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**AMENDED AND RESTATED BYLAWS  
OF  
CLEAR HILLS CONDOMINIUM HOMEOWNERS ASSOCIATION**

**Exhibit "B" to Amended and Restated Condominium Declaration for Clear Hills  
Condominium**

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**AMENDED AND RESTATED BYLAWS  
OF  
CLEAR HILLS CONDOMINIUM HOMEOWNERS ASSOCIATION**

**Exhibit "B" to Amended and Restated Condominium Declaration for Clear Hills  
Condominium**

**ARTICLE 1  
PLAN OF UNIT OWNERSHIP**

**1.1 Unit Ownership.** Clear Hills Condominium ("Condominium") located in Washington County, Oregon is submitted to the provisions of ORS 100.005 et seq., the Oregon Condominium Act, by the Amended and Restated Condominium Declaration for Clear Hills Condominiums ("Declaration"), and these Bylaws.

**1.2 Amended and Restated Bylaws Applicability.** The original "Bylaws of Clear Hills" were recorded on September 30, 1966 at Book 617, Page 85 of the Official Records of Washington County, Oregon, and amended by that certain "Clear Hills Association Revision of Bylaws" recorded on May 22, 1989 as Document 89022771 in the Official Records of Washington County, Oregon, and amended by that certain "Amendment to Clear Hills Condo Association Bylaws" recorded on August 5, 1991 as Document 91042165 in the Official Records of Washington County, Oregon, and amended by that certain "Amendment to 1982 By-Laws" recorded on December 19, 1994 as Document 94111953 in the Official Records of Washington County, Oregon, and amended by that certain "Amendment to 1982 By-Laws" recorded on August 27, 1996 as Document 96076698 in the Official Records of Washington County, Oregon (collectively, the "Original Bylaws"). The intent of the Clear Hills Condominium Homeowners Association ("Association") is to make the provisions of these Amended and Restated Bylaws (these "Bylaws") applicable to the Association and the entire management structure thereof. Once recorded, these Bylaws shall replace and supersede the Original Bylaws which shall then be of no further force or effect.

**1.3 Personal Application.** All present or future owners, tenants, or their employees, or any other person that might use the facilities of the Condominium in any manner are subject to the regulations set forth in these Bylaws. The acquisition, occupancy or rental of any of the Units of the Condominium or the mere act of occupancy of any such Units will constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

**1.4 Definitions.** Except as otherwise provided below, the terms herein shall have the meaning set forth in the Oregon Condominium Act, ORS 100.005 et seq., as supplemented by the Declaration, and said statute and definitions are incorporated herein by this reference.

**ARTICLE 2**  
**ASSOCIATION MEMBERSHIP, VOTING,**  
**MAJORITY OF OWNERS, QUORUM, PROXIES**

**2.1 Membership in the Association.** Upon recordation of a conveyance or contract to convey a Unit, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association and shall remain a member of the Association until such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Condominium, Unit ownership shall be determined on the basis of the records maintained by the Association. The record shall be established by the Unit owner filing with the Association a copy of the deed to or land sale contract for his Unit, to which shall be affixed the certificate of the recording officer of the County of Washington, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as a Unit owner unless a copy of the deed or contract showing him to be the current owner or contract purchaser of a Unit has been filed with the Association as provided above.

**2.2 Voting.** The owner or co-owner of each Unit shall be entitled to one vote per Unit. The calling and conducting of meetings of the Association and the exercise of voting rights shall be controlled by Articles 2 and 3 of the Bylaws.

**2.3 Majority of Owners.** As used in these Bylaws, the term "majority of owners" shall mean those Unit owners holding over fifty percent (50%) of the voting rights allocated to the Unit owners in accordance with the Declaration and Section 2.2 above. "Majority of owners present" shall mean only those owners holding over fifty percent (50%) of the votes present at any legal meeting as defined in Section 2.8 hereof.

**2.4 Quorum.** Except as otherwise provided in these Bylaws, the presence in person, by proxy or by ballot of owners holding fifty percent (50%) or more of the outstanding votes in the Condominium, as defined in Section 2.2 hereof, shall constitute a quorum.

**2.5 Proxies; Ballots.** Votes may be cast in person, by proxy or by written ballot. Proxies must be filed with the secretary of the Association (the "Secretary") before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting also shall be valid at an adjourned meeting called under the provisions of Section 3.6 hereof. In the sole discretion of the Board of Directors, a meeting of the Association may be held by ballot rather than at a formal gathering. Ballots for such meeting must be properly executed and returned in sufficient quantity to constitute a quorum and/or to pass the proposal(s) specifically propounded on the ballot. Procedures for meetings by ballot shall comply with the Oregon Condominium Act as may be amended from time to time and Section 3.7 of these Bylaws. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

**2.6 Authority to Vote.** All owners, including those who have leased their Unit to a third party, shall be entitled to vote. An owner's right to vote may not be revoked. A purchaser under a land sale contract who is entitled to immediate possession of the Unit shall be deemed to be the owner thereof, unless otherwise provided in such contract.

**2.7 Fiduciaries and Joint Owners.** An executor, administrator, guardian or trustee may vote, in person, by proxy or by ballot, at any meeting of the Association with respect to any Unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the Secretary that he is the executor, administrator, guardian or trustee, holding such Unit in such capacity. Whenever any Unit is owned by two or more persons jointly according to the records of the Association, the vote of such Unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of such disagreement and such protest, the vote of such Unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

**2.8 Actions by Association; Legal Meeting.** Except as otherwise provided in the Declaration, the Articles of Incorporation, these Bylaws, the Oregon Condominium Act or the Oregon Nonprofit Corporation Act, decisions and resolutions of the Association shall require approval by a majority of owners present at any legal meeting. For purposes of these Bylaws, a legal meeting is one duly called pursuant to these Bylaws at which a quorum is present in person or by proxy, at a ballot meeting where the number of owners casting written ballots constitutes a quorum.

### **ARTICLE 3** **ADMINISTRATION**

**3.1 Association Responsibilities.** The owners of the Units constitute the members of the Association which, through its Board of Directors, has the responsibility of administering the project, approving the annual budget, establishing and collecting assessments and arranging for the operation, management and maintenance of the Condominium, including negotiating and contracting with and supervising any person, persons or business entity with respect to such matters. The Association shall be incorporated as an Oregon nonprofit corporation.

