association policies, and to the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and

servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.

9.5.2 Public liability insurance in the amount reasonably set by the Board not more often than every three (3) years covering any liability of an Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association, including, without limitation, damages caused by fixtures, equipment, or personal property under the custody, care, or control of an Owner.

9.6 Fannie Mae and GNMA Requirements. Notwithstanding any other provisions of these Bylaws, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by Fannie Mae or the Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by Fannie Mae or the Government National Mortgage Association. Fannie Mae or Fannie Mae's servicer, its successors and assigns, shall be named as a mortgagee in the Association's policies.

## 10. AMENDMENTS TO BYLAWS.

10.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board or by the Owners holding at least thirty-three percent (33%) of the voting power of the Association. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board or by a majority of the Owners and may be approved by the Owners at a meeting called for this purpose. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy delivered to the Board at or prior to such a meeting. Any resolution shall be approved by Owners holding at least a majority of the Units, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Unit and limitations on leasing or rental of Units shall be approved by Owners holding at least seventy-five percent (75%) of the voting power of the Association, and except that any provision of these Bylaws that is required to be in the Declaration may be amended only in accordance with the requirements governing amendment of the Declaration. In addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least fifty-one percent (51%) of those holders of first Mortgages on Units (based upon one vote for each first Mortgage held): (i) Section 8, which addresses maintenance and repair; (ii) Section 9, which addresses insurance requirements; and (iii) any other provision of these Bylaws which expressly benefits Mortgagees of Units or insurers or guarantors of such Mortgages. Any approval of a Mortgagee required under this Section 10.2 may be presumed by the Association if the Mortgagee fails to submit a response to a written proposal for an amendment to these Bylaws within sixty (60) days after it receives notice of such proposal by certified or registered mail, return receipt requested.

10.3 Correction Amendment. Notwithstanding anything in Section 10.2 to the contrary, these Bylaws may be corrected by a correction amendment adopted in accordance with this Section 10.3 ("Correction Amendment") to (i) correct a mathematical mistake in these Bylaws; (ii) correct an inconsistency within these Bylaws or between or among these Bylaws, the Declaration or the Plat; (iii) correct an ambiguity, inconsistency or error with respect to an objectively verifiable fact; (iv) correct any provision in these Bylaws which was inconsistent with the Act at the time these Bylaws were recorded; or (v) correct the omission of a provision required under the Act. The Board may adopt a Correction Amendment without Owner or Mortgagee approval provided that the Owners are given at least 3 days prior written notice of any Board meeting at which the Board intends to consider the Correction Amendment in the manner prescribed in Section 100.420(3) of the Act. The Owner of a Unit materially affected by a Correction Amendment must be given written notice in the manner prescribed by Section 100.407(4) of the Act. The notice must state that the Board intends to consider the adoption of a Correction Amendment, identify the document to be corrected and include a description of the nature of the correction. The Board shall provide a copy of the recorded Correction Amendment to any Owner materially affected by the Correction Amendment, including any Owner if the Correction Amendment changes the Owner's (i) allocation of voting rights; (ii) liability for common expenses that changes the amount of any assessment; or (iii) allocation of interest in Common Elements. Additionally, Declarant may unilaterally adopt a Correction Amendment at any time prior to the conveyance of the first Unit.

10.4 Execution and Recording. An amendment shall not be effective until certified by the Chairperson and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded in the official records of Washington County, Oregon, as required by law.

10.5 Rights of Declarant. Nothing in this Article 10 shall limit the right of Declarant to approve or reject any amendment to these Bylaws or the Rules and Regulations pursuant to Section 14.6.4 of the Declaration. Additionally, neither these Bylaws nor the Rules and Regulations shall be modified, added to, amended, or repealed at any time so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designees, or otherwise so as to adversely affect Declarant or such designees.

