

SELLER'S PROPERTY DISCLOSURE STATEMENT (Page
(NOT A WARRANTY)

We believe these are the correct conditions and restrictions. However, no examination of the title has been made and Fidelity National Title Company assumes no liability for any additions, deletions or corrections.

1232
52

NW33 IN 1E

Out of:
Lts 13, 17 & 18
WSF of Lt 12 / 284
Couchs

INDEX OF SHEETS

- SHEET 1 - PLAT BOUNDARY, SURVEYOR'S CERTIFICATE
- SHEET 2 - FIRST FLOOR DWELLING UNITS, PARKING UNITS AND STORAGE UNITS
- SHEET 3 - SECOND FLOOR AND THIRD FLOOR DWELLING UNITS
- SHEET 4 - FOURTH FLOOR AND FIFTH FLOOR DWELLING UNITS
- SHEET 5 - SIXTH FLOOR DWELLING UNITS
- SHEET 6 - CROSS SECTION
- SHEET 7 - DECLARATION, ACKNOWLEDGMENT, APPROVALS, AND SURVEYOR'S CERTIFICATE OF COMPLETION

BOOK 1232 PAGE 52

BALL PARC AMERICAN CONDOMINIUMS

A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17, AND 18 OF BLOCK 284 OF COUCH'S ADDITION TO THE CITY OF PORTLAND SITUATED IN THE NW 1/4 SECTION 33, TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M., CITY OF PORTLAND MULTNOMAH COUNTY, OREGON
JUNE 24, 1996

SURVEYOR'S CERTIFICATE

I, LEONARD SCHELSKY, HEREBY CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH PROPER MONUMENTS, THE LANDS REPRESENTED ON THE ANNEXED MAP OF "BALL PARC AMERICAN CONDOMINIUMS", A REPLAT OF THE WEST 5 FEET OF LOT 12, AND ALL OF LOTS 13, 17, AND 18 OF BLOCK 284 OF "COUCH'S ADDITION TO THE CITY OF PORTLAND", A DULY RECORDED SUBDIVISION, MULTNOMAH COUNTY PLAT RECORDS, SITUATED IN THE NW 1/4, SECTION 33, T. 1N., R. 1E., W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF "MEDALLION CONDOMINIUM", A DULY RECORDED CONDOMINIUM PLAT IN BOOK 1211 AT PAGE 38, MULTNOMAH COUNTY PLAT RECORDS, SAID POINT BEING A FOUND 2 INCH IRON PIPE SET IN SAID "MEDALLION CONDOMINIUMS"; THENCE ALONG THE EXTENSION OF THE SOUTH LINE OF SAID "MEDALLION CONDOMINIUM", SOUTH 90°00'00" WEST, 365.00 FEET TO A POINT NORTH 90°00'00" EAST, 8.00 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12, AT WHICH POINT I FOUND A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP MARKED "WESTLAKE CONSULTANTS" FOR THE INITIAL POINT; THENCE, FROM SAID INITIAL POINT ALONG THE SOUTH LINES OF SAID LOT 12, LOT 13 AND LOT 18, SOUTH 90°00'00" WEST, 155.00 FEET TO THE SOUTHWEST CORNER OF SAID LOT 18; THENCE, ALONG THE WEST LINE OF SAID LOT 18 AND LOT 17, NORTH 00°00'00" EAST, 100.00 FEET TO THE NORTHWEST CORNER OF SAID LOT 17; THENCE, ALONG THE NORTH LINES OF SAID LOT 17, LOT 13 AND LOT 12, NORTH 90°00'00" EAST, 155.00 FEET; THENCE, SOUTH 00°00'00" EAST, 100.00 FEET TO THE SOUTH LINE OF SAID LOT 12 AND THE INITIAL POINT.

CONTAINS 15,500 SQUARE FEET.

Leonard Schelsky
LEONARD SCHELSKY, P.L.S. 1841

NARRATIVE:

I, LEONARD SCHELSKY, A REGISTERED PROFESSIONAL LAND SURVEYOR, HEREBY CERTIFY THAT THIS MAP REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION, THE PURPOSE OF THIS SURVEY WAS TO RETRACE THE BOUNDARY OF THE WEST 5 FEET OF LOT 12, AND ALL OF LOTS 13, 17, AND 18, BLOCK 284, COUCH'S ADDITION TO THE CITY OF PORTLAND, A DULY RECORDED SUBDIVISION, MULTNOMAH COUNTY PLAT RECORDS, AND TO PREPARE A CONDOMINIUM PLAT FROM SAID BOUNDARY. AS A BASIS OF BEARINGS AND BOUNDARY RESOLUTION, I HELD THE RECORD INFORMATION AND MONUMENTS FROM SURVEY NUMBER 55,129, MULTNOMAH COUNTY SURVEY RECORDS, FOR SAID LOTS AND BLOCK, COUCH'S ADDITION. I FOUND THE MONUMENTS AS NOTED ON THE ATTACHED MAP AND THE MEASURED DISTANCES AND ANGLES AGREED WITH THE RECORDED PLAT.

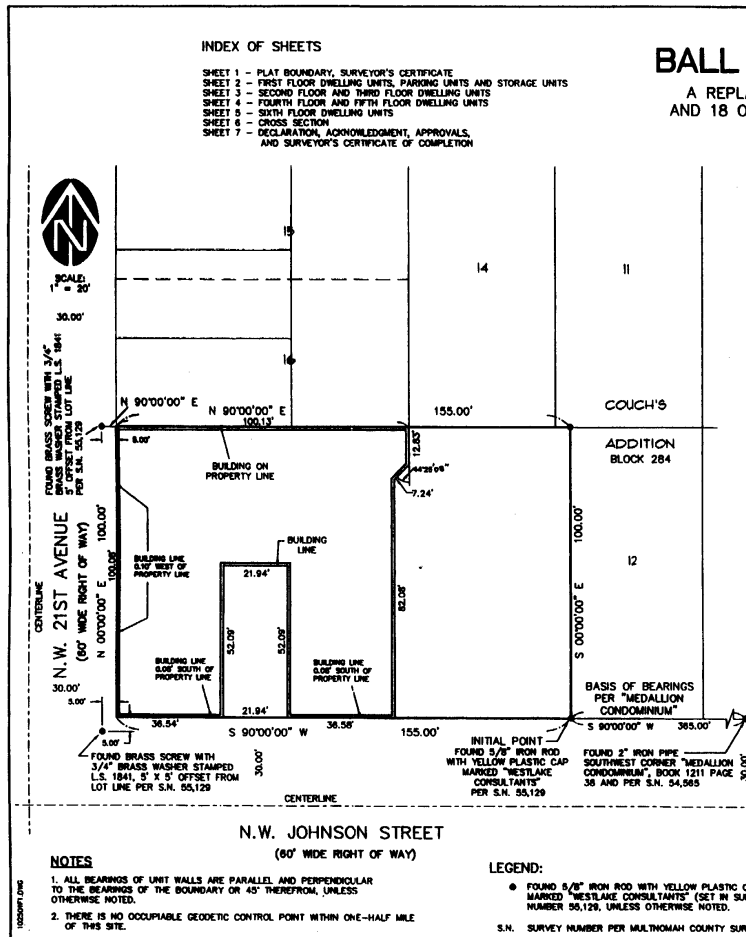
I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS

Leonard Schelsky
LEONARD SCHELSKY P.L.S. NO 1841

SURVEYED BY: WESTLAKE CONSULTANTS, INC.
15115 SW SCOGIA PKWY, SUITE 150
TIGARD, OREGON 97224
(503) 684-0852

PROJECT NO: 1025-01 SCALE: 1"=20'

SHEET 1 OF 7



NOTES

1. ALL BEARINGS OF UNIT WALLS ARE PARALLEL AND PERPENDICULAR TO THE BEARINGS OF THE BOUNDARY OR 45° THEREFROM, UNLESS OTHERWISE NOTED.
2. THERE IS NO OCCUPIABLE GEODETIC CONTROL POINT WITHIN ONE-HALF MILE OF THIS SITE.

LEGEND:

- FOUND 5/8" IRON ROD WITH YELLOW PLASTIC CAP MARKED "WESTLAKE CONSULTANTS" (SET IN SURVEY NUMBER 55,129, UNLESS OTHERWISE NOTED).

S.N. SURVEY NUMBER PER MULTNOMAH COUNTY SURVEY RECORDS.



08-30-98
RENEWAL DATE

1232
53



SCALE: 1"=10'

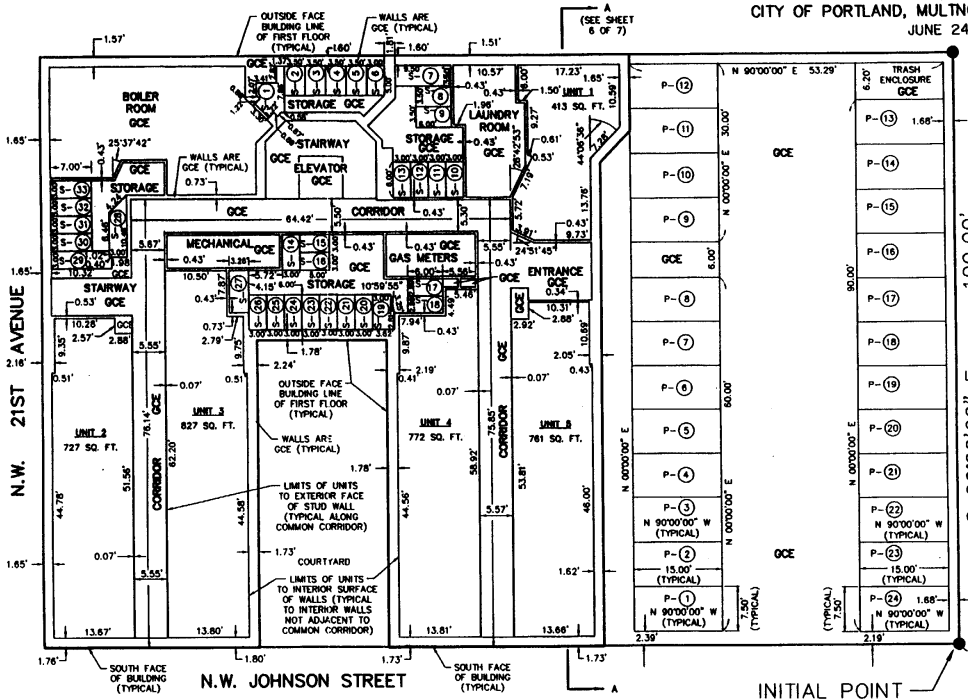
LEGEND

- GCE - GENERAL COMMON ELEMENT
- UNIT 99 - INDICATES DWELLING UNIT NUMBER
- SQ. FT. - SQUARE FEET
- P-① - INDICATES PARKING UNIT
- S-① - INDICATES STORAGE UNIT

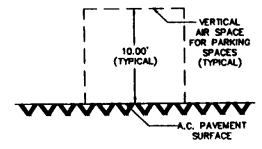
BOOK 1232 PAGE 53

BALL PARC AMERICAN CONDOMINIUMS

A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17, AND 18 OF BLOCK 284 OF COUCH'S ADDITION TO THE CITY OF PORTLAND SITUATED IN THE NW 1/4 SECTION 33, TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
JUNE 24, 1996



FIRST FLOOR



I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS.
LEONARD SCHELSKY P.L.S. NO. 1841



6-30-88
RENEWAL DATE

NOTES

1. ALL BEARINGS OF UNIT WALLS ARE PARALLEL AND PERPENDICULAR TO THE BEARINGS OF THE BOUNDARY OR 45° THEREFROM, UNLESS OTHERWISE NOTED.

SURVEYED BY: WESTLAKE CONSULTANTS, INC.
11515 SW SEQUOIA PKWY, SUITE 150
TIGARD, OREGON 97223
(503) 844-0652

PROJECT NO: 1028-01

SHEET 2 OF 7

1232
54

BALL PARC AMERICAN CONDOMINIUMS

A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17, AND 18 OF BLOCK 284 OF COUCH'S ADDITION TO THE CITY OF PORTLAND, SITUATED IN THE NW 1/4 SECTION 33, TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
JUNE 24, 1996

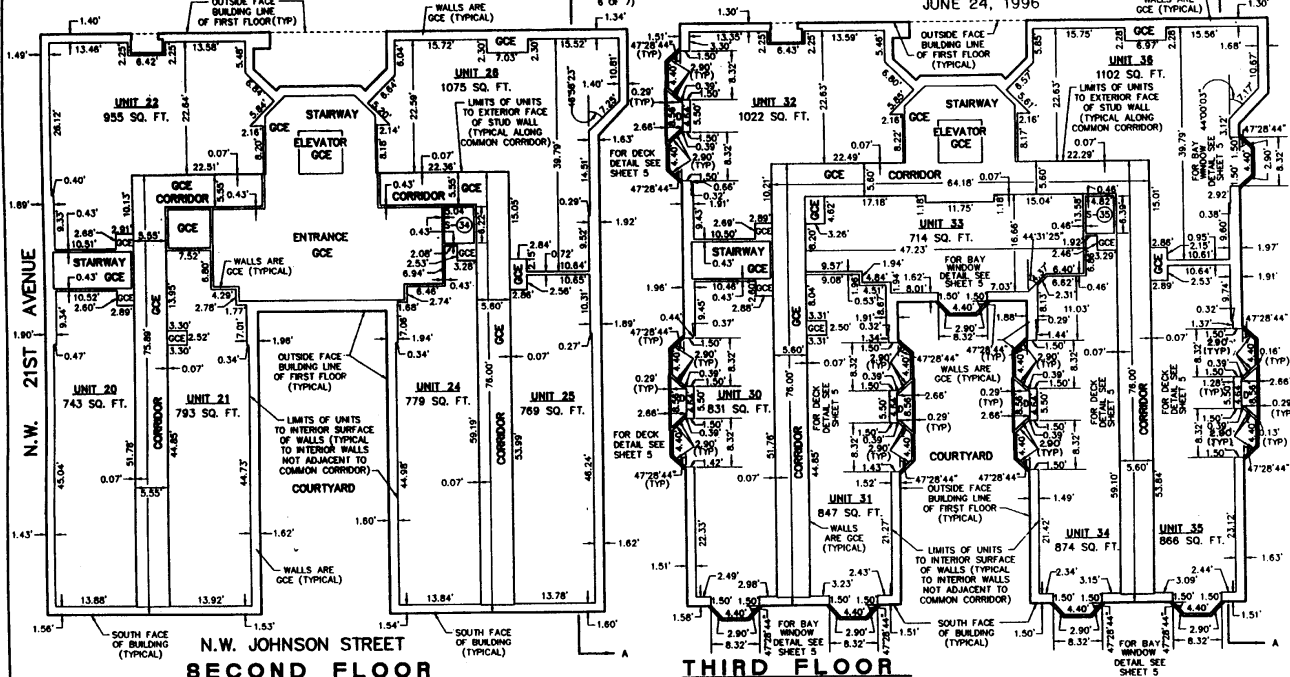


LEGEND
 GCE - GENERAL COMMON ELEMENT
 UNIT 99 - INDICATES DWELLING UNIT NUMBER
 SQ. FT. - SQUARE FEET
 D - INDICATES DECK
 S-1 - INDICATES STORAGE UNIT
 (TYP) - INDICATES TYPICAL, ALL SHEETS

REGISTERED PROFESSIONAL LAND SURVEYOR
Leonard Soehlsky
 LEONARD SOEHLISKY
 1841

SCALE: 1"=10'

6-30-98 RENEWAL DATE



NOTES

1. ALL BEARINGS OF UNIT WALLS ARE PARALLEL AND PERPENDICULAR TO THE BEARINGS OF THE BOUNDARY OR 45° THEREFROM, UNLESS OTHERWISE NOTED.
2. THE TOP SURFACE OF THE DECK IS PART OF THE UNIT.