**3.2 Place of Meetings.** Formal meetings of the Association shall be held at a place that is convenient to the owners as may be designated by the Board of Directors. The outcome of a ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots, or in the event the ballot return date is postponed, within forty-eight (48) hours of the postponed date. Each Unit owner shall be notified within ten (10) days after the ballots have been counted, by mail or other delivery of written notice, of the results of the ballot meeting or that a quorum of ballots was not returned.

**3.3 Annual Meetings.** The annual meeting, the date of which may be changed from time to time, at the discretion of the Board of Directors, must be held annually under the rules and regulations as set out in the Bylaws. At such meetings, new members of the Board of

Directors shall be elected by the owners in accordance with the requirements of Section 4.5 of these Bylaws, to replace those directors whose terms have expired. The owners may also transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

**3.4 Special Meetings.** Special meetings of the Association may be called by the chairperson of the Association ("Chairperson"), a majority of the Board of Directors, or upon the presentation to the Secretary of a petition signed by twenty percent (20%) of the owners. All meetings called because of petition of Unit owners shall be held at a formal gathering and not by ballot, and shall be held within thirty (30) days after receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business, except as stated in the notice therefor, shall be transacted at a special meeting unless by consent of all the owners of the Units or as otherwise set out in these Bylaws.

**3.5 Notice of Meetings.** The Secretary shall mail by first class or certified mail, shall hand deliver, or deliver via electronic communication, a notice of each annual or special meeting, stating the purpose thereof and the time and place where it is to be held, to each owner of record at least ten (10), but not more than fifty (50), days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The Secretary shall hand deliver, mail by first class or certified mail, or deliver via electronic communication, ballots for ballot meetings to each owner of record not less than twenty (20) days prior to the date on which such ballots must be received by the Association in order to be counted. The mailing shall be to the owner's mailing or email address last given to the Secretary in writing by the Unit owner or his vendee. If Unit ownership is split or the Unit has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given to the Secretary in writing, then mailing to the Condominium Unit shall be sufficient. The mailing or emailing of a notice in the manner provided in this section shall be considered notice served. An owner may decline to receive notices or ballots via electronic communication by written notice to the Secretary.

**3.6 Adjourned Meetings.** If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than twenty (20) days from the time the original meeting was called.

**3.7 Ballot Meetings.** Unless prohibited or limited by the Articles of Incorporation of the Association, the Declaration or the Oregon Condominium Act, any action that may be taken at any annual or special meeting of the Unit owners may be taken without a meeting if the Association delivers a written or electronic ballot to every Unit owner entitled to vote on the matter. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide owners with at least ten (10) days' notice as required by ORS 100.425(2)(b) and (c) before written or



electronic ballots are mailed or otherwise delivered. If, at least three (3) days before ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for making and returning the ballot, and if an electronic ballot is used, secrecy procedures must be put into place to protect the identity of the owner from the vote cast. The Board of Directors may extend the date for counting the ballots of a ballot meeting, in one or more extensions, for up to ninety (90) days after the originally scheduled ballot return date if a quorum of ballots has not been returned and/or for matters on which a certain percentage approval is required and that vote has not been received nor have sufficient votes in opposition been received to negate such approval. Provided, however, if a secret ballot is required, secrecy ballots may not be examined or counted prior to the date certain specified in the notice or any extension thereof. Provided, however, examining the ballot return envelopes to determine who has voted so that non-votes can be contacted shall not be prohibited, as long as the actual ballot itself is not examined prior to the time when all secrecy ballot envelopes are opened.

**3.8     Order of Business.** The order of business at all meetings of the owners of Units shall be as follows unless the Board of Directors sets a different agenda:

- 3.8.1   Roll call;
- 3.8.2   Proof of notice of meeting or waiver of notice;
- 3.8.3   Reading of minutes of the preceding meeting;
- 3.8.4   Reports of officers;
- 3.8.5   Reports of committees;
- 3.8.6   Election of inspectors of election;
- 3.8.7   Election of directors;
- 3.8.8   Unfinished business;
- 3.8.9   New business.

## **ARTICLE 4**

### **BOARD OF DIRECTORS**

**4.1     Number and Qualification.** The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, each of whom must be an owner or a co-owner of a Unit. Provided, however, that if a Unit is owned by more than one (1) owner, only one (1) owner of that Unit may serve on the Board of Directors at any one time. An officer or employee of a corporation, a trustee of a trust, a personal representative of an estate, or an employee of a trust or estate, may serve on the Board of Directors, if such corporation, trust or estate owns a Unit.

**4.2     Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

**4.3 Other Duties.** In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have authority to carry out and shall be responsible for the following matters:

**4.3.1** Caring for, maintaining and supervising the management of the Condominium, Association property, if any, the general common elements, and managing the use of any general or limited common elements by outside parties, including utility easements or use permits, as may be required by the Declaration.

**4.3.2** Establishing and maintaining replacement reserve accounts and updating the reserve study and maintenance plan, as required by the Oregon Condominium Act or these Bylaws and such other reserve accounts as are permitted by these Bylaws.

**4.3.3** Designating and collecting regular and special assessments from the owners, in accordance with these Bylaws, the Declaration and the Oregon Condominium Act.

**4.3.4** Establishing a budget for payment of all common expenses of the Association and instituting and maintaining a system for such payment as may be reasonably necessary to prevent any misuse of Association funds.

**4.3.5** Obtaining and maintaining insurance policies and paying premiums therefor out of the common expense funds with respect to both the common elements and individual Units as more specifically provided in Article 8 of these Bylaws.

**4.3.6** Designating and dismissing the personnel necessary for the maintenance and operation of the Condominium.

**4.3.7** Causing the preparation and distribution of annual financial statements of the Condominium to each of the Unit owners as more specifically provided in Article 12 of these Bylaws.

**4.3.8** Adopting and amending administrative rules and regulations governing the details of operation and use of the common elements and the Units and the administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration or any rules or regulations promulgated thereunder. Provided, however, that any such rules or regulations always shall be subject to rescission or amendment by the Association upon a majority vote of owners present at any properly called meeting at which a quorum is present.

**4.3.9** Causing the Association to comply with ORS 100.480, depositing all assessments in a separate bank federally insured account in the name of the Association, payment of all expenses of the Association from the Association's bank account, and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement and the current operating budget of the Association. Further, the Board of Directors

shall cause to be maintained and kept current the information required to enable the Association to comply with ORS 100.480(7).