## 11. LITIGATION.

11.1 By Less than All Owners. If any action is brought by one or more but less than all Owners on behalf of the Association and recovery is obtained, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; *provided, however*, that if such action is brought against all of the Owners or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff's expenses, including counsel's fees, shall not be charged to or borne by the other Owners, as a common expense or otherwise.

11.2 Complaints Against. Complaints brought against the Association, the Board or the officers, employees, or agents thereof, in their respective capacities as such, or against the Property as a whole, shall be directed to the Board, which shall promptly give written

notice thereof to the Owners and any Mortgagees who have requested notice thereof and shall be defended by the Board, and the Owners and Mortgagees shall have no right to participate other than through the Board in such defense. One or more Owners shall have the right to enjoin, abate, or remedy by appropriate legal proceedings any failure by the Association or the Board to comply with the provisions of the Declaration, these Bylaws, or any Rule or Regulation. Complaints against one or more, but less than all of the Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to the Mortgagees having an interest in such Units, and shall be defended by such Owners.

## 12. DISPUTE RESOLUTION.

12.1 Required Procedure. Except as otherwise provided below, to the fullest extent allowed by law, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Act, the Declaration, these Bylaws, the Articles, or the Rules and Regulations, or which relate to the interpretation or breach of the Act, the Declaration or these Bylaws, the Articles, or the Rules and Regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; or (iii) actions by the Association pursuant to Section 5.7 of these Bylaws prior to summary abatement and removal of a structure or other condition that violates the Declaration, these Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.10 of these Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

12.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but if this is not successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 12.3, 12.4 and 12.5 below, as applicable,

12.3 Mediation. Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 12.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 12.5 below, but, in such event, mediation shall proceed in

advance of arbitration, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties. All mediation shall be in Washington County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended.

12.4 Small Claims. All claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

12.5 Arbitration. Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 12.2, 12.3 and 12.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by one arbitrator selected by the Parties, or, if the Parties cannot agree on an arbitrator within thirty (30) days after a request for arbitration, the arbitrator shall be appointed by the presiding judge of the Circuit Court for Washington County, Oregon. The arbitration shall be conducted by and pursuant to the then effective arbitration rules of Construction Arbitration Services, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Board on behalf of the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

12.6 Approval of Legal Expenses. Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend in excess of \$7,500 for attorneys' fees and costs for any reason unless such expenditure is first approved by the Owners holding at least seventy-five percent (75%) of the total voting power of the Association. The foregoing limitation shall not apply to: (i) actions for delinquent assessments or other charges under the Declaration or these Bylaws; (ii) actions initiated by the Association during Declarant's period of administrative control pursuant to Section 20 of the Declaration; (iii) actions challenging ad valorem taxation or condemnation proceedings; (iv) actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; (v) the defense of any claims filed against the Association and/or the Board or the assertion of counterclaims in proceedings instituted against the Association and/or Board (except for non-mandatory counterclaims); (vi) actions to appoint a receiver pursuant to Section 5.10 of these Bylaws; and (vii) actions to summarily abate, enjoin and remove a structure or condition that violates the Declaration or these Bylaws.

12.7 No Attorneys' Fees. Except as specifically provided for in the Declaration, these Bylaws or the Act, no party in the arbitration, mediation or other proceeding shall be entitled to recover costs and attorneys' fees in connection therewith.

12.8 Suits Against Declarant. Declarant shall have the right to be present at any meeting of the Association during which the Board or the Owners vote on whether to initiate legal action against Declarant. The Board shall provide Declarant with at least ten (10) days' prior written notice of the time and place of such meeting.