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS.
Leonard Soehlsky
 LEONARD SOEHLISKY P.L.S. NO. 1841

N.W. JOHNSON STREET
 SURVEYED BY: WESTLAKE CONSULTANTS, INC.
 11515 SW SEQUOIA PKWY, SUITE 150
 TIGARD, OREGON 97223
 (503) 884-0852
 PROJECT NO: 1025-01 SHEET 3 OF 7

1232
55



LEGEND
 GCE - GENERAL COMMON ELEMENT
 UNIT 99 - INDICATES DWELLING UNIT NUMBER
 SQ. FT. - SQUARE FEET
 D - INDICATES DECK
 S-() - INDICATES STORAGE UNIT
 (TYP) INDICATES TYPICAL, ALL SHEETS

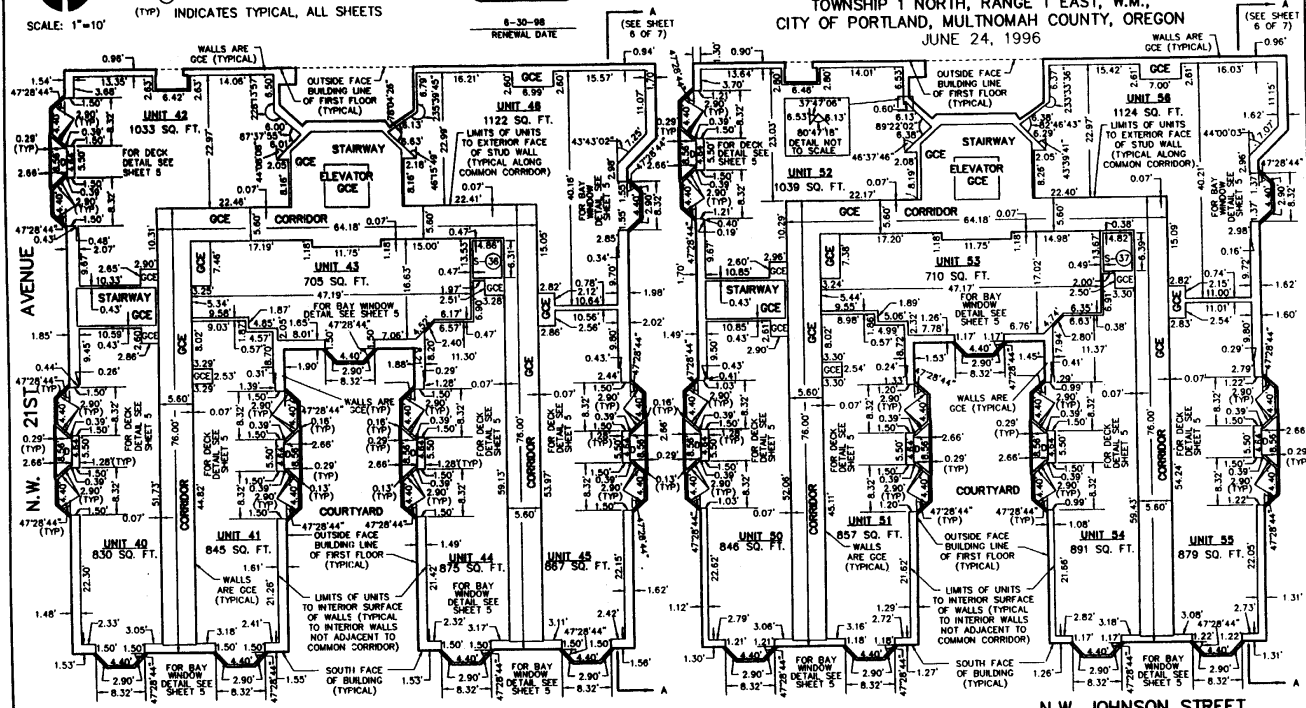
SCALE: 1"=10'

REGISTERED
 PROFESSIONAL
 LAND SURVEYOR
Leonard Schelsky
 LEONARD SHELSKY

6-30-98
RENEWAL DATE

BOOK 1232 PAGE 55
BALL PARC AMERICAN CONDOMINIUMS

A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17,
 AND 18 OF BLOCK 284 OF COUCH'S ADDITION TO THE CITY OF PORTLAND
 SITUATED IN THE NW 1/4 SECTION 33
 TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M.,
 CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
 JUNE 24, 1996



FOURTH FLOOR

N.W. JOHNSON STREET

FIFTH FLOOR

N.W. JOHNSON STREET

NOTES

1. ALL BEARINGS OF UNIT WALLS ARE PARALLEL AND PERPENDICULAR TO THE BEARINGS OF THE BOUNDARY OR 45° THEREFROM, UNLESS OTHERWISE NOTED.
2. THE TOP SURFACE OF THE DECK IS PART OF THE UNIT.

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF
 THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS.

Leonard Schelsky
 LEONARD SHELSKY

P.L.S. NO 1841

SURVEYED BY: WESTLAKE CONSULTANTS, INC.
 11515 SW SEDGUA PRKY, SUITE 150
 TIGARD, OREGON 97223
 (503) 884-0852

PROJECT NO: 1025-01

SHEET 4 OF 7

1732
56



SCALE: 1"=10'

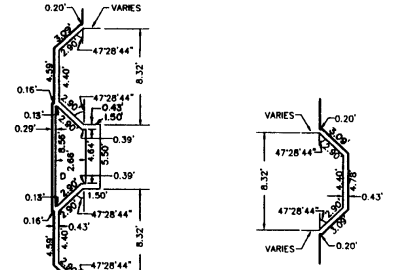
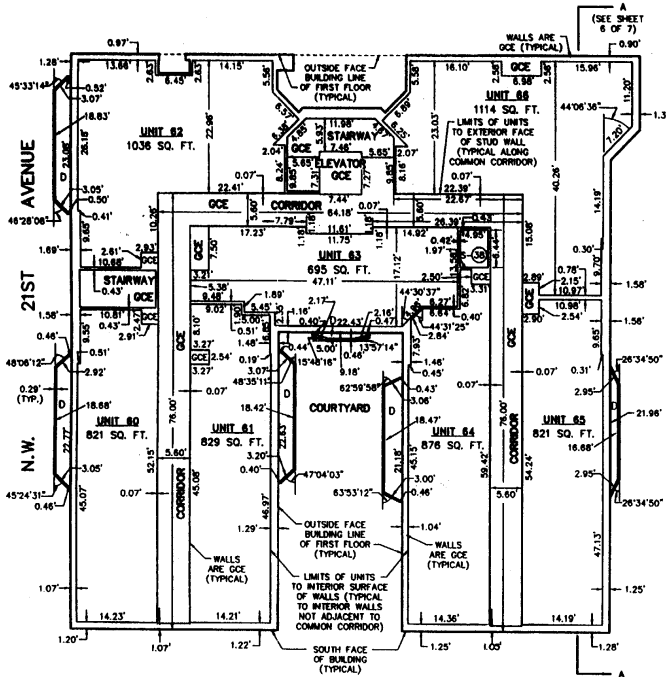
LEGEND

- GCE - GENERAL COMMON ELEMENT
- UNIT 92 - INDICATES DWELLING UNIT NUMBER
- SQ. FT. - SQUARE FEET
- D - INDICATES DECK
- S-⊙ - INDICATES STORAGE UNIT
- (TYP) INDICATES TYPICAL, ALL SHEETS

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BALL PARC AMERICAN CONDOMINIUMS

A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17, AND 18 OF BLOCK 284 OF COUGH'S ADDITION TO THE CITY OF PORTLAND SITUATED IN THE NW 1/4 SECTION 33 TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
JUNE 24, 1996



DETAIL
TYPICAL BAY WINDOW
UNITS ON 3RD. - 5TH. FLOOR
(NOT TO SCALE)

DETAIL
TYPICAL DECK AND
ADJACENT BAY WINDOW
UNITS ON 5TH. FLOOR
(NOT TO SCALE)

- NOTES**
1. ALL BEARINGS OF UNIT WALLS ARE PARALLEL AND PERPENDICULAR TO THE BEARINGS OF THE BOUNDARY OR 45° THEREFROM, UNLESS OTHERWISE NOTED.
 2. THE TOP SURFACE OF THE DECK IS PART OF THE UNIT.

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS.

Leonard Schelsky
LEONARD SCHELSKY P.L.S. NO. 1841



SURVEYED BY: WESTLAKE CONSULTANTS, INC.
11515 SW SEQUOIA PKWY, SUITE 150
TIGARD, OREGON 97223
(503) 884-0662

PROJECT NO: 1025-01

9-30-88
RENEWAL DATE

SHEET 5 OF 7

SIXTH FLOOR N.W. JOHNSON STREET

1232
57

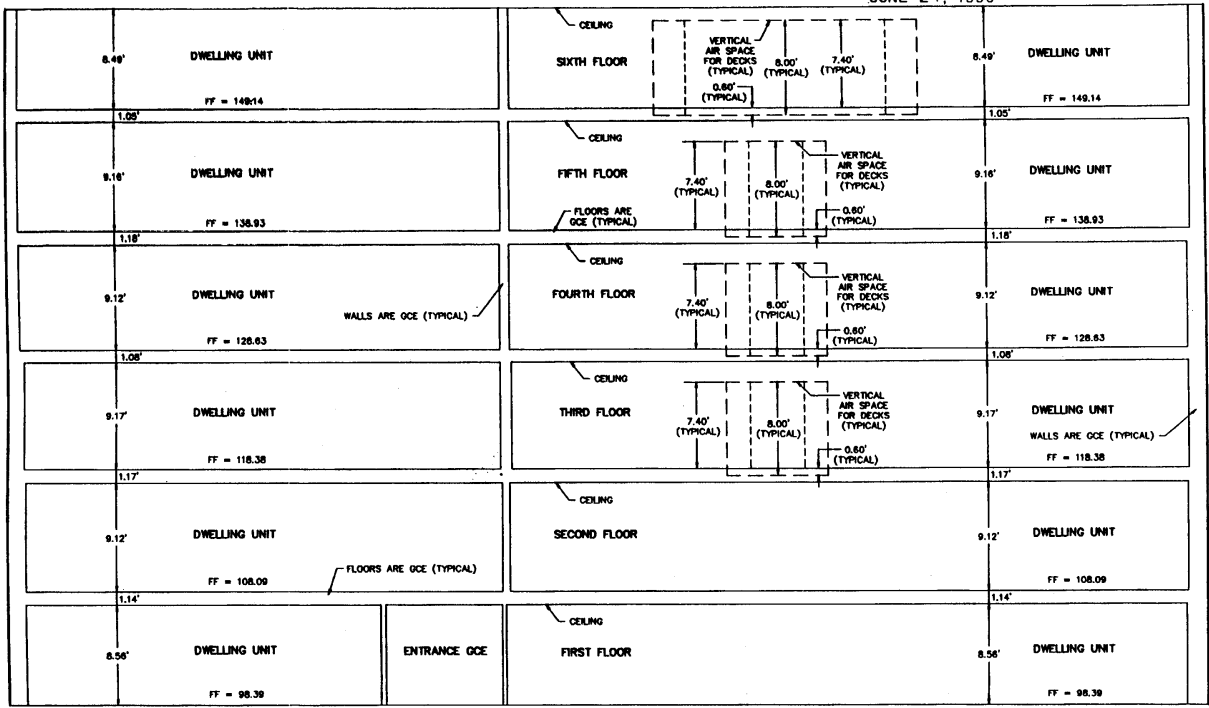
BOOK 1232 PAGE 57

LEGEND
 GCE - GENERAL COMMON ELEMENT
 FF - FINISHED FLOOR ELEVATION

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS.
Leonard Schelsky
 LEONARD SCHELSKY P.L.S. NO. 1841



BALL PARC AMERICAN CONDOMINIUMS
 A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17, AND 18 OF BLOCK 284 OF COUCH'S ADDITION TO THE CITY OF PORTLAND SITUATED IN THE NW 1/4 SECTION 33 TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M., CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
 JUNE 24, 1996



CROSS SECTION A-A
 SCALE 1" = 5'

NOTES

1. VERTICAL DATUM IS CITY OF PORTLAND DATUM BENCHMARK NO. 2857, AT CURB NORTH OF NORTHEAST P.C. OF N.W. 22ND AVENUE AND N.W. IRVING STREET. ELEVATION = 116.28'

SURVEYED BY: WESTLAKE CONSULTANTS, INC.
 15115 SW SEQUOIA PKWY, SUITE 150
 TIGARD, OREGON 97224
 (503) 864-0852
 PROJECT NO: 1025-01 SHEET 6 OF 7

1232
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BALL PARC AMERICAN CONDOMINIUMS

A REPLAT OF THE WEST 5 FEET OF LOT 12 AND ALL OF LOTS 13, 17,
AND 18 OF BLOCK 284 OF COUCH'S ADDITION TO THE CITY OF PORTLAND
SITUATED IN THE NW 1/4 SECTION 33
TOWNSHIP 1 NORTH, RANGE 1 EAST, W.M.,
CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
JUNE 24, 1996

DECLARATION

KNOW ALL PERSONS BY THESE PRESENTS, THAT NORTHWEST AMERICAN L.L.C., AN OREGON LIMITED LIABILITY COMPANY, AS OWNER OF THE LANDS DESCRIBED IN THE ACCOMPANYING SURVEYOR'S CERTIFICATE DOES HEREBY DECLARE THE ANNEXED MAP OF "BALL PARC AMERICAN CONDOMINIUMS" TO BE TRUE AND CORRECT, AND DOES HEREBY COMMIT SAID PROPERTY TO THE OPERATION AND PROVISIONS OF THE OREGON CONDOMINIUM ACT. THE PROPERTY AND IMPROVEMENTS DESCRIBED ON THE PLAT ARE SUBJECT TO THE PROVISIONS OF OREGON REVISED STATUTES 100.005 TO 100.010 AND 100.090.