**4.3.10** Causing the Association to file an Annual Report with the Oregon Real Estate Agency, as provided in ORS 100.250 and ORS 100.260.

**4.3.11** Causing the Association to file the necessary tax returns of the Association.

**4.3.12** Establishing and maintaining a current mailing address for the Association.

**4.4     Management Agent.** The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3 hereof. Any such management contract must be cancelable without penalty upon ninety (90) days' written notice.

**4.5     Election and Term of Office.** At the annual meeting, upon agreement by vote of the owners, the Board of Directors may be elected by a single ballot with each owner permitted to vote for the number of positions on the Board that are up for re-election. Each elected Director shall serve a three (3) year term. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Article 4.

**4.6     Vacancies.** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until his successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

**4.7     Removal of Directors.** At any legal annual or special meeting, other than a meeting by ballot, any one (1) or more of the Directors may be removed with or without cause, by a majority vote of owners and a successor may be then and there elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board of Directors which have been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors.

**4.8     Organizational Meeting.** The first meeting of a newly elected Board of Directors shall be held within ten (10) days after its election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice need be given to the newly elected Directors to hold such meeting legally, providing that a majority of the newly elected Directors are present.

**4.9 Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but shall be held no less often than quarterly. Notice of regular meetings of the Board of Directors may be called by the Chairperson on three (3) days' notice to each Director, given personally or by mail, e-mail, telephone, facsimile, telegraph or other similarly reliable method, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

**4.10 Special Meetings.** Special meetings of the Board of Directors may be called by the Chairperson or Secretary or on the written request of at least three (3) Directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, e-mail, telephone, facsimile or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

**4.11 Waiver of Notice to Directors.** Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

**4.12 Board of Directors' Quorum.** At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors shall be the acts of the Board of Directors. A majority of those present may adjourn a meeting of the Board of Directors at which less than a quorum is present. At any such adjourned meeting, any business that might have been transacted or discussed at the meeting as originally called may be transacted or discussed without further notice.

**4.13 Board of Directors' Meetings Open to All Association Members.** Except as provided in Section 4.14, all meetings of the Board of Directors shall be open to all members of the Association. No Association member shall have a right to participate in the Board of Directors' meetings unless such member is also a member of the Board of Directors. The Chairperson shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

**4.14 Executive Session.** At the discretion of the Board, the following matters may be considered in executive sessions:

- (a) Consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
- (b) Personnel matters, including salary negotiations and employee discipline;
- (c) Negotiations of contracts with third parties;

- (d) Collection of assessments; and
- (e) Any other matters for which the Oregon Condominium Act permits.

Except in the case of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board of Directors, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

**4.15 Notice to Association Members of Board of Directors' Meetings.** For other than emergency meetings, notice of Board of Directors' meetings shall be posted at a place on the Condominium property at least three (3) days prior to the meeting or notice otherwise shall be provided to each member of the Association in a manner that is reasonably calculated to inform each member of such meetings, including by electronic notice. If meeting notices are posted, the posting of such notices shall be at a reasonable location which has been generally publicized to the Unit owners.

**4.16 Emergency Meetings.** In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. No notice to either Directors or Association members shall be required for such meetings of the Board of Directors to be held for any emergency action. Provided, however, that no such meeting shall occur unless at least two-thirds (2/3rds) of the Board of Directors participate in the same and after an attempt has been made to reach each Director.

**4.17 Compensation of Directors.** No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by a majority vote of the Unit owners.

## **ARTICLE 5** **OFFICERS**

**5.1 Designation.** The principal officers of the Association shall be a chairperson, a secretary and a treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary and any such other officers as in their judgment may be necessary, provided that such officers are also Directors.

**5.2 Election of Officers.** The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new Board or any Board meeting thereafter and shall hold office at the pleasure of the Board.

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

**5.4 Chairperson.** The Chairperson shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties that are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he or she may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

**5.5 Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he or she shall have charge of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all the duties incident to the office of secretary.

**5.6 Treasurer.** The treasurer of the Association ("Treasurer") shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

**5.7 Directors as Officers.** Any Director may be an officer of the Association.

## **ARTICLE 6**

### **OBLIGATIONS OF THE OWNERS**

**6.1 Assessments.** All owners shall be obligated to pay assessments imposed by the Association to meet all the Condominium's common expenses, which shall include premiums for insurance required or permitted under Article 8 of these Bylaws. In the discretion of the Board of Directors, the assessments may be made payable semi-annually, quarterly or monthly. All of the reserve accounts set up pursuant to these Bylaws shall be funded by allocation and payment from the assessment of Unit owners. The assessment of all Unit owners who may be benefited by expenditure of reserve funds may be increased as necessary, so the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established.

Except as otherwise provided in the Declaration or these Bylaws, each Unit shall be liable for the common expense in the same percentage as the percentage of ownership in the common elements allocated to such Unit. The Board of Directors, in its sole discretion, or the management agent, at the direction of the Board of Directors, may round up the Unit assessments to the next whole dollar amount or to the next quarter dollar amount.

The assessment of Units shall include the following items, which shall be common expenses:

**6.1.1 Expense Items:**

**6.1.1.1** Expenses of administration.

**6.1.1.2** Expenses of maintenance, repair or replacement of those common elements maintained by the Association.

**6.1.1.3** Any deficit in common expenses for any prior period.

**6.1.1.4** The costs of utilities for the common elements and other utilities that have a common meter or that are commonly billed.

**6.1.1.5** The cost of all insurance or bonds obtained in accordance with these Bylaws.

**6.1.1.6** The cost of any professional management if required by mortgagees or desired by the Board of Directors.

**6.1.1.7** Legal, accounting and other professional fees.

**6.1.1.8** Any other items that are properly chargeable as an expense of the Association.

**6.1.2 Reserve Items:**

**6.1.2.1 Reserve Account.** A reserve account shall be established for the purpose of effecting major maintenance, repair and replacement of structural elements, mechanical equipment, exterior painting, and other common elements of the Condominium which will normally require replacement in more than one (1) and less than thirty (30) years. Payment into this account shall be deemed a contribution to capital improvement as and when made. Pursuant to provisions of the Oregon Condominium Act, the Association has established a reserve account. The reserve accounts for major maintenance, repair and replacement shall be funded by assessment against the same Units that are assessed for the maintenance of the items for which the reserve account is established. Accordingly, the reserve account for major maintenance, repair and replacement of those general common elements and limited common elements, the maintenance of which is provided by assessment against all owners shall be created by assessment against all owners.