12.9 Initial Dispute Resolution Procedures. Notwithstanding anything contained herein to the contrary, in the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.9 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

### 13. MISCELLANEOUS.

13.1 Notices. All notices to the Association or to the Board 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 may hereafter designate from time to time by written notice thereof to each Owner. All notices to any individual Director or Owner shall be sent to such address as may be designated by him or her from time to time, in writing, to the Association, or if no address has been designated, then to the Director's or Owner's Unit. All notices shall be sent by: (i) messenger service (or hand delivery); (ii) overnight courier service; (iii) certified or registered U.S. Mail, return receipt requested with charges or postage prepaid; or (iv) electronic mail, facsimile or other form of electronic communication acceptable to the Board and in accordance with the Act. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to give notice of: (i) the failure to pay an assessment; (ii) foreclosure of an Association lien; (iii) an action the Association may take against an Owner; or (iv) an offer to use the dispute resolution program under Section 100.405 of the Act. Additionally, an Owner or Director may decline to receive notice by electronic mail, facsimile or other form of electronic communication by giving written notice thereof to the Board. Notices shall be deemed given upon the earlier of actual delivery or refusal of a party to accept delivery thereof.

13.2 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.

13.3 Number; Gender; Captions. 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.

13.4 Conflicts; Severability. Each term and provision of these Bylaws shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of these Bylaws or the application thereof to any person or circumstance shall to any extent be invalid or

unenforceable, whether under the Act or otherwise, the remainder of these Bylaws and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and the Declaration shall control over these Bylaws, any amendments hereto or any Rules and Regulations adopted hereunder.

13.5 Liability Survives Termination. The sale or other disposition of a Unit shall not relieve or release any former Owner thereof from any liability or obligation incurred or in any way connected to such ownership, nor shall such termination impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with such ownership and the covenants and obligations incident thereto. This Section 13.5 shall not apply to Declarant as the Owner of any or all Units.

13.6 Indexing. Whenever any dollar amount is specified in these Bylaws, such amount shall be automatically adjusted each January 1 based upon any changes in the Consumer Price Index - All Items - for all urban consumers published by the U.S. Bureau of Labor Statistics (or any generally accepted substitute for such index, if such index shall be discontinued) using the index for January, 2010 as the base year.

13.7 Compliance with Certain Financing Requirements. The terms and provisions of these Bylaws are intended to comply with the current requirements of the Federal National Mortgage Association, the U.S. Department of Housing and Urban Development, the Federal Housing Administration and the United States Department of Veterans Affairs in effect as of the date of these Bylaws for insuring, guaranteeing and providing financing for any Unit in the Condominium (the "Financing Requirements"). In the event of any inconsistency between a provision of these Bylaws and the Financing Requirements, the Financing Requirements shall control and the inconsistent provision of these Bylaws shall be deemed amended and construed and interpreted as is necessary to comply with the Financing Requirements unless otherwise inconsistent with the Act. Notwithstanding the foregoing, if there is an inconsistency between the requirements of the Federal National Mortgage Association, the requirements of the U.S. Department of Housing and Urban Development and the Federal Housing Administration or the requirements of the United States Department of Veterans Affairs, the more restrictive requirements shall control and these Bylaws shall be construed and interpreted as is necessary to comply with the more restrictive requirements.

13.8 Declarant as Owner. Except as expressly provided in these Bylaws and the Declaration, Declarant shall, with respect to any Units owned by Declarant, enjoy any and all rights, and assume any and all obligations, enjoyed or assumed by an Owner.

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Signature Page Follows)*

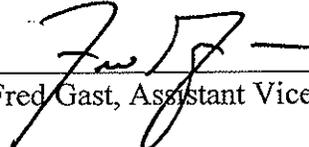
IN WITNESS WHEREOF, Declarant has executed and adopted these Bylaws on behalf of the Association as of this 15<sup>th</sup> day of September 2010.

Declarant: RED LEAF CARRIAGE, L.L.C., a  
Washington limited liability company

By: PNW HOME BUILDERS SOUTH, L.L.C., a  
Washington limited liability company  
Its: Manager

By: PNW HOME BUILDERS, L.L.C., a  
Washington limited liability company  
Its: Sole Member

By: PNW HOME BUILDERS GROUP,  
INC., a Washington corporation  
Its: Managing Member

By:   
Fred Gast, Assistant Vice President