DECLARANT
NORTHWEST AMERICAN L.L.C.

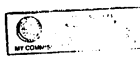
BY: [Signature]
ROBERT D. BALL, PRESIDENT

ACKNOWLEDGMENT

STATE OF Oregon SS
Multnomah COUNTY

THIS CERTIFIES THAT ON THIS 21st DAY OF August, 1996, BEFORE ME THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE AND COUNTY, PERSONALLY APPEARED ROBERT D. BALL, WHO, BEING FIRST DULY SWORN, DID SAY THAT HE IS THE PRESIDENT OF NORTHWEST AMERICAN L.L.C., AND THAT SAID INSTRUMENT WAS SIGNED ON BEHALF OF SAID LIMITED LIABILITY COMPANY BY THE AUTHORITY OF ITS BOARD OF DIRECTORS, AND DOES ACKNOWLEDGE SAID INSTRUMENT TO BE OF HIS OWN FREE ACT AND DEED.

[Signature]
NOTARY PUBLIC FOR THE STATE OF Oregon



SURVEYOR'S CERTIFICATE OF COMPLETION

I, LEONARD SCHELSKY, A REGISTERED PROFESSIONAL LAND SURVEYOR, HEREBY CERTIFY THAT THE PLAT OF "BALL PARC AMERICAN CONDOMINIUMS", FULLY AND ACCURATELY DEPICTS THE BOUNDARIES OF THE UNITS AND THE BUILDING AND THAT CONSTRUCTION OF THE UNITS AND BUILDING, AS DEPICTED ON SUCH PLAT, HAS BEEN COMPLETED.

DATED THIS 19 DAY OF August, 1996
[Signature]
LEONARD SCHELSKY, P.L.S. 1841

I HEREBY CERTIFY THIS TO BE A TRUE AND EXACT COPY OF THE ORIGINAL PLAT OF BALL PARC AMERICAN CONDOMINIUMS.
[Signature]
LEONARD SCHELSKY PLS/1841



6-30-98
RENEWAL DATE

SURVEYED BY: WESTLAKE CONSULTANTS, INC.
15115 SW SECURIA PKWY, SUITE 150
TIGARD, OREGON 97224
(503) 864-0632
PROJECT NO: 1025-01

APPROVALS

APPROVED August 27, 1996
CITY OF PORTLAND/BUREAU OF BUILDINGS
BY: [Signature]

APPROVED August 30, 1996
COUNTY SURVEYOR, MULTNOMAH COUNTY, OREGON
BY: [Signature]

ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES AS PROVIDED BY O.R.S. 100.110 HAVE BEEN PAID AS OF September 8, 1996.

DIRECTOR OF ASSESSMENT AND TAXATION
MULTNOMAH COUNTY, OREGON
BY: [Signature]
DEPUTY

STATE OF OREGON
COUNTY OF MULTNOMAH SS

I DO HEREBY CERTIFY THAT THE ATTACHED CONDOMINIUM PLAT WAS RECEIVED FOR RECORD AND RECORDED Sept 5, 1996, AT 11:12 A.M. IN BOOK 1232, ON PAGE 52 THROUGH 58, COUNTY RECORDING OFFICE.

BY: [Signature]
DEPUTY
DOCUMENT NO. 76135561

10000077.0000

After Recording Return To:
Vial Fotheringham, LLP
7000 Varns Street
Portland, OR 97223

Recorded in MULTNOMAH COUNTY, OREGON
C. Swick, Deputy Clerk

C06 3 ATA AH
Total : 31.00

2006-080881 05/02/2006 04:31:37pm

**AMENDMENT TO
THE BYLAWS
OF
BALL PARC AMERICAN
CONDOMINIUMS OWNERS' ASSOCIATION**

This Amendment to the Bylaws of Ball Parc American Condominiums Owners' Association is made this 24th day of April, 2006 by the Ball Parc American Condominiums Owners' Association ("Association").

RECITALS

A. Ball Parc American Condominiums (the "Condominium") is a condominium located in Multnomah County, Oregon, established pursuant to the following documents recorded September 5, 1996 in the Records of Multnomah County, Oregon:

Declaration of Ball Parc Condominiums recorded as Document No. 96135562 (the "Declaration").

Bylaws of Ball Parc American Condominiums Owners' Association recorded as an exhibit to the Declaration (the "Bylaws").

Plat of Ball Parc American Condominiums recorded in Plat Book 1232, Page 52.

B. Association is Ball Parc American Condominiums Owners' Association, an Oregon nonprofit corporation, formed pursuant to the Declaration, Bylaws and Articles of Incorporation filed August 29, 1996, in the office of the Oregon Secretary of State.

C. The Association and owners of the Condominium wish to amend Section 3.1 of Article III of the Bylaws to permit the number of members of the Board of Directors to range from three (3) to five (5).

LAWYERS 06-AD92 114

RECORDED BY OREGON TITLE AS AN ACCOMMODATION ONLY AND LIABILITY IS ACCEPTED FOR THE CONDITION OF TITLE OR FOR THE VALIDITY, SUFFICIENCY, OR EFFECT OF THIS DOCUMENT

NOW, THEREFORE, pursuant to Article 10 of the Bylaws and ORS 100.410, with the consent or approval of at least a majority of the owners of the Dwelling Units, Association hereby amends Section 3.1 of Article III of the Bylaws to read as follows:

ARTICLE III

BOARD OF DIRECTORS

3.1 **Number, Term and Qualification.** The affairs of the Association shall be governed by the Board of Directors, which shall consist of no fewer than three (3) and no more than five (5) persons. Election by Owners shall be by plurality. Board members shall be elected 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 of Directors, if elected as herein provided.

All Directors shall be Owners and no Director shall continue to serve on the Board of Directors after he ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company which owns a Dwelling shall be considered co-owners of any such Unit.

**BALL PARC AMERICAN CONDOMINIUMS
OWNERS' ASSOCIATION,
An Oregon corporation**

By: 

Chairman

By: 

Secretary

CERTIFICATION

The undersigned Chairman and Secretary of Ball Parc American Condominiums Owners' Association, an Oregon nonprofit corporation, hereby certify that the within Amendment to the Bylaws of Ball Parc American Condominiums Owners' Association has been adopted and approved by owners in accordance with Article 10 of the Bylaws and ORS 100.410.

**BALL PARC AMERICAN CONDOMINIUMS OWNERS' ASSOCIATION,
An Oregon corporation**

By: Edgar Arce
Chairman

By: [Signature]
Secretary

STATE OF OREGON)
) ss
County of Multnomah)

The foregoing instrument was acknowledged before me this 24th day of April, 2006 by, Linda Edgar Arce, Chairman, of Ball Parc American Condominiums Owners' Association, an Oregon nonprofit corporation, on its behalf.



Shawna K. Totz
Notary Public for Oregon
My Commission Expires: July 31, 2009

STATE OF OREGON)
) ss
County of Multnomah)

The foregoing instrument was acknowledged before me this 24th day of April, 2006 by, Linda Berlingen, Secretary, of Ball Parc American Condominiums Owners' Association, an Oregon nonprofit corporation, on its behalf.



Shawna K. Totz
Notary Public for Oregon
My Commission Expires: July 31, 2009

Recorded in the County of Multnomah, Oregon
C. Swick, Deputy Clerk



368.00

96135562 4:51pm 09/05/96

013 20003341 02 11
C06 73 0.00 365.00 0.00 3.00 0.00

DECLARATION OF BALL PARC AMERICAN CONDOMINIUMS

Dated: July 31, 1996



Fidelity National Title
Company of Oregon

401 S.W. FOURTH AVENUE
PORTLAND, OREGON 97204-2273
(503) 223-8338 (503) 227-8425 Fax

0079596.07

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SEPT 5, 1996

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DECLARATION OF BALL PARC AMERICAN CONDOMINIUMS

MADE PURSUANT TO THE OREGON CONDOMINIUM ACT

This Declaration, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 31st day of July, 1996, by Northwest American L.L.C., an Oregon limited liability company ("Declarant").

Declarant proposes to create a residential condominium to be known as Ball Parc American Condominiums, composed of 39 Dwelling Units, 24 Parking Units, and 38 Storage Units situated in one building of six stories, located in the City of Portland, Multnomah County, Oregon. The purpose of this Declaration is to submit Ball Parc American Condominiums 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 Articles of Incorporation of the Ball Parc American Condominiums Owners' Association, its Bylaws, its Rules and Regulations, and any exhibits 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 Association shall mean the nonprofit corporate entity responsible for the administration, management and operation of the Condominium.

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

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

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

1.1.6 Condominium shall mean the Property that is hereby submitted to condominium ownership and all improvements thereon and all easements and rights appurtenant thereto.

1.1.7 Declaration shall mean this Declaration of Ball Parc American Condominiums and any amendments thereto.

1.1.8 Dwelling Unit shall mean that part of the Condominium designated as such in Section 4 and comprised of the space enclosed by its boundaries as described in Section 4.

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

1.1.10 Mortgage shall include a deed of trust and a contract for the sale of real estate.

1.1.11 Mortgagee shall include a mortgagee under a mortgage, a deed of trust beneficiary, and a vendor under a contract for the sale of real estate.

1.1.12 Owner shall mean the owner or owners of a Dwelling Unit and, in addition to a Dwelling Unit, any other Unit, but shall not include a Mortgagee unless in possession of a Dwelling Unit, and, in addition to a Dwelling Unit, any other Unit. A person or entity who does not own a Dwelling Unit shall not be an Owner.

1.1.13 Parking Unit shall mean that part of the Condominium designated as such in Section 4 and comprised of the space enclosed by its boundaries as described in Section 4.

1.1.14 Plans shall mean the plat for the Condominium which is being recorded in the deed records of Multnomah County, Oregon, concurrently with this Declaration and any revisions of such plat subsequently recorded.

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

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

1.1.17 Storage Unit shall mean that part of the Condominium designated as such in Section 4 and comprised of the space enclosed by its boundaries as described in Section 4.

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

1.1.19 Units shall mean those parts of the Condominium designated in Section 4 as Dwelling, Parking, or Storage Units and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4; Unit shall mean any one of the Units.

1.1.20 Other Definitions. Capitalized terms which are not defined in this Section 1 but are defined in other provisions of this Declaration shall have the respective meanings given them in such provisions.

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 in the Act to such terms unless the context clearly requires otherwise or definition in this manner would have an unlawful consequence.

1.3 Mortgage 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 Dwelling Unit, such Mortgagee shall be deemed a separate Mortgagee as to each such Dwelling Unit.

1.4 Original Owner of Units. Declarant is the original Owner of all Units and will continue to be deemed the Owner of each Unit until conveyances or other documents changing the ownership of specifically described Units are filed of record.

1.5 Captions and Exhibits. The captions given herein are for convenience only and are not intended to modify or affect the meaning or 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.

1.6 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 Property is to be identified is "Ball Parc American Condominiums."

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4. Units.

4.1 General Description of Buildings. The Condominium shall consist of one building situated on a generally level site consisting of approximately 60,510 square feet (approximately 45,010 square feet attributed to the building and approximately 15,500 square feet attributed to adjoining land). The building structural frame is a load-bearing wall system, with the first level consisting of poured-in-place concrete and the second level through the sixth level consisting of brick masonry. The roof of the building is of composition construction, including, without limitation, wood framing, fiberglass base sheet and plysheet, asphalt, mineral surface cap, galvanized wall flashing, and cap metal at roof perimeters.

4.2 General Description, Location, and Designation of Units. The Condominium has a total of 101 Units, consisting of 39 Dwelling Units, 24 Parking Units, and 38 Storage Units. The approximate area, dimensions, designation, and location of each Unit are shown on the Plans.

4.3 Boundaries of Units.

4.3.1 Dwelling Units. Each Unit identified on the Plans as a dwelling unit (a "Dwelling Unit") shall be bounded by the interior surfaces of the perimeter and bearing walls (except that the interior surface of the wall bounding the living space of each Dwelling Unit that is immediately adjacent to the common corridor wall shall not constitute a boundary of a Dwelling Unit, but rather the Dwelling Unit shall extend to the interior surface of the common corridor wall), the interior surfaces of the planks or other covering immediately above the ceilings enclosing the portion of the Unit used for dwelling purposes, the interior surfaces of the topping slab of its floors (i.e., the slab that supports hardwood, linoleum, tile, or other flooring materials), and the interior surfaces of windows and window frames, doors and door frames, and trim, and shall include the surfaces so described and the air space so encompassed. Notwithstanding anything to the contrary in the foregoing sentence, each Dwelling Unit with a deck or decks shall also be bounded by the top surface of deck floors (but shall not include the concrete slab underlying such top surface), the interior surface of deck walls, a vertical plane extending up from the interior surface of the deck walls, and a horizontal plane extending out from the building from a point above the doors of the decks, as shown on the Plans, irrespective of windows and window frames and doors and door frames or other items placed between the interior living portion of the Unit and the decks. In no event shall the exterior surface of the perimeter walls of the building be included as part of the Dwelling Unit. In addition, each Unit shall include the outlet of any utility service lines, including water, sewer, electricity, or cable

television, and of any ventilating or air conditioning ducts, but shall not include any part of such lines or ducts themselves, except that (i) with respect to that portion of the Dwelling Unit consisting of the air space behind the walls enclosing the portion of the Unit used for dwelling purposes, the Unit shall include the electrical wiring serving the Unit, but shall not include any other utility, such as plumbing or pipes for steam or gas or electrical wiring serving any of the Common Elements, all of which shall be Common Elements, and (ii) with respect to that portion of the Unit consisting of an inoperative dumb waiter, the Unit shall not be comprised of any electrical wiring or pipes therein serving multiple units.