The Board of Directors of the Association annually shall conduct a reserve study and maintenance plan, or review and update an existing study, of the common elements to determine the reserve account requirements. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall:

- (a) Identify all items for which reserves are to be established;
- (b) Include the estimated remaining useful life of each item as of the date of the reserve study; and
- (c) Include for each item, as applicable, an estimated cost of maintenance, repair and replacement of each item at the end of the item's useful life.

Except as otherwise provided in the Oregon Condominium Act, the reserve account shall be used only for major maintenance, repair and replacement of common elements for which reserves have been established and shall be kept separate from other accounts.

**6.1.2.2 General Operating Reserve.** The Board of Directors shall create and maintain a general operating reserve account by allocation and payment thereto of an amount determined by the Board of Directors. This account shall be used to pay expenses which exceed budgeted amounts.

**6.1.2.3 Special Reserves.** Such other special reserve funds as may be set up by the Directors by special assessments of the Unit owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate.

Each reserve account shall be kept in an account with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Units. Provided, however, that nothing contained herein shall prevent sellers of Units from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Unit owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective Units may increase in proportion to each Unit's right to receive repair, maintenance and replacement therefrom.

**6.1.3 Maintenance Plan.** The Board of Directors shall prepare and periodically review and update a maintenance plan for the maintenance, repair and replacement of all property for which the Association has maintenance, repair and replacement responsibility under the Declaration or these Bylaws. The maintenance plan shall:

- 6.1.3.1** Describe the maintenance, repair and replacement to be conducted;
- 6.1.3.2** Include a schedule for the maintenance, repair and replacement;
- 6.1.3.3** Be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and



**6.1.3.4** Address issues that include, but are not limited to, warranties and the useful life of the items for which the Association has maintenance, repair and replacement responsibility.

**6.1.4 Sub-Metered Utilities.** A single water meter measures the water usage for all Units. However, the Association reserves the right to install sub-meters and charge to the Owners of Units the actual cost of each Unit's water usage. Any charge imposed by the sub-meter service provider shall be allocated among all Units in proportion to their respective water usage and the Association shall bill the Owners of all Units at the same interval as the Association receives the statement from the service provider. If water usage charges are not timely paid, the Association shall have the right to assess nonpaying Owners for such delinquent amounts, and such assessment shall be both a personal obligation of the Owners and a lien on the Owner's Unit. Additionally, the Association shall have the power pursuant to ORS 100.405(4)(L) to shut off water service to Units whose Owners have failed to pay their water and sewer charge.

**6.2 Special Assessments.** The Board of Directors shall have the power to levy special assessments against an owner or all owners for the following purposes and in the following manner:

**6.2.1** To correct a deficit in the operating budget by vote of a majority of the Board;

**6.2.2** To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

**6.2.3** To make repairs, replacements or renovations to the common elements if sufficient funds are not available from the operating budget or replacement reserve accounts by vote of a majority of the Board;

**6.2.4** To make capital acquisitions, additions or improvements costing less than \$25,000; or

**6.2.5** To make capital acquisitions, additions or improvements costing \$25,000 or more by vote of at least fifty-one percent (51%) of all votes allocated to Units in the Condominium.

**6.3 Adoption of Budget; Determination of Fiscal Year; Filing of Income Tax Returns.**

**6.3.1 Adoption of Budget.** At least sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the common elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of

wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses pursuant to the Oregon Condominium Act, the Condominium instruments, or a resolution of the Association and that shall be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering to the Unit owners of all related services.

Such budget also shall include such reasonable amounts as the Board of Directors considers necessary to provide working capital and such general operating reserve accounts, contingency and other reserve accounts as the Board shall determine. The amount designated for replacement reserves shall be adjusted annually to reflect current replacement cost and remaining useful life. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary of the budget to all owners. Such budget shall constitute the basis for determining each Unit owner's assessment for the common expenses of the Condominium.

**6.3.2 Failure to Prepare Budget.** The failure of the Board of Directors to prepare and/or to present, in a timely manner, a budget to the Unit owners shall not be cause for any owner to fail or refuse to pay assessments. Assessments shall continue, based upon the last adopted or accepted budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board of Directors to make up for any deficiency.

**6.3.3 Failure to Adopt Budget.** In the event the Board of Directors fails to adopt, in a timely manner, a budget for a new fiscal year, Unit owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Unit owners and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, Unit owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, the amount of assessments due from Unit owners shall be based on the budget as so amended until a new budget is adopted in accordance with this Section 6.3.

**6.3.4 Determination of Fiscal Year.** The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

**6.3.5 Filing of Income Tax Returns.** The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

**6.4 Default.** The failure of an owner to pay any assessment of the Association shall be a default by such owner of his obligations pursuant to these Bylaws and the Oregon Condominium Act and, in addition to the Association's other remedies provided in the Declaration, these Bylaws shall entitle the Association to declare the balance of such owner's annual assessment otherwise being paid in installments to be immediately due and payable in full. Interest shall be charged on delinquent assessments at such rate as may be set by the Board of Directors from time to time not to exceed the lower of eighteen percent (18%) per annum or the highest rate permitted by applicable law. Before a change in the interest rate charged on

delinquent assessments, the Board of Directors shall give thirty (30) days' written notice to all owners.

In addition, the Board, at its option, may impose a late charge penalty on any assessment that is delinquent for ten (10) or more days. Such penalty shall not exceed the sum of twenty-five percent (25%) of the delinquent assessment and shall be imposed only once on each regular or special assessment or installment of such assessments.

The Association shall have a lien that may be enforced upon compliance with the provisions of ORS 100.450. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting owner for the use of his Unit or shall be entitled to the appointment of a receiver pursuant to ORS 100.460. Liability for all assessments, fines, charges, interest, fees (including attorneys' fees, whether or not a suit or an action is commenced), and other sums owing by the Unit owner pursuant to the Declaration, these Bylaws, the Oregon Condominium Act and rules and regulations of the Association, shall be the personal obligation of the Unit owner and may be enforced by suit for a money judgment, in addition to all other remedies of the Association. Any default by the owner in any provisions of these Bylaws or of the Oregon Condominium Act shall be deemed to be a default by the owner of any mortgage to which the owner is a party or to which the Unit is subject.

## **6.5     Statement of Assessments.**

**6.5.1** The Association shall provide, within ten (10) business days of receipt of a written request from an owner, a written statement that provides:

**6.5.1.1** The amount of assessments due from the owner and unpaid at the time the request was received, including:

- (a) Regular and special assessments;
- (b) Fines and other charges;
- (c) Accrued interest; and
- (d) Late payment charges.

**6.5.1.2** The percentage rate at which interest accrues on assessments that are not paid when due.

**6.5.1.3** The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

**6.5.2** The Association is not required to comply with **Section 6.6.1** if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due.

## **6.6 Maintenance and Repair.**

**6.6.1 Owner's Duty to Maintain.** Every owner shall perform promptly all replacement, maintenance and repair work that is needed within or on his or her own Unit at the owner's expense. In addition, each owner has the obligation to maintain, repair or replace all exterior elements of his or her home such as roofing, gutters, siding, exterior windows, window frames and doors, foundations, chimneys and all other exterior elements of each home. The upkeep of each Unit's limited common element yards, decks or patios, driveways and sidewalks, retaining walls and fences (excluding perimeter fences or wall) and all utility lines except water and sewer lines and irrigation lines and controls which serve the Units shall also be the responsibility of the owners.

**6.6.2 Adjoining Units.** For Units which share a common wall, the owners of the adjoining Units shall cooperate in the upkeep, repair and replacement of exterior and structural elements which impact both Units, including the roof, siding, gutters, windows, doors, driveways, sidewalks, fences, landscaping and retaining walls. If owners cannot agree on a particular decision, the owners may submit the matter to the Board of Directors which shall investigate the issue and render a decision. The decision of the Board of Directors shall be final and not appealable. General rules of law pertaining to party walls shall apply to the upkeep and maintenance of any shared walls within the duplex buildings.

**6.6.3 Additional Owner's Expenses.** All repairs of installations of each Unit, such as water, lights, gas, power, sewage, telephones, air conditioners, heaters, and sanitary installations, doors, windows, lamps and all other accessories and appliances belonging or connected to the Unit area, shall be at the sole expense of the owner of such Unit. However, the water lines, sewer lines and irrigation lines and controls which service each Unit shall be maintained by the Association.

**6.6.4 Reimbursement of Association.** An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common elements and/or facility that was damaged through such owner's fault and that is not otherwise covered by insurance policies carried by the owner or the Association for the owner's and the Association's benefit. In such circumstances, the insurance obtained by the owner shall be deemed to be the primary coverage.

## **6.7 Easement for Maintenance; Encroachments.**

**6.7.1 Easement for Maintenance.** An easement for the benefit of the Association is hereby reserved across all common elements providing access at reasonable times and with reasonable notice for purposes of maintenance, repair, and replacement of the general common elements. If, in the process of such repair and maintenance by the Association, it is necessary to alter or damage any Unit or common elements, such alterations or damages shall be permitted without compensation, provided that the Unit and/or common elements are promptly restored to substantially their prior condition by the Association.

**6.7.2 Encroachment.** If any portion of the common elements encroaches upon a Unit, or a Unit encroaches upon any portion of the common elements, a valid easement for the encroachment and for the maintenance of the same, so long as the affected Unit or common element stands, shall and does exist. In the event that the affected Unit or common element is either partially or totally destroyed, and then rebuilt, the owners of the Units agree that minor encroachment of parts of the common elements due to such rebuilding shall be allowed and an easement shall exist for such purpose.

## **ARTICLE 7**

### **USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT**

The failure of an owner (his or her family, invitees or tenants) to comply with the rules of conduct and restrictions set forth herein, in the Declaration, or others promulgated by the Board of Directors, shall be cause for which the Board of Directors may deny or restrict such owner's right to use any common element facility with respect to which such owner otherwise had a right of use and invoke the fine procedure, as set forth in these Bylaws and the rules of the Association.

**7.1 Use as Private Dwelling Only.** Each of the Units shall be occupied as a single-family private dwelling by its owner or his tenants, visitors, and guests, and for no other purpose. Subject to compliance with applicable local ordinances and other restrictions of record, an owner may use his Unit as a "home office," provided that clients, customers, vendors and employees do not regularly visit the "home office." All common elements shall be used in a manner conducive to such purpose. No Unit owner shall be permitted to lease his Unit for a period of fewer than thirty (30) days. No Unit owner may lease less than the entire Unit. Any agreement to lease a Unit shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the tenant to comply with the terms of such documents shall be a default under the lease. Leasing of Units shall be governed by Section 7.11 of these Bylaws.

**7.2 Restriction on Alteration to Unit.** No owner shall make structural alterations or installations in his Unit without previously notifying the Association in writing by certified mail to the management agent, if any, or to the Chairperson of the Board of Directors, if no management agent is employed. The Association shall answer within thirty (30) days of receipt of such notice, and failure to do so within the stipulated time shall mean that it does not object to the proposed alteration or installation. Provided, however, that nothing herein contained shall waive or limit an owner's obligation to comply with the provisions of ORS 100.535.

**7.3 Use of the Common Elements.** No owner shall place or cause to be placed on the general common elements of the Condominium, any furniture, improvements or objects of any kind, without the prior written consent of the Board of Directors. Such areas shall not be used for any purpose that is not appropriate, customary and acceptable to the Board of Directors.

**7.4 Pets.** In general, pets shall be limited to domestic dogs and cats and no more than a total of two (2) pets per Unit shall be permitted. The Board of Directors shall have the

discretion to allow birds as pets and to permit greater than two (2) pets in a Unit upon a written appeal to the Board by a Unit owner. Any Unit owner who maintains any pet upon any portion of the Condominium shall be deemed to have indemnified and agreed to hold the Association and each of its members free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered and inoculated as required by law. Further, such owner shall abide by the Municipal Sanitary Regulations, leash laws, and rules or regulations of the Association created by the Board of Directors. The Board of Directors shall have the power to require any owner or occupant whose pet is a nuisance to remove such pet from the premises.