4.3.2 Parking Units. Each Unit identified on the Plans as a parking unit (a "Parking Unit") shall consist of the paved surface of the Parking Unit, a vertical plane extending upwards at a 90° angle from the boundaries of the paved surface of the Parking Unit for a distance of ten feet, and a horizontal plane coextensive with the boundaries formed by the uppermost edge of each vertical plane, as shown on the Plans.

4.3.3 Storage Units. Each Unit identified on the Plans as a storage unit (a "Storage Unit") shall be bounded by (i) the exterior surfaces of its doorway or face panel, including any fixtures thereon or attached thereto, such as knobs, handles, and hinges and (ii) the interior surfaces of the side and back walls (or side and back panels), floor (or bottom panel), and ceiling (or top panel) of each Storage Unit, and shall include the air space so encompassed.

5. Description of Common Elements. The general location of the Common Elements is shown on the Plans. The Common Elements shall consist of all parts of the Condominium other than the Units and include, without limitation, the following:

5.1 All floor slabs (including the concrete slab underlying the top surface of the flooring of any decks), foundations, exterior windows, crawl spaces, roofs and improvements on the roofs (including a roof garden, if any), columns, beams, girders, supports, and bearing walls.

5.2 Pipes, ducts, conduits, wires (except as described in Section 4.3), and other utility installations, in each case to their respective outlets.

5.3 Elevators, lobbies, corridors, stairways, landings, vestibules, exterior walkways, landscaping, common trash repositories, boiler rooms, meter rooms, laundry rooms, and those portions of the parking lot constituting a portion of the Condominium and not designated as Parking Units.

5.4 The air space containing the elements described in Sections 5.1 through 5.3.

5.5 All other elements of the Condominium necessary or convenient to its existence, maintenance, or safety, or normally in common use, except as may be expressly designated herein as a part of a Unit.

6. Allocation of Interest in Common Elements. The allocation of undivided interests in the Common Elements is shown on the attached Exhibit B-1. The method used to establish this allocation consists of (a) an allocation of a 0.1 percent undivided interest to each of the Parking and Storage Units and (b) an allocation of the remaining undivided interests to the Dwelling Units determined by the ratio which the area of each Dwelling Unit bears to the total area of all Dwelling Units combined.

7. Limited Common Elements. The Condominium contains no limited common elements.

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

8.1 Method of Allocation. As shown on the attached Exhibit B-2, the common profits of the Property shall be distributed among, and the common expenses of the Property shall be charged to, Owners of Dwelling Units according to the percentage determined by the ratio which each Dwelling Unit bears to the total area of all Dwelling Units. Without limitation of the Association's right to impose assessments relating to the Parking Units pursuant to Section 14.4, distribution of common profits and charging of common expenses of the Property shall not be based on ownership of Parking or Storage Units. Assessments of common expenses shall commence upon closing of the first sale of a Dwelling Unit. Except to the extent provided in the Bylaws, the common expenses of the Property shall be assessed on a monthly basis.

8.2 No Exception. No Owner may claim exemption from liability for contribution toward the common expenses, or with respect to an Owner of a Parking Unit, for expenses pertaining to such Units, by waiver by the Owner of the use or enjoyment of any of the Common Elements or Parking Units or by abandonment by the Owner of any of the Owner's Units.

8.3 Default in Payment of Common Expenses or Expenses Pertaining to Parking Units. In the event of default by any Owner in paying to the Association the assessed common expenses or expenses pertaining to the Parking Units (including, but not limited to, reserve assessments or any other special assessments), such Owner shall be obligated to pay interest on

such expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal or review therefrom. No interest or late charges will be assessed on common expenses or expenses pertaining to the Parking Units paid within 30 days after the due date therefor. Delinquent payments of common expense assessments and assessments on the Parking Units shall bear interest from the date thereof at a rate equal to four percentage points over the prime or base rate of interest offered by U.S. National Bank of Oregon, or a similar rate of interest at a similar institution if the foregoing rate or bank no longer exists, as in effect on the due date for such payment, but in no event higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments. The Board of Directors shall have the right and duty to recover for the Association such common expenses and expenses pertaining to the Parking Units, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Board of Directors shall have upon any of the affected Owner's Units (including that Owner's Parking and Storage Units, if any) with respect to all such obligations.

8.4 Foreclosure of Liens for Unpaid Common and Parking Unit Expenses. In any action brought by the Association to foreclose a lien on a Unit or Units because of unpaid common expenses or expenses pertaining to Parking Units, the Owner shall be required to pay a reasonable rental for the use of such Unit or Units during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association, shall have the power to purchase such Unit or Units at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit or Units. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same.

8.5 First Mortgages: Liability of Subsequent Purchaser. Any lien of the Association against a Unit or Units for common expenses or expenses pertaining to a Parking Unit shall be subordinate to tax and assessment liens and any first Mortgage of record, unless there has been compliance with all requirements of Section 100.450(7) of the Act. Where the purchaser or Mortgagee of a Unit or Units obtains title to such Unit or Units as a result of foreclosure of a first Mortgage or by deed in lieu of foreclosure, such purchaser or Mortgagee, his successors and assigns shall not be liable for any of the common expenses or expenses pertaining to Parking Units chargeable to such Unit or Units which became due prior to the acquisition of title to such Unit or Units by such purchaser or Mortgagee except

to the extent provided in Section 100.475(2) of the Act; provided, in the case of a deed in lieu of foreclosure, that the Mortgagee complies with the requirements of Section 100.465(1) of the Act; and provided further, that any sale or transfer of a Unit pursuant to a foreclosure shall not relieve the purchaser or transferee of such Unit from liability for, nor such Unit from the lien of, any common expenses or expenses pertaining to Parking Units thereafter becoming due. In a voluntary conveyance of a Unit or Units (subject to the restrictions of this Declaration), the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of such Unit or Units to the time of grant 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 of Directors shall make and deliver a statement of the unpaid assessments against the prospective grantor of the Unit or Units, and the grantee in such case shall not be liable for, nor shall the Unit or Units when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amounts therein set forth.

9. Voting Rights. Subject to the provisions of Section 21 of the Declaration, one vote shall be allocated to each Dwelling Unit and, with respect only to those limited matters as to which ownership of a Parking Unit confers voting authority as expressly provided herein or in the Bylaws, one vote shall be allocated to each Parking Unit. No voting rights shall be allocated to Storage Units.

10. Use. The Dwelling Units shall be limited to residential use; provided, however, that Dwelling Unit 1 shown on the Plans, although referred to herein as a "Dwelling Unit," may be used for commercial purposes in accordance with the Bylaws. The use of the Parking Units shall be limited to the parking of vehicles owned or operated by the Owner of a Dwelling Unit or the family members or guests of such Owner temporarily or permanently residing in such Dwelling Unit. The use of the Storage Units shall be limited to storing items associated with residential living in a Dwelling Unit.

11. 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 which will be filed in accordance with Section 100.250(1)(a) of the Act.

12. 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

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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 12 (other than leases having a term of two years or less) shall first be approved by the Owners of at least 75 percent of the Dwelling Units.

13. Restrictions on Alienation. This Declaration and the Bylaws impose no restrictions on the alienation of any Dwelling Unit. No person or entity may own or shall be entitled to acquire a Parking Unit or a Storage Unit unless such person or entity owns or shall simultaneously acquire a Dwelling Unit. Any conveyance, transfer, lease, or other disposition ("Transfer") of a Parking Unit or a Storage Unit to a person or entity who does not own or who will not simultaneously acquire a Dwelling Unit is prohibited. In the case of a Transfer or attempted Transfer of a Parking or Storage Unit in violation of this Section, in addition to the Association's other rights under this Section 13, the person or entity making or attempting such Transfer shall indemnify and hold harmless the Association and its members from all cost, liability, and damage that the Association or its members may incur (including, without limitation, attorneys' fees and expenses) as a result of such Transfer or attempted Transfer. In the event a person or entity engages or attempts to engage in a Transfer of a Parking Unit or Storage Unit in violation of this Section 13, the Association acting through the Board may, in its sole discretion, fine the offending person or entity in such amounts as it may determine to be appropriate in addition to any other rights or remedies available to the Association under this Declaration, the Bylaws or applicable law or in equity including, without limitation, the remedies of specific performance and injunction.

14. Maintenance and Repairs: Reserve Fund.

14.1 Maintenance of Common Elements. The necessary work to maintain, repair, or replace the Common Elements and Parking Units shall be the responsibility of the Board and shall be carried out as provided in the Bylaws. If the Mortgagee of any Dwelling Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements and Parking Units, 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 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 Dwelling Unit on which it holds a Mortgage on all business coming before such

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 12 (other than leases having a term of two years or less) shall first be approved by the Owners of at least 75 percent of the Dwelling Units.

13. Restrictions on Alienation. This Declaration and the Bylaws impose no restrictions on the alienation of any Dwelling Unit. No person or entity may own or shall be entitled to acquire a Parking Unit or a Storage Unit unless such person or entity owns or shall simultaneously acquire a Dwelling Unit. Any conveyance, transfer, lease, or other disposition ("Transfer") of a Parking Unit or a Storage Unit to a person or entity who does not own or who will not simultaneously acquire a Dwelling Unit is prohibited. In the case of a Transfer or attempted Transfer of a Parking or Storage Unit in violation of this Section, in addition to the Association's other rights under this Section 13, the person or entity making or attempting such Transfer shall indemnify and hold harmless the Association and its members from all cost, liability, and damage that the Association or its members may incur (including, without limitation, attorneys' fees and expenses) as a result of such Transfer or attempted Transfer. In the event a person or entity engages or attempts to engage in a Transfer of a Parking Unit or Storage Unit in violation of this Section 13, the Association acting through the Board may, in its sole discretion, fine the offending person or entity in such amounts as it may determine to be appropriate in addition to any other rights or remedies available to the Association under this Declaration, the Bylaws or applicable law or in equity including, without limitation, the remedies of specific performance and injunction.

14. Maintenance and Repairs; Reserve Fund.

14.1 Maintenance of Common Elements. The necessary work to maintain, repair, or replace the Common Elements and Parking Units shall be the responsibility of the Board and shall be carried out as provided in the Bylaws. If the Mortgagee of any Dwelling Unit determines that the Board is not providing an adequate maintenance, repair, and replacement program for the Common Elements and Parking Units, 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 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 Dwelling 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.

14.2 Maintenance of Dwelling and Storage Units. All maintenance of and repairs to any Dwelling and Storage Units shall be made by the Owner of such Units, who shall keep the same in good order, condition, and repair and shall do all redecorating, painting, and staining which at any time may be necessary to maintain the good appearance and condition of that Owner's Dwelling or Storage Unit. In addition, each Owner of a Dwelling Unit shall be responsible for the maintenance, repair, or replacement of interior doors and any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, lighting fixtures and lamps, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in that Owner's Dwelling Unit, and each Owner of a Storage Unit shall be responsible for the maintenance, repair, and replacement of the exterior doorway or face panel of any Storage Unit and any fixtures thereon, such as knobs, handles, and hinges, the interior surfaces of the Storage Unit, and any lighting fixtures or other fixtures located within, or attached to the interior of, the Storage Unit. Each Owner shall maintain the interior surface of doors which provide the means of ingress and egress to and from that Owner's Dwelling Unit, and the interior surfaces of windows opening on to that Owner's Dwelling Unit, notwithstanding that such surfaces may be part of the Common Elements.

14.3 Reserve Funds for Replacing Common Elements and Parking Units. Declarant shall establish in the name of the Association a reserve fund for replacement of Common Elements and a separate reserve fund for replacement of Parking Units which will normally require replacement in more than three and fewer than 30 years including, without limiting the generality of the foregoing, with respect to the Common Elements, the roof, the exterior of the Condominium, sidewalks, sewers, heating, electrical and plumbing systems, curbs, alleyways, storm drains, irrigation systems, and landscaping, and with respect to the Parking Units, the surface of such Units. The common expenses of the Condominium and the expenses pertaining to the Parking Units shall be calculated on the basis of expected replacement costs and life expectancy of the items comprising the Common Elements, respectively, which will normally require replacement in more than three and fewer than 30 years such that the reserve fund is reasonably expected to provide sufficient funds for replacement of such Common Elements and Parking Units. Declarant in establishing each reserve fund shall make a good faith projection of the requirements of the Association with respect to replacement of such Common Elements and Parking Units, respectively, but such projection may vary substantially from the actual requirements of the Association. The Association shall administer each reserve fund and shall adjust at regular intervals the amount of the periodic payments into it to reflect

changes in current replacement costs over time. Following the second year after the Turnover Meeting, future assessments for each reserve fund may be reduced, eliminated, or increased by an affirmative vote of Owners of at least 75 percent of the Dwelling Units with respect to the Common Elements, and an affirmative vote of at least 75 percent of the Owners of Parking Units with respect to such Units. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. 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, with such distribution on termination being made to the Owners in the same manner and proportions as assessments pertaining to Common Elements and Parking Units. Each reserve fund is to be used only for replacement of the Common Elements and Parking Units, respectively, which will normally require replacement in more than three and fewer than 30 years and is to be kept separate from the assessments described in Section 5.4 of the Bylaws. After the Turnover Meeting, however, the Board of Directors may borrow amounts from each reserve fund to meet high seasonal demands on funds obtained from regular assessments or to meet other temporary expenses which will later be paid from special or regular assessments.

14.4 Maintenance and Assessments Relating to Parking Units. Notwithstanding that each Parking Unit shall be owned as an individual Unit and shall not form part of the Common Elements, the Association shall be responsible for the maintenance, repair, and replacement of the Parking Units, the expense of which maintenance, repair, and replacement shall be funded through a separate assessment by the Association of, and only of, the Owners of the Parking Units. The amount of the assessment of each Owner of a Parking Unit shall be determined by multiplying the fraction consisting of the number of Parking Units owned by such Owner over the total number of Parking Units by the annual budget established with respect to the Parking Units pursuant to Section 5.1 of the Bylaws. Assessments of expenses pertaining to Parking Units shall commence upon closing of the first sale of a Parking Unit. Except to the extent provided in the Bylaws, the expenses pertaining to Parking Units shall be assessed on a monthly basis.