**7.5 Appearance of Condominium Building(s).** No Unit owner shall cause anything to be hung, displayed, or placed on the walls, railings, doors, windows, walkways, patios, fences, or roof of the Condominium building(s) or any other common element or otherwise change the appearance of any portion of the common elements that is objectionable to the Board of Directors without the prior written consent of the Board of Directors.

No changes in roofing materials, siding, paint color and no exterior modifications, fences or outbuilding may be erected without the prior written approval of the Board of Directors. In making any such decisions, the Board of Directors shall exercise its reasonable discretion, with the goal of maintaining a harmonious appearance among all of the Units.

**7.6 Nuisances.** No nuisances or any use or practice that is the source of annoyance to residents or that interferes with the peaceful possession and proper use of the property by its residents shall be allowed upon the Condominium property. Residents shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions and amplifiers that may disturb other residents. All parts of the Condominium shall be kept in a clean and sanitary condition; no rubbish, refuse or garbage shall be allowed to accumulate; and no fire or environmental hazard shall be allowed to exist. All garbage and trash shall be placed inside disposal containers and out of the view of the neighboring Units. No Unit owner shall make or permit any use of his Unit or make any use of the common elements that would increase the cost of insurance upon the Condominium property.

**7.7 Improper, Offensive or Unlawful Use.** No improper, offensive or unlawful use shall be made of the Condominium property or any part of it; all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction shall be observed. The responsibility for meeting the requirements of governmental bodies for maintenance, modification or repair of the Condominium property shall be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

**7.8 Satellite Dishes and Antennas.** Except as otherwise provided by law or this section, no exterior antennas, satellite dishes, microwave, aerial, tower or other devices for the transmission or reception of television, radio or other forms of sound or electromagnetic radiation shall be erected, constructed or placed on any Unit or any common elements. Only exterior satellite dishes or antennas with a surface diameter of one (1) meter or less and antennas designed to receive television broadcast signals or multi-channel multi-point distribution (wireless cable), may be placed on a Unit or limited common element if it is securely mounted in

such a manner that it may not become dislodged. Owners installing permitted satellite dishes or antennas shall not penetrate into general common element areas. Any damage to the common elements caused by such owner shall be repaired at owner's sole cost and expense. Such cost shall be considered as an assessment and collectible as such as elsewhere provided in the Bylaws or Declaration. The Board may adopt reasonable rules and regulations governing the installation, safety, placement and screening of such antennas, satellite dishes and other transmission devices. This section and any rules adopted hereunder shall not unreasonably delay or increase the cost of installation, maintenance or use or preclude reception of a signal of acceptable quality.

**7.9 Parking.** The Directors may make such rules as may be necessary to govern the use of the private streets and driveways by which all owners and other users shall be bound.

**7.10 Vehicle Restrictions.** The speed of vehicular traffic on the private roads within the Condominium shall be limited to fifteen (15) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair or similar things may be parked or kept on Condominium property without the prior written consent of the Board of Directors.

**7.11 Leasing/Renting Units.** No Unit in the Condominium may be rented or leased without the prior approval of the Board of Directors. The term "rent" or "lease" shall not apply to family members of the Unit owner residing in the Unit when no money is paid to the Unit owner for such right. In general, renting and leasing of Unit will not be allowed in the Condominium, however the Board may approve leases upon a showing of good cause by a Unit owner. In considering an appeal to lease a Unit, the Board may require reasonable documentation demonstrating the Unit owner's basis for seeking the rental and the decision of the Board shall be final and not appealable. The Board's decision to grant one Unit owner the right to lease his or her Unit shall not confer rights on other Unit owners to do the same, and each owner wishing to lease his or her Unit must receive permission of the Board, which permission may be granted or denied in the Board's sole discretion. If the Board grants an owner the right to lease his or her Unit, the Board shall put the conditions of the lease in a letter to the Unit owner and at a minimum shall require leases to be at least 12-months in length, to have the tenant given copies of all governing documents and rules of the Condominium and to provide the Board with a copy of the lease and contact information for the tenant.

**7.12 Fines.** The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Unit or mailed to the mailing address designated in writing by the owner(s).

**7.13 Additional Rules.** Rules and regulations concerning use of the Condominium property, swimming pool and Units and administration of the Association may be made and amended from time to time by the Association or the Board of Directors. Copies of such rules

and regulations shall be furnished to all Unit owners and residents of the Condominium upon request.

## **ARTICLE 8** **INSURANCE**

For the benefit of the Association and the Unit 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:

### **8.1 Property Damage Insurance.**

**8.1.1** The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and “all risk” endorsements, and such other coverages as the Association may deem desirable.

**8.1.2** The amount of the coverage shall be for not less than 100 percent of the current replacement cost of the Units and common elements (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable maximum deductible.

**8.1.3** The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the common elements and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations composing a part of each Unit.

**8.1.4** Such policy or policies shall name the Association as insured, and shall provide for loss payable in favor of the Association, as a trustee for each Unit owner and each such Unit owner’s Mortgagee, as their interests may appear. The policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) that is commonly accepted by institutional mortgage investors in Oregon.

### **8.2 Liability Insurance.**

**8.2.1** The Association shall maintain comprehensive general liability insurance coverage insuring the Association, the Board of Directors, and the Unit owners and the manager, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the operation, maintenance, ownership or use of the property, including legal liability arising out of lawsuits related to employment contracts of the Association. Such policy or policies may exclude coverage of a Unit owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omission of such Unit owner and liability incident to the ownership and/or use of the part of the property as to which such Unit owner has the exclusive use or occupancy.

**8.2.2** Limits of liability under such insurance shall not be less than \$2,000,000 on a combined single limit basis.



**8.2.3** Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

**8.3 Workers' Compensation Insurance.** The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

**8.4 Fidelity Insurance.**

**8.4.1** The Association shall maintain fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. If the Association has retained a manager, such manager shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

**8.4.2** The total amount of fidelity insurance coverage required shall be based on the best business judgment of the Board of Directors. In no event, however, may the aggregate amount of such insurance be less than the sum equal to three months' aggregate assessments on all Units plus reserve funds.

**8.4.3** Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based on the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

**8.5 Directors' and Officers' Liability Insurance.** The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than \$1,000,000, subject to a reasonable deductible.

**8.6 Insurance by Unit Owners.** The Association has no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for (i) damage to a Unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by these Bylaws or held by the Association); or (ii) for any damage or loss to the owner's or tenant's personal property. Owners must purchase insurance policies insuring their Units and appurtenant limited common elements for the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Tenants must be responsible for insuring their own personal property for any loss or damage. The Association shall notify all owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Association shall give at least 30 days' notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all Units must procure and maintain comprehensive liability policies having combined limits in amounts reasonably set by the Board of Directors no more

often than every three years. Such insurance must provide coverage for, without limitation, the negligent acts of the owner and tenant and their guests or other occupants of the Unit for damage to the general and limited common elements and other Units and the personal property of others located therein. Unit owners and tenants shall annually provide copies of all insurance policies required to be maintained pursuant to this Section 8.6 to the Association's Board. The Unit owners' and tenants' insurance carriers shall be required to send any cancellation of coverage notices to the Board's attention at 7595 SW Clear Hills Drive, Portland OR 97225.

**8.7 Insurance Deductible.** The Board of Directors shall determine the amount of the deductible for any Association insurance policies procured by the Association. The deductible under the Association's master policy shall be allocated to the party who is responsible for maintaining the damaged property under the Association's Declaration and Bylaws. As the Association is charged with maintenance, repair, and replacement of the common elements, and individual Unit owners are charged with maintenance, repair, and replacement of their individual Units, the Association will pay the deductible with regard to damage to the common elements, and individual Unit owners will pay the deductible for damage to their Units. If loss occurs to more than one Unit, or to common elements and one or more Units, the deductible amount under the Association's property loss insurance policy shall be allocated between or among the parties in proportion to their total respective losses. For example, if an event damages the common elements to the extent of \$100,000, and damages a single Unit to the extent of \$50,000, if the Association's deductible amount is \$10,000, the \$10,000 shall be allocated \$6,667 to the Association, and \$3,333 to the Unit owner, since the total loss suffered by the Unit owner is one-half the amount of the total loss suffered by the Association. Nothing in this Section shall bar a claim by any party, including, without limitation, any owner or the Association, to recover any loss or damage caused by the negligence of any other party. As used herein, the term "deductible" includes both the deductible portion of an insured loss and a loss that is not insured when not required to be insured under the terms of the Declaration or Bylaws.

**8.8 Other Insurance Requirements.** Insurance obtained by the Association shall be governed by the following requirements:

**8.8.1** All policies shall be written within the State of Oregon or by a company that is licensed to do business in the State of Oregon acceptable to FannieMae and that falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports – International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims—paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims – paying ability in Standard and Poor's International Confidential Rating Service.

**8.8.2** Notwithstanding the provisions of Section 8.8.1 above, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Unit owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as

attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Unit owners and their first Mortgage holders, as their interests may appear.

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

**8.8.4** For purposes of this article, insurance policies are unacceptable if (i) under the terms of the insurance carrier’s charter, bylaws or policy, contributions or assessments may be made against FannieMae, the designee of FannieMae, or the Association or Unit owners, or (ii) by the terms of the carrier’s charter, bylaws or policy, loss payments are contingent upon action by the carrier’s Board of Directors, policy holders or members, or (iii) policy includes any limiting clauses (other than insurance conditions) that could prevent FannieMae or the owners from collecting insurance proceeds.

**8.8.5** All policies required by this article shall provide that they may not be canceled or substantially modified without at least 10 days’ prior written notice to the Association and to each holder of a first Mortgage that is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each Unit owner and Mortgagee upon request.

**8.8.6** Each Unit owner shall be required to notify the Board of Directors of all improvements made by the owner to his or her Unit, the value of which is in excess of \$1000. Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Section 7.2.

**8.8.7** Any Unit owner who obtains individual insurance policies covering any portion of the property other than such owner’s 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.

**8.9** **Optional Provisions.** The Board of Directors shall make every effort to secure insurance policies that provide for the following:

**8.9.1** To the extent appropriate and available at reasonable cost, the Association shall maintain additional coverages against such other risks as are customarily covered with respect to projects similar in construction, location and use, including but not limited to, host liquor liability, contractual and all-written contract insurance, employer’s liability insurance, comprehensive automobile liability insurance, and an endorsement patterned after “use and

occupancy” insurance providing relief from monthly assessments while a Unit is uninhabitable due to a covered loss.

**8.9.2** If reasonably available, the insurance policies shall include Inflation Guard Endorsement, and Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement).

**8.9.3** A Steam Boiler and Machinery Coverage Endorsement if the Condominium has central heating or cooling, which coverage per accident shall at least equal the lesser of \$2,000,000 or the insurable value of the building housing the boiler or machinery.

**8.9.4** Flood Insurance, if the Condominium is in a Special Flood Hazard Area.

**8.9.5** If reasonably available, waiver of subrogation by the insurer as to any claims against the Board of Directors, any Unit owner or any guest of a Unit owner.

**8.10 FannieMae, GNMA, HUD and VA Requirements.** Notwithstanding any other provisions of this article, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by FannieMae, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Department of Housing and Urban Development and the Veterans Administration as long as they are a Mortgagee or owner of a Unit within the Condominium, except to the extent that such coverage is not available or has been waived in writing by FannieMae, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, the Department of Housing and Urban Development or the Veterans Administration. FannieMae, the Federal Home Loan Mortgage Corporation, or their servicers, their successors and assigns, shall be named as a Mortgagee in the Association’s policies.

## **ARTICLE 9**

### **DAMAGE AND DESTRUCTION**

**9.1 Insurance Proceeds Sufficient to Cover Loss.** If a Unit is damaged by fire or other casualty, and if the proceeds of the Owners' insurance policies are sufficient to pay all costs of necessary repair or reconstruction, such proceeds shall be applied to such repair or reconstruction.

**9.2 Insurance Proceeds Insufficient to Cover Loss.** If proceeds of the owners' insurance policies are insufficient to pay all costs of necessary repair or reconstruction, the Unit nonetheless shall be promptly repaired or reconstructed. Any proceeds of the owners' insurance policies shall be applied toward the costs of necessary repair or reconstruction of the Unit and limited common elements so insured. Each owner shall be liable for the costs incurred in repairing or reconstructing his Unit and limited common elements, and his or her share of costs incurred in repairing or reconstructing the Unit’s structure and exterior that are not covered by

proceeds from his own insurance policy.