15. Rights of Access and Use.

15.1 In General. Each Owner shall have a perpetual right of reasonable access and use to, through, over, and of each other Unit and the Common Elements as may be required for ingress and egress to and from such Owner's Unit or Units; for the support of such Owner's Unit or Units; and for the installation, operation, repair, maintenance, and replacement of utilities and other systems serving such Owner's Units, including, but not

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limited to, water, natural gas, air conditioning, cable television, electrical power and wiring (including the electrical wiring that is a part of the Unit by virtue of Section 4.3.1), light, or plumbing serving a Dwelling Unit. 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.

15.2 Additional Rights Created by Association. The Association, upon prior approval of the Owners of at least 75 percent of the Dwelling Units, may create on behalf of the Owners additional rights of access and use with respect to the Common Elements. Nothing in this Section 15.2 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.

15.3 Right of Entry. The Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter any Owner's Unit or Units in the case of any emergency originating in or threatening such Unit or Units or other Units or Condominium property or requiring repairs in such Unit or Units to protect public safety, whether or not the Owner is present at the time. Each Owner shall also permit such persons to enter the Owner's Unit or Units for the purpose of performing installations, alterations, or repairs to any Common Element (including, without limitation, (i) any pipes or electrical wiring serving Common Elements in that portion of the Dwelling Unit consisting of the air space behind the walls enclosing the portion of the Unit used for dwelling purposes, and (ii) any electrical wiring in inoperative dumb waiters), preventing damage to the Common Elements or another Unit, or inspecting the Unit or Units 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 requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner.

15.4 Right of Access and Use for Declarant. Declarant and Declarant's agents, successors, and assigns shall have a right of access and use to, through, over, and of the Common Elements and Parking Units for the purpose of (i) planning, designing, developing, constructing, maintaining, or repairing structures on the Property, to the extent Declarant is required to conduct such activities pursuant to this Declaration or under contracts of sale with purchasers of Units, and (ii) carrying out sales activities reasonably necessary for the sale of Units, including, without limitation, the right to use the Dwelling Units owned by Declarant as model Units until all such Units have been conveyed to persons other than Declarant and the right to use Unit 1 owned by Declarant as a sales office; provided.

however, that Declarant shall restore the portions of the Property which it accesses or uses pursuant to this Section 15.4 to substantially the same condition that existed prior to such access or use (except to the extent Declarant has constructed improvements contemplated by this Section 15.4).

16. Encroachments.

16.1 Each Unit and all Common Elements shall have an easement over all adjoining Units and 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 Property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be a valid easement for the maintenance of the encroaching Units and Common Elements so long as the encroachment shall exist and, except as otherwise provided in Section 16.2, the rights and obligations of Owners shall not be altered in any way by the encroachment.

16.2 The easement described in Section 16.1 does not relieve an Owner of liability in case of willful misconduct of an Owner or relieve the Declarant or any contractor, subcontractor, or materialman of liability for failure to adhere to the Plans.

16.3 The encroachments described in Section 16.1 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

17. Notices to Mortgagees. The Association shall provide timely written notice of the following matters to any Mortgagee of a Unit, or any insurer or guarantor of a Mortgage on a Unit, who makes a written request therefor to the Association:

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

17.2 Any delinquency of 45 days in the payment of common expenses assessed to a Unit in which it holds an interest;

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

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

18. Operating Entity. Ball Parc American Condominiums 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 its Articles of Incorporation and the Bylaws. A copy of the Bylaws, which have been adopted by the Declarant as required by Section 100.410(1) of the Act, are attached hereto as Exhibit C. The Owner of each Dwelling Unit shall automatically become a member of the Association upon such Owner's acquisition of an ownership interest in any Dwelling 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 the Dwelling Units, regardless of the means by which such ownership interest is divested. Each Owner shall be entitled to vote in the manner prescribed in the Articles of Incorporation of the Association and the Bylaws. Until the Turnover Meeting, the members of the Board need not be Owners. No person or entity holding any Mortgage, lien, or other encumbrance on any 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 Rules and Regulations in the manner provided herein and in the Bylaws. Acquisition of an ownership interest in a Dwelling 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 in the Bylaws.

19. Managing Agent. Subject to the rights of the Association to terminate such agreement without penalty or cause upon not less than 30 days' written notice given not later than 60 days after the Turnover Meeting, 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 two years. On behalf of the Association, the Board may, after the Turnover Meeting, 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.

20. Taxation of Units. Each Dwelling Unit, each Parking Unit, and each Storage Unit, together with the undivided percentage interest in the Common Elements allocated to each such Units, 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.

21. Administrative Control. Except as otherwise provided in this Declaration or in the Bylaws, until the earlier to occur of the date that is three years after the date on which the first Dwelling Unit is conveyed or the date at which 75 percent of all Dwelling Units have been conveyed to persons other than the Declarant:

21.1 Declarant may appoint and remove officers and members of the Board;

21.2 Declarant shall have five votes with respect to each Dwelling Unit owned by it (and with respect only to those limited matters as to which ownership of a Parking Unit confers voting authority as expressly provided herein and in the Bylaws, five votes for each Parking Unit owned by it), notwithstanding the provisions of Section 9;

21.3 Declarant shall have the right to exercise all powers of the Association, the Board, or the Condominium officers under this Declaration, the Bylaws, and the Act, except that 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, which is made prior to the Turnover Meeting unless the Association or the Board is granted therein a right of termination thereof which is exercisable without cause or penalty upon not less than 30 days' written notice given to the other party thereto not later than 60 days after the Turnover Meeting;

21.4 Declarant shall have the right to occupy the Common Elements in connection with its planning, design, development, construction, and repair activities as described in Section 15.4; and

21.5 Declarant shall have the right to approve amendments to this Declaration, the Bylaws, the Plans, and the Rules and Regulations.

22. Casualty.

22.1 Responsibility of Association. The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the Common Elements and Parking Units by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the other Units. Each Owner shall be responsible for the repairing, reconstructing, or rebuilding of that Owner's Dwelling and

Storage Units to the extent not covered by the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the Common Elements and Parking Units, and to the extent of the Association's insurance coverage, of the Dwelling and Storage Units, so that the Property is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless Owners of at least 75 percent of the Dwelling Units and 75 percent of all first Mortgagees of Dwelling Units and the beneficiary under any deed of trust securing payment of the purchase price of the entire Condominium, if any, agree that the Property shall not be rebuilt or restored (or, in the event the damage or destruction relates only to the Parking Units, unless Owners of at least 75 percent of the Parking Units and 75 percent of all first Mortgagees of the Parking Units and the beneficiary under any deed of trust securing payment of the purchase price of the entire Condominium, if any, agree that the Parking Units shall not be rebuilt or restored). 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 Property 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 (except that in the case of costs relating to the rebuilding or restoration of the Parking Units, to the extent such difference is attributable to the insufficiency of insurance proceeds to rebuild or restore the Parking Units, such difference shall be charged only to the Owners of the Parking Units as an expense pertaining to such Units). If the required number of Owners of Dwelling Units and first Mortgagees of Dwelling Units (or Owners of Parking Units and first Mortgagees of Parking Units, as the case may be) agree that the Property (or the parking lot on which the Parking Units are located, as the case may be) shall not be rebuilt and restored, the Property (or the Parking Units alone, as the case may be) 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.

22.2 Responsibility of Owner. If, due to the act or neglect of an Owner, or of a member of his family or his household pet or of a guest, servant, invitee, or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements, to any Dwelling Storage Unit owned by others, or to any Parking Unit, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense or an expense pertaining to a Parking Unit, then such Owner shall pay for such damage and such maintenance, repairs,

and replacements as may be determined by the Association, to the extent not covered by the Association's insurance.

23. Condemnation.

23.1 Total Condemnation. In the event of condemnation of the whole of the Condominium, the compensation to be paid 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 of at least 75 percent of the Dwelling Units at a special meeting called for that purpose, 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 proportion to their interest in the Common Elements 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, the rights of each Owner shall be separate to negotiate and finalize his personal compensation for improvements made to the Dwelling Unit after recording of the Declaration, cost of moving, and other similar items personal to each Owner.

23.2 Part of Common Elements Only Taken. If no Units are affected by the condemnation and the condemnation includes part of the Common Elements, the compensation shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, whether or not proceedings are necessary, and the compensation, less such amounts as may be required to reconstruct or repair the Common Elements, shall be paid to the Association and then distributed among the Owners and Mortgagees in proportion to their interest in the Common Elements.

23.3 Partial Condemnation Including Units. In the event of a partial condemnation which includes some Units, each Owner whose Unit or Units is condemned shall deal with the condemning authority with regard to compensation relating to his Unit or Units and interest in the Common Elements. The compensation for the damage suffered by the remaining Owners shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to the ratification of such compensation by the remaining Owners of at least 75 percent of the Dwelling Units at a special meeting called for that purpose, whether or not proceedings are necessary, and the compensation shall be paid to the Association and then distributed proportionately among the remaining Owners and payable to any Mortgagee to the extent required to obtain a discharge of Mortgage. The cost 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 30 days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

24. Fidelity Bond. The Board of Directors 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, shall furnish a fidelity bond as the Board of Directors deems adequate under this Section 24. Such bonds shall name the Association as the obligee and shall cover the maximum funds that may be in the custody of the Association or any manager at any time while such bonds are in force but, in any event, not less than the sum of three months of common expense assessments on all Units. Any such bond shall include a provision requiring not less than ten days' written notice to the Association and any Mortgagee of a Unit requesting a copy thereof before cancellation or substantial modification of the bond for any reason. The premiums on such bonds shall be paid by the Association.

25. Amendment.

25.1 Approval by Owners. Except as may otherwise be provided in this Declaration or by the Act, this Declaration may be amended if such amendment is approved by the Owners of at least 75 percent of the Dwelling Units. The unanimous consent of all Owners of Dwelling Units shall be required for amendments of Sections 15.2 and 17 of this Declaration. This Declaration may not be amended in a manner that limits or restricts (i) the use for commercial purposes of Dwelling Unit 1 shown on the Plans without the written consent of the Owner of such Unit or (ii) the rights or privileges pertaining to a Parking Unit or Storage Unit without the written consent of the Owners of at least 75 percent of such Units. Except as otherwise provided in the Act, no amendment may change the use, size, location, allocation of undivided interest in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Unit. For as long as Declarant remains the Owner of one or more Dwelling Units, the Bylaws, the Rules and Regulations, and this Declaration may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted therein or herein to Declarant or its designee, or otherwise so as adversely to affect Declarant or such designee, without Declarant's or such designee's prior written consent in each instance.

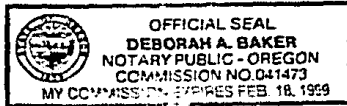
25.2 Approval by Mortgagees. Amendment of any of the following provisions of this Declaration shall require the prior written approval of at least 51 percent of those holders of first Mortgages on Dwelling Units (based upon one vote for each first Mortgage held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees:

- 25.2.1 Section 4.3, which addresses Unit boundaries;
- 25.2.2 Section 6, which addresses the allocation of interests in the Common Elements;
- 25.2.3 Section 8, which addresses the allocation of common profits and expenses and related matters;
- 25.2.4 Section 9, which addresses voting rights;
- 25.2.5 Section 13, which addresses restrictions on alienation of Units;
- 25.2.6 Section 14, which addresses maintenance and repairs and the establishment of a reserve funds;
- 25.2.7 Sections 15.1, 15.2, and 15.4, which address use of and access to the Common Elements;
- 25.2.8 Section 17, which addresses notices to Mortgagees;
- 25.2.9 Section 22, which addresses casualty loss;
- 25.2.10 Section 23, which addresses condemnation;
- 25.2.11 Section 24, which addresses fidelity bonds;
- 25.2.12 This Section 25;
- 25.2.13 Section 26, which addresses termination of the Condominium; and
- 25.2.14 Any other provision of this Declaration which expressly benefits Mortgagees of a Unit or insurers or guarantors of a Mortgage on a Unit.

In addition, except as otherwise provided in the Act, no amendment to this Declaration may change the size, location, allocation of undivided interest in the Common Elements, method for determining liability for common expenses, right to common profits, or voting rights of or with respect to any Dwelling Unit

STATE OF OREGON)
)
COUNTY OF MULTNOMAH)

On this 31st day of July, 1996, personally appeared before me Robert D. Ball, who being duly sworn did say that he is the President of Northwest American L.L.C., an Oregon limited liability company, and acknowledged that the foregoing instrument is the free act and deed of said limited liability company.



Deborah A. Baker
Notary Public for Oregon
My Commission Expires 2/18/99

By R. D. Ball
County Assessor

By R. D. Ball
County Tax Collector

The foregoing Declaration is approved pursuant to ORS 100.110 this 27th day of August, 1996.

SCOTT W TAYLOR
Real Estate Commissioner

By Scott W. Taylor

EXHIBIT A

Property Description

The West 5 feet of Lot 12 and all of Lots 13, 17, and 18,
Block 284, COUCH'S ADDITION TO THE CITY OF PORTLAND, in the City
of Portland, Multnomah County, Oregon.

25

0079596.07

SEPT 5, 1996

EXHIBIT B-1

Allocation of Interest in Common Elements

26

0079396.07

SEPT 5, 1996

Exhibit B - 1

<u>Unit</u>	<u>Allocation of Undivided Interest in Common Elements</u>
Parking Unit 1	0.100%
Parking Unit 2	0.100%
Parking Unit 3	0.100%
Parking Unit 4	0.100%
Parking Unit 5	0.100%
Parking Unit 6	0.100%
Parking Unit 7	0.100%
Parking Unit 8	0.100%
Parking Unit 9	0.100%
Parking Unit 10	0.100%
Parking Unit 11	0.100%
Parking Unit 12	0.100%
Parking Unit 13	0.100%
Parking Unit 14	0.100%
Parking Unit 15	0.100%
Parking Unit 16	0.100%
Parking Unit 17	0.100%
Parking Unit 18	0.100%
Parking Unit 19	0.100%
Parking Unit 20	0.100%
Parking Unit 21	0.100%
Parking Unit 22	0.100%
Parking Unit 23	0.100%
Parking Unit 24	0.100%
Storage Unit 1	0.100%
Storage Unit 2	0.100%
Storage Unit 3	0.100%
Storage Unit 4	0.100%
Storage Unit 5	0.100%
Storage Unit 6	0.100%
Storage Unit 7	0.100%
Storage Unit 8	0.100%
Storage Unit 9	0.100%
Storage Unit 10	0.100%
Storage Unit 11	0.100%
Storage Unit 12	0.100%
Storage Unit 13	0.100%
Storage Unit 14	0.100%
Storage Unit 15	0.100%
Storage Unit 16	0.100%
Storage Unit 17	0.100%

27

Exhibit B - 1

<u>Unit</u>	<u>Allocation of Undivided Interest in Common Elements</u>
Storage Unit 18	0.100%
Storage Unit 19	0.100%
Storage Unit 20	0.100%
Storage Unit 21	0.100%
Storage Unit 22	0.100%
Storage Unit 23	0.100%
Storage Unit 24	0.100%
Storage Unit 25	0.100%
Storage Unit 26	0.100%
Storage Unit 27	0.100%
Storage Unit 28	0.100%
Storage Unit 29	0.100%
Storage Unit 30	0.100%
Storage Unit 31	0.100%
Storage Unit 32	0.100%
Storage Unit 33	0.100%
Storage Unit 34	0.100%
Storage Unit 35	0.100%
Storage Unit 36	0.100%
Storage Unit 37	0.100%
Storage Unit 38	0.100%
Dwelling Unit 1	1.150%
Dwelling Unit 2	2.024%
Dwelling Unit 3	2.299%
Dwelling Unit 4	2.146%
Dwelling Unit 5	2.116%
Dwelling Unit 20	2.066%
Dwelling Unit 21	2.205%
Dwelling Unit 22	2.661%
Dwelling Unit 24	2.166%
Dwelling Unit 25	2.138%
Dwelling Unit 26	2.989%
Dwelling Unit 30	2.316%
Dwelling Unit 31	2.366%
Dwelling Unit 32	2.850%
Dwelling Unit 33	1.985%
Dwelling Unit 34	2.446%
Dwelling Unit 35	2.408%
Dwelling Unit 36	3.058%
Dwelling Unit 40	2.327%
Dwelling Unit 41	2.352%

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Exhibit B - 1

<u>Unit</u>	<u>Allocation of Undivided Interest in Common Elements</u>
Dwelling Unit 42	2.880%
Dwelling Unit 43	1.954%
Dwelling Unit 44	2.452%
Dwelling Unit 45	2.413%
Dwelling Unit 46	3.119%
Dwelling Unit 50	2.371%
Dwelling Unit 51	2.394%
Dwelling Unit 52	2.900%
Dwelling Unit 53	1.977%
Dwelling Unit 54	2.485%
Dwelling Unit 55	2.455%
Dwelling Unit 56	3.125%
Dwelling Unit 60	2.282%
Dwelling Unit 61	2.305%
Dwelling Unit 62	2.880%
Dwelling Unit 63	1.932%
Dwelling Unit 64	2.435%
Dwelling Unit 65	2.282%
Dwelling Unit 66	<u>3.091%</u>
Total:	100.000%

29

EXHIBIT B-2

Allocation for Common Profits and Expenses

30

0079396.07

SEPT 5, 1996

Exhibit B - 2

<u>Dwelling Unit</u>	<u>Sq. Ft.</u>	<u>Percentage Allocation of Common Expenses or Common Profits</u>
1	414	1.22%
2	728	2.15%
3	827	2.44%
4	772	2.29%
5	761	2.26%
20	743	2.20%
21	793	2.35%
22	957	2.84%
24	779	2.31%
25	769	2.28%
26	1075	3.19%
30	833	2.47%
31	851	2.52%
32	1025	3.04%
33	714	2.12%
34	880	2.61%
35	866	2.57%
36	1100	3.26%
40	837	2.48%
41	846	2.51%
42	1036	3.07%
43	703	2.08%
44	882	2.61%
45	868	2.57%
46	1122	3.33%
50	853	2.53%
51	861	2.55%
52	1043	3.09%
53	711	2.11%
54	894	2.65%
55	883	2.62%
56	1124	3.33%
60	821	2.43%

31

Exhibit B - 2

<u>Dwelling Unit</u>	<u>Sq. Ft.</u>	<u>Percentage Allocation of Common Expenses or Common Profits</u>
61	829	2.46%
62	1036	3.07%
63	695	2.06%
64	876	2.60%
65	821	2.43%
66	<u>1112</u>	<u>3.30%</u>
Total:	33,740	100.00%

32

EXHIBIT C

Bylaws

33

0079596.07

SEPT 5, 1996

BYLAWS
OF
BALL PARC AMERICAN CONDOMINIUMS OWNERS' ASSOCIATION

34

0079787.04

SEPT 5.1996

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BYLAWS

OF

BALL PARC AMERICAN CONDOMINIUMS OWNERS' ASSOCIATION

1. GENERAL PROVISIONS.

1.1 Identity. Ball Parc American Condominiums Owners' Association, a nonprofit corporation organized under the laws of the State of Oregon, the Articles of Incorporation of which were filed in the Office of the Oregon Corporation Commissioner on the 29th day of August, 1996 (the "Association"), has been organized for the purpose of administering the operation and management of Ball Parc American Condominiums (the "Condominium"), in accordance with the terms of these Bylaws. The Condominium was established by Northwest American L.L.C., an Oregon limited liability company (the "Declarant"), in accordance with the provisions of ORS Chapter 100 (the "Act"). The Condominium is located upon property in Multnomah County, Oregon, as more particularly described in the Declaration of Ball Parc American Condominiums (the "Declaration"), which is being recorded simultaneously herewith in the records of Multnomah 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. All defined terms used in these Bylaws and not specifically defined herein shall have the meaning given such terms in the Declaration.

1.4 Applicability. All Owners; tenants and occupants of any Unit; and 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 thereunder as promulgated from time to time.

1.5 Office. The office of the Association shall be at 2255 NW Johnson Street, Suite 1, Portland, Oregon 97210, or at any other place within Portland, Oregon designated by the Association.

2. MEETINGS OF OWNERS.

2.1 Administrative Control. Notwithstanding any other provisions of these Bylaws, until the Turnover Meeting, the

Declarant shall have the powers and authorities reserved to the Declarant in Section 21 of the Declaration.

2.2 Transitional Committee. Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners within 60 days after the conveyance to persons other than the Declarant of 50 percent of all Units. Notice of the meeting shall be given as provided in Section 2.7 to each Owner at least seven but not more than 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 the Declarant within the time specified, the meeting may be called and notice given by any Owner. If at the meeting the Owners other than the Declarant fail to select a transitional committee (the "Transitional Committee"), the Declarant shall have no further responsibility to form such a committee. The Transitional Committee shall be advisory only and shall consist of two or more members selected by Owners other than the Declarant and shall not include more than one representative of the 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 the Declarant to control by the Owners. The Transitional Committee shall have access to the information, documents, and records which the 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 the Declarant within 90 days of the expiration of the period of Declarant's administrative control described in Section 21 of the Declaration. The Declarant shall give notice (as provided in Section 2.7) of the Turnover Meeting to each Owner at least seven but not more than 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 the Declarant, the meeting may be called and notice given by any Owner or by any first Mortgagee of a Unit. At the Turnover Meeting, the Declarant shall relinquish control of the administration of the Association to the Owners and the latter shall assume control; the Owners shall elect a board of directors as set forth in these Bylaws; and the 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, the Declarant or an informed representative thereof shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to Section 100.210(5) of the Act. If the Declarant has complied with the terms of Section 100.210 of the Act, then, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the 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 the Declarant shall be relieved of any further responsibility

for the administration of the Association except as an Owner for any unsold Unit.

2.4 Annual Meetings. In the first October following the month in which the Turnover Meeting is held, the first annual meeting of Owners shall be held. At such meeting, the three incumbent directors of the Association (any director of the Association, a "Director") elected at the Turnover Meeting shall resign and three directors (who may have previously served as Directors) shall be elected by the Owners in accordance with these Bylaws. 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 chairman of the Board of Directors (the "Chairman") may designate or, if the Chairman 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 City of Portland, Oregon, as may be designated by the Board.

2.6 Special Meetings. It shall be the duty of the Chairman to call a special meeting of the Association if so directed by resolution 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 35 percent of the Dwelling Units stating the purpose of the meeting. The notice of any special meeting shall state the purpose, time, and place of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice. The Chairman or Secretary shall give written notice of each meeting of the Association, at least seven days but not more than 50 days prior to the date set for such meeting, stating the purpose, time, and place of the meeting, to each Owner of record (and to any first Mortgagee of record requesting such notice), at the address of such Owner as listed on the books of the Association, or at such other address as such Owner shall have designated by notice in writing to the Chairman or Secretary at least 10 days prior to the giving of such notice by the Chairman or Secretary. 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, whether by

mail or personal delivery, 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. When a meeting is adjourned for less than 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. Except as to those limited matters identified in the immediately following sentence, the total number of votes of all Owners shall be equal to the total number of Dwelling Units in the Condominium and each Owner or group of Owners shall be entitled, subject to the provisions of Section 21 of the Declaration (which grants Declarant five votes for each Unit owned by it prior to the Turnover Meeting), to a number of votes equal to the number of Dwelling Units owned by such Owner or group of Owners. With respect only to those limited matters as to which ownership of a Parking Unit confers voting authority as expressly provided herein and in the Declaration, one vote shall be allocated to the Owner of each Parking Unit. No voting rights shall be allocated to Storage Units. The Declarant shall be entitled to vote as the Owner of any Dwelling Units and, to the extent of voting rights appertaining thereto, Parking Units owned by the Declarant, and the Board shall be entitled to vote on behalf of any Dwelling Unit and, to the extent of any voting rights appertaining thereto, Parking 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.

2.9 Proxies. A vote may be cast in person or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing, signed 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 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 conferring voting rights by its Owner. 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 shall give written notice of such pledge or assignment to the Board of Directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.10 Fiduciary, Corporate and Joint Owners. An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Owners with respect to any Dwelling Unit (and Parking Unit to the limited extent such Unit confers voting rights) owned or held by him in such capacity, whether or not the same shall have been

transferred to his name; provided, however, that he shall satisfy the Secretary that he is the executor, administrator, conservator, guardian or trustee holding such Unit in such capacity. Any person voting on behalf of a Dwelling or Parking 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. Whenever any Dwelling or Parking 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.

2.11 Quorum. At any meeting of the Association, the presence, in person or by proxy, of a number of Owners owning 51 percent or more of the Dwelling Units (or of a number of Owners owning 51 percent of the Parking Units only if the meeting is called solely for purposes related to matters as to which ownership of a Parking Unit confers voting rights) 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 from time to time until a quorum is present.

2.12 Binding Vote. The vote of more than 50 percent of the Owners of Dwelling Units (or of the Parking Units only if the vote relates solely to matters as to which ownership of a Parking Unit confers voting rights), present in person or by proxy, 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.

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

- proxies; 2.13.1 Calling of the roll and certifying of
- notice; 2.13.2 Proof of notice of meeting or waiver of
- 2.13.3 Reading of minutes of preceding meeting;

- 2.13.4 Reports of officers;
- 2.13.5 Reports of committees, if any;
- 2.13.6 Election of directors;
- 2.13.7 Unfinished business;
- 2.13.8 New business; and
- 2.13.9 Adjournment.

3. BOARD OF DIRECTORS.

3.1 Number, Term and Qualification. The affairs of the Association shall be governed by the Board of Directors, which shall consist of three persons. Until the Turnover Meeting shall have been held, the Board of Directors shall consist of the three Directors named in the Articles of Incorporation of the Association, subject to the appointment and removal powers of the Declarant described in Section 21 of the Declaration. At the Turnover Meeting, three Directors shall be elected by all Owners of Dwelling Units to serve until the first annual meeting of the Association. At the first annual meeting of the Association, two Directors shall be elected by the Owners of Dwelling Units to serve for a term of two years and one Director shall be elected by such Owners to serve for a term of one year. Election by Owners shall be by plurality. At the expiration of the initial term of office of each Director elected at the first annual meeting of the Association, his successor shall be elected as provided in this Section 3.1 to serve for a term of two 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 of Directors, if elected as herein provided. After the Turnover Meeting, all Directors shall be Owners and no Director shall continue to serve on the Board of Directors after he ceases to be an Owner. For purposes of this Section 3.1, the officers of any corporation, the trustee of any trust, the partners of any partnership, or the members or managers of any limited liability company which owns a Dwelling Unit shall be considered co-owners of any such Unit.

3.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all 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 of Directors or delegated to the Board of Directors by the Owners. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

3.2.1 Operation, care, upkeep, repair and maintenance of the Common Elements and Parking Units.

3.2.2 Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

3.2.3 Collection of the common expenses from the Owners of Dwelling units and expenses related to Parking Units from the Owners of Parking Units.

3.2.4 Provision for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and personnel necessary for the maintenance, upkeep and repair of the Common Elements and Parking Units; engagement of or contracting for the services of others; and making purchases for the 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 any agreement for management services entered into after the Turnover Meeting on behalf of the Association must be terminable by the Association for cause upon not more than 30 days' notice, must have a reasonable term not exceeding two years, and must be renewable with the consent of the Association and the manager.

3.2.5 Adoption and amendment of reasonable rules and regulations of the Condominium ("Rules and Regulations") pursuant to Section 7.18 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.

3.2.8 Purchasing Units at foreclosure sales (judicial or non-judicial) or other judicial or execution sales, in the name of the Association or its designee, corporate or otherwise, on behalf of all Owners upon the consent or approval of the Owners of not less than 75 percent of the Units.

3.2.9 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.

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

3.2.11 Obtaining and reviewing bonds and insurance, including directors' and officers' liability insurance, for the Association and the Condominium, including the Units, pursuant to the provisions of these Bylaws.

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 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 and Parking Units; provided, however, that no such project of a non-structural or non-capital nature may be undertaken by the Board of Directors if the total cost will exceed the amount of Five Thousand Dollars (\$5,000), unless the Owners have enacted a resolution authorizing the project by a vote of Owners of at least 75 percent of the Dwelling Units (with respect to Common Elements) or 75 percent of the Parking Units (with respect to the Parking Units), present in person or by proxy at a meeting of the Owners. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Subsection 3.2.1.

3.2.14 Levying fees, late charges, fines and/or interest against the Owners for violations of the Declaration, Bylaws, and/or Rules and Regulations; provided, that for any offense for which a fine is levied, the minimum fine, shall be Seventy-Five Dollars (\$75) for the first offense, One Hundred Dollars (\$100) for the second offense and Two Hundred Fifty Dollars (\$250) for the third or any later offenses of the same nature, and that the maximum fine for any single offense shall in no event exceed Two Hundred Fifty Dollars (\$250) per occurrence, except with respect to Transfers of a Parking Unit or Storage Unit to a person or entity who does not own or will not simultaneously acquire a Dwelling Unit, in which case the amount of the fine shall be at the sole discretion of the Board of Directors, so long as reasonable.

3.2.15 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements or Parking Units; provided, however, that (i) the consent of Owners owning at least 75 percent of the Dwelling Units (with respect to the Common Elements) or 75 percent of the Parking Units (with respect to the Parking Units), obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws,

shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep and maintenance of the Common Elements or Parking Units, 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 consent of the Owner of such Unit. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Subsection 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, or fractional interest of the Parking Units, depending on the purpose for which the funds were borrowed, 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 Dwelling or Parking Unit, as the case may be.

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 Bidding for and purchasing any Unit at a sale pursuant to a foreclosure of the lien for common expenses under the Act, or at a sale pursuant to an order or direction of a court, or other involuntary sale, upon the consent or approval of the Owners of not less than 75 percent of the Units the subject to such sale.

3.2.18 Filing all appropriate income tax returns.

3.2.19 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.

3.2.20 Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder.

3.2.21 To cause the Condominium and the operations of the Condominium to be in compliance with the requirements of any historical society or commission.

3.3 Limitation. The powers of the Board of Directors enumerated in these Bylaws shall be limited in that the Board of Directors 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 or Parking Units (other than for purposes of

repairing, replacing or restoring portions of the Common Elements and Parking Units, 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 10 percent of each estimated total budget of the Association for common expenses or expenses related to Parking Units for such calendar year, or (ii) enter into agreements having a term in excess of two years, except agreements specifically authorized in these Bylaws, without, in each case, the prior approval of the Owners of at least 75 percent of the Dwelling Units (with respect to common expenses) or 75 percent of the Parking Units (with respect to expenses related to the Parking Units).

3.4 Organizational Meeting. Within 30 days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the Board of Directors 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 of Directors 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 of Directors may be called by the Chairman and must be called by the Secretary at the written request of at least two Directors. Notice of any special meeting shall be given to each Director, personally or by mail, telephone, telegraph, or teletype at least two 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 of Directors shall be open to the Owners. Such meetings may be conducted by telephonic communication, except that if a majority of the Dwelling Units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each meeting of the Board of Directors shall be posted at a place or places on the Property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication.

3.6 Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board of Directors 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 the members of the Board of Directors are present at any meeting

of the Board of Directors, however, 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 of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the act of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those 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 members of the Board of Directors may be removed with or without cause, but only by approval of at least a majority of the Owners of Dwelling Units, notwithstanding the quorum provisions of Section 2.11, and a successor may then and there or thereafter be elected by such 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 of Directors caused by any reason other than the removal of a member pursuant to Section 3.8 shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors 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 shall be a member of the Board of Directors 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 to the Association or its Owners for monetary damages for conduct as a Director shall be eliminated. Each Director 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, 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 of Directors shall comply with the insurance requirements contained in Article 9 of these Bylaws. In addition, the Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, the Board of Directors or the Owners.

3.14 Special Committees. The Board of Directors 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 of Directors. Such special committee shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such special committee or committees designated shall be appointed by the Board of Directors or the Chairman. The Board of Directors or the Chairman 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.

4. OFFICERS.

4.1 Designation. The principal officers of the Association shall be the Chairman, the Secretary and a treasurer (the "Treasurer"), all of whom shall be elected by the Board of Directors. The Board of Directors may appoint a vice chairman (the "Vice Chairman"), 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 of Directors 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 of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected and qualified. If any office shall become vacant, the Board of Directors shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

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

4.4 Chairman. The Chairman shall be the chief executive officer of the Association. He shall preside at all meetings of the Owners and of the Board of Directors. He 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 he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association.

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

4.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. He 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 Chairman. In addition, the Secretary shall act as Vice Chairman, taking the place of the Vice Chairman and performing his duties whenever the Vice Chairman is absent or unable to act, unless the Directors have appointed another Vice Chairman.

4.7 Treasurer. The Treasurer shall be responsible for Association funds and securities and shall be responsible 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. He 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 of Directors, and he shall disburse funds of the Association upon properly authorized vouchers. He 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 of Directors.

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 of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the Chairman. All checks shall be signed by the Treasurer, or in his absence or disability, by the Chairman or any duly elected Assistant Treasurer. Notwithstanding the foregoing, all checks of Two Thousand Five Hundred Dollars (\$2,500) or more shall require the signatures of at least two authorized signatories.

4.9 Compensation of Officers. No officer who is a member of the Board of Directors, 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 of Directors may fix any reasonable compensation to be paid to the Secretary, Treasurer and any officers who are not also Directors.

5. BUDGETS, EXPENSES AND ASSESSMENTS.

5.1 Budgets. The Board of Directors shall from time to time, at least annually, prepare two budgets for the Association, one consisting of the estimate of the common expenses expected to be incurred and the other consisting of expenses expected to be incurred in connection with the Parking Units, and shall subtract therefrom any previous overassessment relating to either the Common Elements or Parking Units, as the case may be, and assess the expenses pertaining to Parking Units to each Owner of a Parking Unit and the common expenses to each Owner of a Dwelling Unit in the proportions set forth in Sections 8 and 14 of the Declaration. Each budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements and Parking Units which must be maintained, repaired or replaced on a periodic basis. The Board of Directors shall advise each Owner of a Dwelling Unit in writing of the amount of common expenses payable by him and each

Owner of a Parking Unit of expenses pertaining to the Parking Units payable by him, and furnish copies of each budget and amended budget on which such common expenses and expenses pertaining to Parking Units are based to appropriate Owners and, if requested, to their Mortgagees, at least 30 days prior to the annual meeting of the Association. Failure to deliver a copy of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted with respect to Common Elements or Parking Units, as the case may be, 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 21 of the Declaration shall be based on Declarant's good faith projection of the requirements of the Association for the period in question, but such projection may vary substantially from the actual requirements of the Association for such period. After the Turnover Meeting, the Board of Directors shall be responsible, in its sole discretion, for preparation of each budget of the Association and shall not rely upon prior budgets or projections prepared by Declarant.

5.2 Determination of Common Expenses. Common expenses shall include:

5.2.1 Expenses of administration.

5.2.2 Cost of insurance or bonds obtained in accordance with these Bylaws.

5.2.3 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.

5.2.4 Reserve for replacements and deferred maintenance.

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

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

5.2.7 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 of Directors to be similar and nonadverse to each other.

5.2.8 Professional management services, gardening, snow removal, waste removal, painting, cleaning, outside window washing and maintenance, repair and replacement of the exterior of the structures within the Condominium and maintenance, decorating, repair and replacement of the Common Elements (but not including the interiors of windows, the exteriors of windows which are accessible by decks, interior surfaces of Units and interior surfaces of the hallway doors appurtenant thereto, which the Owners shall paint, clean, decorate, maintain and repair) and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper, which the Board of Directors shall have the exclusive right and duty to acquire for the Common Elements.

5.2.9 Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Board of Directors 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 of Directors determines should be assessed to the Owners under Section 5.4.

5.2.10 The discharge of any mechanic's lien or other encumbrance levied against the entire Condominium or against the Common Elements, 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 of Directors by reason of such lien or liens shall be specifically assessed to the responsible Owners.

5.2.11 Maintenance and repair of any Unit if the Board of Directors determines that such maintenance or repair is necessary to protect the Common Elements or any other portion of the Property, and the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board of Directors to such Owner, provided that the Board of Directors shall levy a special assessment against such Owner for the cost of such maintenance or repair.

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

5.3 Determination of Expenses Regarding Parking Units. Expenses regarding Parking Units shall include:

5.3.1 Expenses for administration.

5.3.2 Reserves for replacements and deferred maintenance.

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

5.3.4 Professional management services, snow removal, painting, cleaning, debris removal, and repair and replacement.

5.3.5 Any other materials, supplies, labor, service, maintenance, repairs, alterations, or assessments which the Board of Directors 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 restrictions, and which the Board of Directors determines should be assessed to the Owners of Parking Units under Section 5.4.

5.3.6 The discharge of any mechanic's lien or other encumbrance levied against the entire Condominium or against the Parking Units, rather than merely against the interests therein of particular Owners. Where one or more Owners of Parking Units 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 of Directors by reason of such lien or liens shall be specifically assessed to the responsible Owners.

5.4 Assessment of Common Expenses and Expenses Regarding Parking Units. All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund for Common Elements described in Section 14.3 of the Declaration. All Owners of Parking Units shall be obliged to pay on a monthly basis in advance expenses regarding Parking Units assessed to them by the Board of Directors including amounts applicable to the reserve fund for Parking Units described in Section 14.3 of the Declaration. Assessments may not be waived due to limited use or nonuse of Common Elements or Parking Units. 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 upon closing of the first sale of a Unit in the Condominium, and at the time of closing of the initial sale of each Unit, the purchaser shall make the contribution described in Section 5.5.3 to the working capital fund. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Owners of Dwelling Units from time to time and assess the expenses regarding Parking Units against the Owners of Parking Units from time to time, and

at least annually, and shall take prompt action to collect from an Owner any common expense due, and from an Owner of a Parking Unit any expense regarding Parking Units due, which remains unpaid by him for more than 30 days from the due date for its payment (except as provided above for the Declarant).

5.5 Special Assessments.

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

5.5.2 Other Reserve Trust Funds. The Board of Directors may also build up and maintain a reasonable reserve for contingencies and replacements not covered by Section 14.3 of the Declaration. 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 of Directors 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 of Directors 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 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.

5.5.3 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 5.2. At the time of closing of the initial sale of each Dwelling Unit, the purchaser shall make an initial contribution to the working capital fund equal to two months of Association assessments for each Dwelling 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 5.5.3. 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 Dwelling 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 working capital fund to the Association for deposit in a segregated fund and administration in accordance with Section 5.5.2. During the period of administrative control described in Section 21 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.

5.6 Statement of Common Expenses and Expenses Regarding Parking Units. The Board of Directors shall promptly provide any Owner who makes a request in writing with a written statement of his unpaid common expenses and, if applicable, his unpaid expenses regarding Parking Units, but need not undertake any special auditing expense to do so.

5.7 Violation by Owners: Remedies. The violation of any Rule or Regulation or other determination duly adopted by the Board of Directors, or the breach of any covenant or provision contained in the Declaration or these Bylaws, shall give the Board of Directors 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 Board of Directors, or its agents, shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Board of Directors 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 Board of Directors 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 8.3 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 his respective share of the common

expenses. The Board of Directors shall have a lien for all of the same upon any of the Units of such defaulting Owner and upon all of his additions and improvements thereto and upon all of his personal property located in such Units 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, by the Board of Directors. Any violations by an Owner of the Declaration, these Bylaws or any Rules and Regulations which are deemed by the Board of Directors 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 any of the offending Owner's Units with the same force and effect as if the charge were a part of the normal common expenses attributable to the Dwelling Unit or expense regarding the Parking Unit attributable to the Parking 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 any of such Owner's Units with the same force and effect as if the charge were a part of the normal common expenses attributable to such Owner's Dwelling Unit or expense regarding Parking Units attributable to such Owner's Parking 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.

6. RECORDS AND AUDITS.

6.1 General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all Mortgagees of Units. The Association shall maintain a copy, suitable for

duplication, of: (i) 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 hereof; and (iii) the current operating budget of the Association. Such documents shall be available for inspection by Owners, Mortgagees of Units, insurers and guarantors of such Mortgages, and prospective purchasers of Units during normal business hours.

6.2 Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements and Parking Units, itemizing the maintenance and repair expenses of the Common Elements, Parking Units, 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 in which there shall be an account for each Dwelling and Parking Unit. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, 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. The Treasurer shall pay all vouchers up to Two Thousand Five Hundred Dollars (\$2,500) signed by the Chairman, managing agent, or other person authorized by the Board of Directors. Any voucher in excess of Two Thousand Five Hundred Dollars (\$2,500) shall require the signature of the Chairman and one other officer of the Association.

6.5 Reports and Audits. An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board of Directors to all Owners, and to all Mortgagees of Units who have requested the same, within 90 days after the end of each fiscal year. At any time any Owner or Mortgagee of a Unit may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

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

7. OCCUPATION AND USE.

7.1 Residential Use. Each Dwelling Unit shall be occupied and used only as a private residence and for no other purpose except that Unit 1 shown on the Plans may be used for commercial purposes in accordance with these Bylaws and the Declaration. Without the prior consent of the Board of Directors, no more than four persons may live in a Unit on a permanent basis. No industry, business, trade, occupation or profession of any kind, whether commercial, religious, educational or otherwise, whether designated for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any Dwelling Unit. Nothing contained in this Section 7.1 shall prevent the Declarant from completing the Units and the building the Dwelling and Storage Units are in, maintaining Units as models for display and sales purposes, and otherwise maintaining construction offices, displays and signs until the sale by the Declarant of all Dwelling Units; nor shall the foregoing prevent or prohibit an Owner from maintaining his professional personal library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in his Dwelling Unit. Notwithstanding the other provisions of this Section 7.1, Unit 1 shown on the Plans may be used for commercial purposes subject to the Declaration and the other provisions of these Bylaws.

7.2 Insurance Risk. No Unit or Common Elements 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 any part of the Common Elements.

7.3 Compliance. Each Owner shall comply and shall require all residents, 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.

7.4 Alterations. No Owner shall make any alterations in or to any of his Units, structural or otherwise, or alter the exterior design or color of any part of any of the Owner's Units normally visible from the exterior thereof or make 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 of Directors and any other Owners affected. Without limiting the generality of the foregoing sentence, no Unit or Common Element shall be altered, modified, or improved in a manner that causes or threatens to cause the historic property tax exemption applicable to the Condominium to terminate. The Board of Directors 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 of Directors shall deem appropriate. Whether or not such consent is granted, the Owner shall pay, upon demand and in advance, if so required by the Board of Directors, for such professional review. During the course of construction and after completion of same, the Board of Directors 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 of Directors, upon demand. Prior to commencement of construction, the Owner shall provide the Board of Directors 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 have removed by the Association, at such Owner's expense, a part of the partition wall separating contiguous Dwelling or Storage Units owned by an Owner provided that (i) such removal shall not interfere with any structural support elements or loadbearing partitions or columns or with any pipes, wires, cables, conduits or ducts or other mechanical systems and (ii) such Owner agrees in writing to have the Association restore such wall at such Owner's expense in the event that the ownership of such Units is subsequently divided. Before proceeding with any approved alterations or improvements, the Owner shall, if the Board of Directors 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 of Directors, each in the amount of at least 125 percent of the estimated cost of such alterations or improvements or such other security as shall be satisfactory to the Association.

7.5 Occupants of Corporate Unit. Whenever any Unit is owned in whole or in part by a partnership, corporation, trust, or other entity, such an entity shall designate at the closing of the acquisition of its ownership interest one particular person or family which shall be entitled to use such Unit. Only such designated person or family, its servants and non-paying guests may use such Unit. A different person or family may be so designated as the named user of a Unit by written notice to the Association; provided, however, that no more than two such changes may be made in any calendar year.

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 thereof 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 which is improper or offensive in the opinion of the Board of Directors or which 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. Dwelling Unit occupants and their guests shall exercise extreme care not to make noises which may disturb other occupants or guests, including the use of musical instruments, radios, televisions and amplifiers.

7.8 Unlawful or Improper Activities. No unlawful use shall be made of the Condominium or any part thereof, and all Legal Requirements shall be strictly complied with. 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 Directors of any written notice received of the violation of any Legal Requirement affecting any of the Owner's Units or the Condominium. Notwithstanding the foregoing provisions, an Owner may, at such Owner's 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 of Directors 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 of Directors, 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 of Directors 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 of Directors 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 of Directors shall be a common expense.

7.10 Improper Discharge. No Owner or occupant shall discharge, or permit to be discharged, anything into water lines, vents or flues of the Condominium which may violate applicable laws or regulations or might reasonably be anticipated to cause damage thereto or reduce the life expectancy thereof (excepting normal wear and tear), spread odors or otherwise be harmful or offensive.

7.11 Limitation on Storage Areas. No furniture, packages or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, or any other part of the Common Elements unless designated for storage, it being understood that such items shall be placed in the Storage Units. The lobbies, vestibules, public halls, and stairs shall be used only for normal passage. The provisions hereof shall not apply to the Declarant until such time as all Units have been initially sold and conveyed by the Declarant; however, the Declarant shall not use the Common Elements in such a manner as will unreasonably interfere with the use of the other Units for the purposes for which they are intended.

7.12 Tradesmen. Owners shall require their tradesmen to utilize exclusively the entrance, if any, designated by the Board of Directors for transporting packages, merchandise or any other objects.

7.13 Animals. No animals shall be raised, kept or permitted within the Condominium, except domestic dogs, cats, or other household pets, not exceeding 50 pounds in weight, kept within a Dwelling Unit. No such dogs, cats or pets shall be permitted to run at large or be kept, bred or raised for commercial purposes or in unreasonable numbers per Dwelling Unit. Any inconvenience or damage caused by such pets shall be the responsibility of the respective Owners thereof. All dogs, cats or other permitted household pets shall be carried or maintained on a leash while within the confines of a Common Element. An Owner may be required to remove a pet after receipt of two notices in writing from the Board of Directors of violations of any Rule, Regulation or restriction governing pets within the Condominium.

7.14 Signs. All signage displayed to public view, whether from a Unit or Common Element, shall be subject to rules and regulations thereon adopted by the Board of Directors pursuant to Section 7.18. In no event shall any "for sale" or similar sign be placed in a window that is displayed to public view or any sign be placed on or in the vicinity of a common entry door of the Condominium, other than signs used by the Declarant to advertise Units for sale, without the prior written approval of the Board of Directors. The Owner of Unit 1 may post signs for commercial purposes on or within such Unit, subject to the requirements of applicable laws and ordinances and may affix one business sign adjacent to such Unit, in an area mutually acceptable to the Board of Directors and such Owner, subject to applicable laws and ordinances.

7.15 Trash. No part of any Unit or the Common Elements shall be used or maintained as a dumping area for rubbish, trash, garbage or other waste. No such items shall be kept or maintained excepting sanitary containers in areas designated therefor.

7.16 Auctions or Open House. No Owner shall, when attempting to sell, lease or otherwise dispose of any of his Units, or any personal property located therein, hold an "open house" or "auction" without the prior written approval of the Board of Directors of an access security management plan for the event.

7.17 Overloading. No Owner shall do anything to overload any part of a Unit or any part of the Common Elements.

7.18 Association Rules and Regulations. In addition to the foregoing requirements, the Board of Directors from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Units and 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 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 of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery.

8. MAINTENANCE OF CONDOMINIUM PROPERTY; CONDEMNATION.

8.1 Maintenance and Repair. Except as otherwise provided in the Declaration for damage or destruction caused by casualty:

8.1.1 Dwelling and Storage Units. All maintenance of and repairs to any Dwelling Unit or Storage Unit shall be made by the Owner of such Unit, as described in Section 14.2 of the Declaration.

8.1.2 Common Elements and Parking Units. All maintenance, repairs and replacements to the Common Elements and Parking Units shall be made by the Association. The expense of such activities as it pertains to the Common Elements shall be charged to all the Owners as a common expense, while the expense of such activities as it pertains to the Parking Units shall be charged only to the Owners of Parking Units; provided, that if such maintenance, repairs or replacement have been necessitated by acts or omissions of an Owner by reason of which the Owner is responsible under applicable law or under these Bylaws for all or a portion of the costs thereof, such costs shall be charged solely to the Owner so responsible. However, should actual collection of such costs from the responsible Owner within a reasonable period of time prove impossible after reasonable collection efforts, the uncollected portion of the common expense assessment may be charged to all Owners as a common expense and the uncollected portion of expenses pertaining to Parking Units may be charged to all Owners of Parking Units as an expense pertaining to Parking Units, subject to reimbursement of any amounts later collected from the responsible Owner.

8.1.3 Repairs by Association. The Association may make repairs that an Owner is obligated to make and that he does not make within a reasonable time. If such repairs are of an emergency nature (in that the repairs must be promptly made to prevent further or imminent potential damage to the Unit involved, other Units or any Common Element), the Association may make such repairs immediately, without notice to the Owner, if he is not available for reasonable notification within the time frame that the nature of the emergency shall reasonably afford. The Association shall indemnify its agents, employees and other of its representatives from any and all liability to any Owner incurred by reason of any reasonable exercise of the right of entry afforded in the Declaration or these Bylaws to effect emergency repairs. The Association shall have no liability to an Owner for any use of its right of entry or right to make emergency repairs if it shall have reasonable cause to believe that such action is required. An Owner shall be deemed to have consented to having such repairs done to any of his Units by the Association. An Owner shall reimburse the Association in full for the cost of such repairs, except to the extent covered by insurance proceeds received by the Association, including any legal or collection costs incurred by the Association in order to collect the costs of such repairs. All such sums of money shall bear interest from the due date therefor at the rate provided in Section 5.7. The Association may collect all such sums of money in such installments as the Board of Directors may determine,

which installments shall be added to the monthly contributions towards the common expenses of such Owner, after the Owner's receipt of notice thereof. All such payments are deemed to be additional contributions towards the common expenses and recoverable as such.

8.2 Additions, Alterations, or Improvements. An Owner shall not, without first obtaining the written consent of the Board of Directors and satisfying the other requirements provided for in Section 7.4, make or permit to be made any structural alteration, improvement, or addition in or to any of his Units, or in or to the exterior of any building forming part of the Condominium or any Common Element. An Owner shall make no repair or alteration or perform any other work on any of his Units which would jeopardize the soundness or safety of the Condominium, or reduce the value thereof or impair any easement or other right, unless the written consent of all Owners affected is also obtained. An Owner shall not modify, alter, add to, paint or decorate any portion of the exterior of any building forming part of the Condominium or any Common Element without first obtaining the written consent of the Board of Directors and satisfying the other requirements of Section 7.4. In order to prevent damage to the structural integrity of any building forming part of the Condominium, in no event may any Owner, the Association, the Board of Directors or any other entity or any agents, employees, permittees, or licensees of the foregoing, drill, bore, or cut any holes into the floor or ceiling of the Condominium, and the Board of Directors shall not consent to any such actions.

9. INSURANCE.

9.1 Types. Each Owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under Subsection 9.1.1 below and against his liability not covered under Subsection 9.1.2 below, unless the Association agrees otherwise. For the benefit of the Association and the Owners, the Board of Directors 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 Association may deem 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 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 the lesser of Ten Thousand Dollars (\$10,000.00), adjusted by any increase in the Consumer Price Index - All Items - for all urban consumers as published by the U.S. Bureau of Labor Statistics (or any comparable substitute index, if such shall be discontinued), the base year being 1996, or one percent of the face amount of the policy.

9.1.2 A policy or policies insuring the Declarant, the Association, the Board of Directors, 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, or use of the Condominium, including all Common Elements, Parking Units, 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 of Directors) 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 12.7 of these Bylaws, the foregoing policy limits of liability shall be increased, in the sole discretion of the Board of Directors, as indicated by the course of plaintiff's verdicts in personal injury claims in the Circuit Court of Multnomah 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 Workman's compensation insurance to the extent necessary to comply with any applicable laws.

9.1.4 Directors' liability insurance, if the Board of Directors deems such to be appropriate.

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 with the State of Oregon or a company domiciled in the United States and licensed to do business in the State of Oregon and holding a commissioner's rating of at least "A," and a size rating of at least "AAA," by the Best's Insurance Reports current at the time the insurance is written or, prior to the Turnover Meeting, holding ratings acceptable to the Declarant. Should reinsurance be involved, the Board of Directors 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 of Directors or its authorized representative. The Board of Directors 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 of Directors may, in writing, authorize an Owner to adjust any loss to any of his Units.

9.2.3 Each Owner shall be required to notify the Board of Directors of all improvements made by the Owner to any of his Units, the value of which is in excess of Five Hundred Dollars (\$500.00). Nothing in this subsection shall permit an Owner to make improvements without first obtaining the approval of this Board of Directors pursuant to Section 8.2 hereof.

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

9.3 Discretionary Provisions. The Board of Directors 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 of Directors, 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 of Directors or the manager without prior demand in writing that the Board of Directors 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 or unusable 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 A provision that such policy or policies of insurance shall not be canceled or substantially modified without at least 60 days' prior written notice to all parties whose interests appear thereon, including any Mortgagee who has given notice to the insurer;

9.3.9 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;

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

9.3.11 An "inflation guard" endorsement;

9.3.12 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

9.3.13 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 75 percent of the Dwelling Units so requires, or at such other times as the Board of Directors may deem advisable, the Board of Directors 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 Condominium for the policy or policies of insurance placed in force upon recording of these Bylaws or the Declaration shall be determined by the 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 Subsection 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 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 any of his Units shall be purchased and maintained for the full insurable value thereof. Insurance also

shall be purchased for furnishings, fixtures, equipment, decorating and personal property and chattels of the Owner contained within his Dwelling Unit and Storage Unit, and his personal property and chattels stored elsewhere on the Property, including his automobile or automobiles, and for loss of use and occupancy of any of his Units (including a Parking Unit) in the event of damage. 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 of Directors no more often than every three years, covering any liability of any Owner to the extent not covered by any public liability and property damage insurance obtained and maintained by the Association.

9.5.3 In the case of Unit 1, such other insurance coverages as are customarily maintained by owners of businesses comparable to those operated within such Unit.

10. AMENDMENTS TO BYLAWS.

10.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by the Owners of at least 33 percent of the Dwelling Units. 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 of Directors or by 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 of Directors at or prior to such a meeting. Any resolution shall be approved by Owners of at least a majority of the Dwelling Units, except that any resolution containing an amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy a Dwelling Unit and limitations on leasing or rental of any of the Units shall be approved by Owners of at least 75 percent of the Dwelling Units, 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. Notwithstanding the foregoing, these Bylaws may not be amended in a manner that limits or restricts (i) the rights or privileges pertaining to a Parking Unit or Storage Unit without the written consent of at least 75 percent of such Units, or (ii) the use for commercial purposes of Dwelling Unit 1 shown on the Plans without the written consent of the Owner of Unit 1. In

addition to the foregoing approval requirements, amendment of the following provisions of these Bylaws shall require the prior written approval of at least 51 percent of those holders of first Mortgages on Dwelling Units (based upon one vote for each first Mortgage on a Dwelling Unit held) who have given written notice to the Association requesting notification of any proposed action that requires the consent of a specified percentage of eligible Mortgagees: (i) Section 8.1, which addresses maintenance and repair; (ii) Article 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 Mortgagees. 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 30 days after it receives notice of such proposal by certified or registered mail, return receipt requested. For so long as Declarant remains the owner of one or more Dwelling Units, the Bylaws may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Declarant or its designee, or otherwise adversely affect the Declarant or such designee, without the Declarant's or such designee's prior written consent in each instance.

10.3 Execution and Recording. An amendment shall not be effective until certified by the Chairman and Secretary of the Association, approved by the Real Estate Commissioner of the State of Oregon if required by law, and recorded as required by law.

10.4 Rights of Declarant. Nothing in this Article 10 shall limit the right of the Declarant to amend the Bylaws pursuant to Section 21 of the Declaration.

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 (except that if the claim relates only to the parking lot on which the Parking Units are situated, then the plaintiff's expenses, including reasonable counsel's fees, shall be an expense regarding Parking Units); provided, however, that if such action is brought against all of the Owners or against the Board of Directors, 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, expense regarding Parking Units, or otherwise.

11.2 Complaints Against. Complaints brought against the Association, the Board of Directors 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 of Directors, 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 of Directors, and the Owners and Mortgagees shall have no right to participate other than through the Board of Directors 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 of Directors 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 of Directors and to the Mortgagees having an interest in such Units, and shall be defended by such Owners.

12. MISCELLANEOUS.

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

12.2 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.

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

12.4 Action Without a Meeting. Any action which the Act, the Declaration or the Bylaws require or permit the Owners or Board of Directors 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 Owners or Directors entitled to vote on the matter. The consent, which shall have the same effect as a

unanimous vote of the Owners or the Board of Directors, as the case may be, shall be filed in the records of minutes of the Association.

12.5 Conflicts. These Bylaws are intended to comply with the Act and the Declaration. In case of any irreconcilable conflict, the Act and Declaration shall control over these Bylaws, any amendments hereto or any Rules and Regulations adopted hereunder.

12.6 Liability Survives Termination. The sale or other disposition of any of his Units shall not relieve or release any former Owner 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.

12.7 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, 1996 as the base year.

12.8 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.

Dated at Portland, Oregon, this 22nd day of May, being hereby adopted by the undersigned Declarant on behalf of the Association.

Declarant: Northwest American L.L.C., an Oregon limited liability company

By: [Signature]
Its: Manager