**9.3 Architectural Changes After Damage or Destruction.** Repair or reconstruction of the damaged or destroyed Unit means restoring the Unit to substantially the same condition in which it existed before the fire or other casualty, unless other action is agreed to by the owners and first trust deed holders, and/or land sale contract vendors or the Board. In any event, any architectural changes shall conform to the Declaration.

## **ARTICLE 10**

### **CONDEMNATION**

The Board of Directors shall have the sole authority to negotiate with any public or private body or person having the power of eminent domain and to sue or defend in any litigation involving such bodies or persons with respect to the common elements of the Condominium and shall assist any Unit owner whose Unit or a part thereof, is the subject of any condemnation or eminent domain proceeding. Provided, however, that nothing in this or any document or agreement relating to the Condominium shall be construed to give a Unit owner or any party priority over the rights of the first mortgagees of any Condominium Units in the case of a distribution to the Unit owner of any such condemnation awards for losses to or a taking of a Unit and/or the common elements. In the event of a taking or acquisition of part or all of the common elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any trustee, for the use and benefit of the Unit owners and their mortgage holders as their interest may appear. The Board of Directors shall distribute the proceeds of any such award or settlement on a reasonable and equitable basis among the Unit owners.

## **ARTICLE 11**

### **AMENDMENTS TO BYLAWS**

These Bylaws may be amended by the owners holding a majority of the total voting rights allocated to the Units in a duly constituted meeting or ballot meeting called for such purpose, and no amendment shall take effect unless approved by owners holding a majority of the voting rights as otherwise set forth in the Declaration. Any amendments adopted hereunder shall be reduced to writing and certified by the Chairperson and Secretary of the Association to be the amendment so adopted by the Association. Such amendment so certified shall be recorded in the Deed Records of Washington County, Oregon. Provided, however, that no amendment of these Bylaws reducing or eliminating the right of any first Mortgagee shall be made without the prior written consent of such first Mortgagees.

## **ARTICLE 12**

### **RECORDS AND AUDITS**

**12.1 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 as required by ORS 100.480. 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 insofar as such names have been provided to the Board by the owner or Mortgagee. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

**12.2 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, itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Unit owners and Mortgagees during convenient weekday hours.

**12.3 Assessment Roll.** The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each 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.

**12.4 Payment of Common Expenses.** The Board of Directors shall authorize the Treasurer, the management agent, or another specified party, to pay all legitimate expenses of the Association. Such payments shall be made pursuant to the payment system instituted by the Board of Directors as described in Section 4.3.4 of these Bylaws.

**12.5 Reports and Audits.** The Board of Directors shall prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expense statement setting forth the financial condition of the Association as of the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Unit owners within ninety (90) days after the end of each fiscal year. In the event the Association's annual assessments exceed \$75,000.00, the Board of Directors shall cause the financial statement to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Upon an annual vote approved by at least sixty percent (60%) of the voting rights in the Association, the Association may elect not to conduct such annual accounting review, even if the annual assessments exceed \$75,000. In the event the annual assessments are \$75,000.00 or less, the Board of Directors shall cause the most recent financial statement of the Association to be reviewed in the manner described above within one hundred eighty (180) days after the Board of Directors receives a petition requesting review signed by owners holding at least a majority of the voting rights in the Association. At any time and at his or her own expense, any owner or Mortgagee may cause an audit or inspection to be made of the books and records of the Association.

**12.6 Notice of Sale, Mortgage, Rental or Lease.** Immediately upon the sale, mortgage, rental or lease of any Unit, the Unit owner shall promptly inform the Secretary or manager of the name and address of such purchaser, vendee, mortgagee, lessee or tenant. This obligation is in addition to those set forth in Section 7.11.

**12.7 Annual Report.** The Board of Directors shall cause an Annual Report, including any amendments, to be filed with the Oregon Real Estate Agency, pursuant to the provisions of ORS 100.250 and ORS 100.260.

### **ARTICLE 13** **COMPLIANCE**

These Bylaws are intended to comply with the provisions of the Oregon Condominium Act, which are incorporated herein, and to supplement the provisions of the Condominium Declaration. If any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. If any of the provisions hereof conflict with the provisions of the Declaration, the provisions of the Declaration shall apply.

### **ARTICLE 14** **INDEMNIFICATION OF DIRECTORS, OFFICERS,** **EMPLOYEES AND AGENTS**

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the act that he is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to be reimbursed, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.





**ARTICLE 15**  
**ASSESSMENT AND FINE COLLECTION COSTS;**  
**ENFORCEMENT; SUITS AND ACTIONS**

Whether or not suit or action is commenced, Unit owners shall be obliged to pay reasonable fees and costs, including, but not limited to, attorney's fees (whether or not suit or action is commenced) incurred in connection with efforts to collect delinquent and unpaid assessments, fines and enforcement of the Declaration, Bylaws or rules and regulations of the Association. In addition to the assessment for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to ORS 100.405(4)(j)(k)(l).

In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Bylaws or of the Oregon Condominium Act, the owner or owners, jointly and severally, will, in addition to all other obligations, pay the costs of such suit or action, including reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

Nothing in these Bylaws or the Declaration shall be construed as requiring the Association to take any specific action to enforce violations.

**ARTICLE 16**  
**MISCELLANEOUS**

**16.1 Notices.** All notices to the Association or to the Board of Directors shall be sent care to the principal office of the Association at 7595 SW Clear Hills Dr., Portland OR 97225, or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any Unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the owner's Unit.

**16.2 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.

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

It is hereby certified that these Bylaws have been adopted by the Clear Hills Condominium Homeowners Association, and will be recorded in the Deed Records of Washington County, together with the Amended and Restated Condominium Declaration for

said Condominium, after said Declaration and Bylaws are approved by the Assessor of said County.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

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Chairperson – Sue Bickford

Secretary - Bev Olson

STATE OF OREGON                   )  
   ) ss. \_\_\_\_\_, 2012  
County of                          )

Personally appeared before me the above-named Sue Bickford who, being duly sworn, did say that she is the **Chairperson** of Clear Hills Condominium Owners Association, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors; and s acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon

STATE OF OREGON )  
 ) ss. \_\_\_\_\_, 2012  
County of \_\_\_\_\_)

Personally appeared before me the above-named Bev Olson who, being duly sworn, did say that she is the **Secretary** of Clear Hills Condominium Owners Association, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors; and they acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon