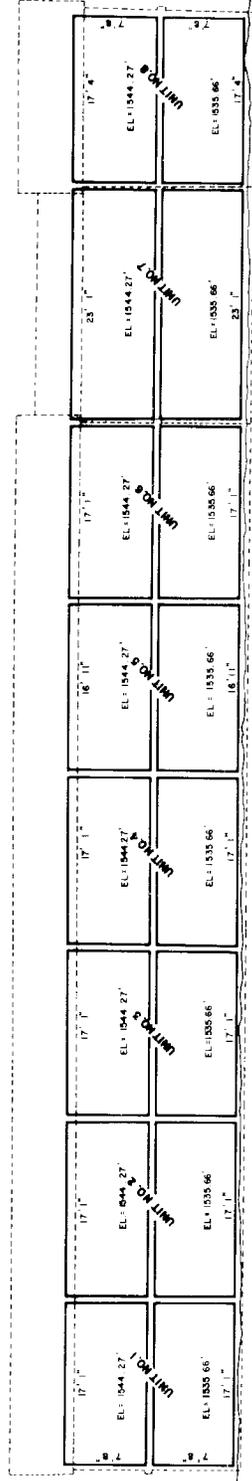
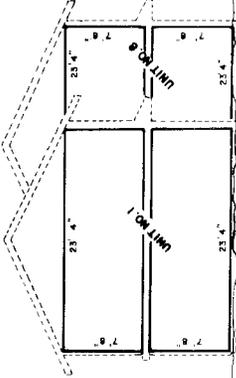


PINE MEADOW ESTATES

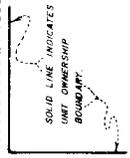


BUILDING 1A - FRONT ELEVATION - SOUTHERN SIDE

NOTE ALL FLOOR ELEVATIONS ARE TAKEN ON OPENINGS UNDER STAIRS ON FIRST FLOOR, IN ALL UNITS, USED FOR HEATING AND UTILITIES UNDERLAYMENT.



BUILDING 1A - RIGHT SIDE ELEVATION - WESTERN SIDE



ENGINEER'S CERTIFICATE

I, Walter J. Marquess, a duly registered engineer of the State of Oregon being first duly sworn, do hereby certify that the plans as shown herein accurately depict the boundaries of the units, and the floors of the buildings and that the construction of the improvements depicted on the floor plans and plat was completed on September 10, 1972.

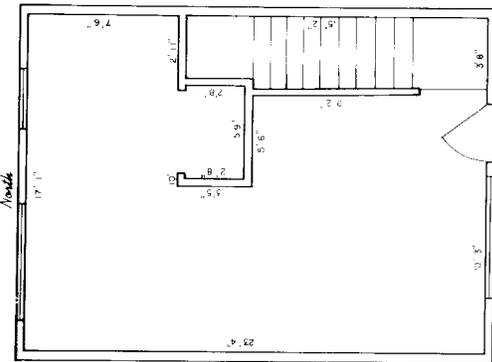
Walter J. Marquess
Engineer

Subscribed and sworn to before me this 10th day of September, 1972

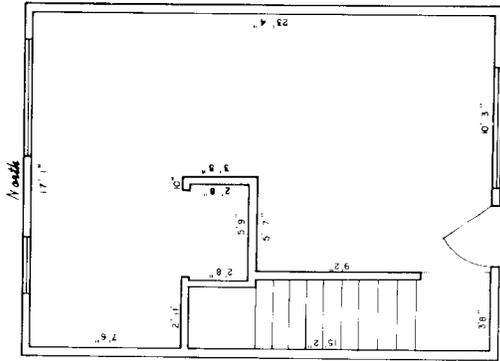
Dorothy A. Marquess
BY DOROTHY A. MARQUESS
NOTARY PUBLIC - OREGON
My Commission Expires February, 1974

PINE MEADOW ESTATES

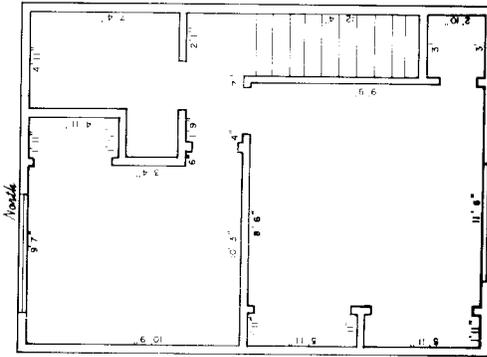
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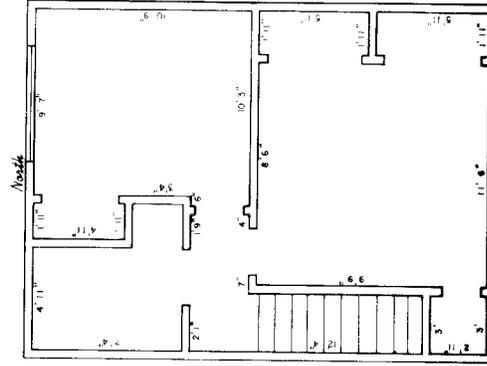
TYPICAL FIRST FLOOR - UNITS 1, 3



TYPICAL FIRST FLOOR - UNITS 2, 4, 6



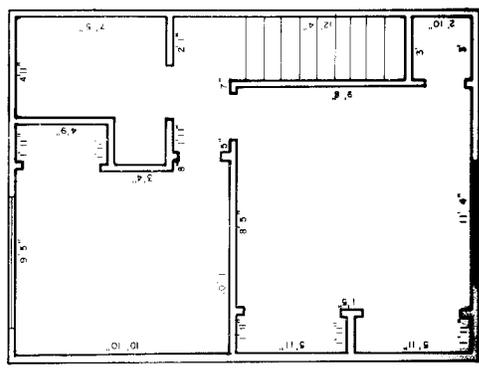
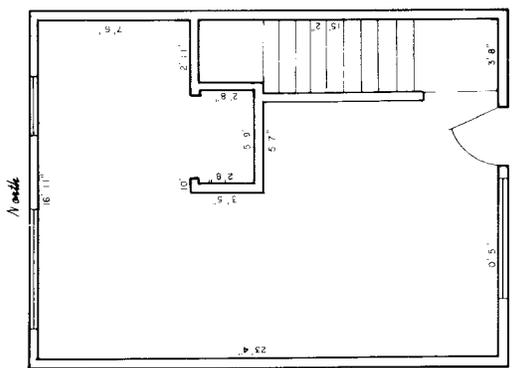
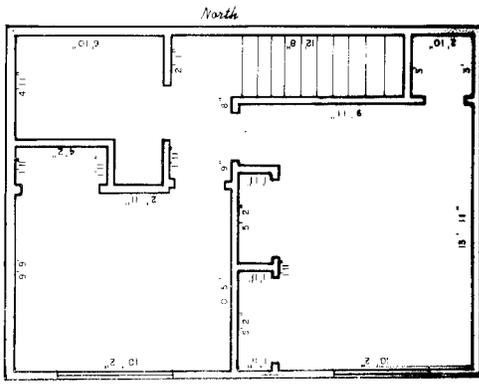
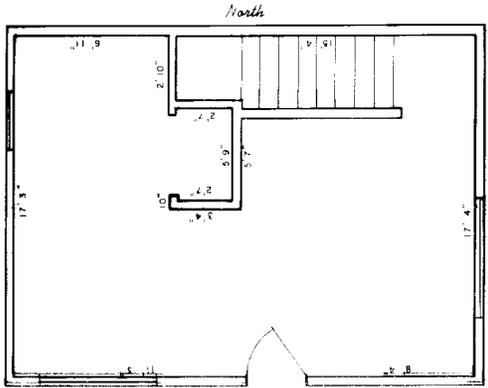
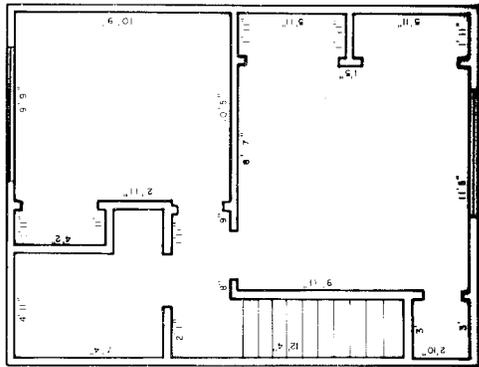
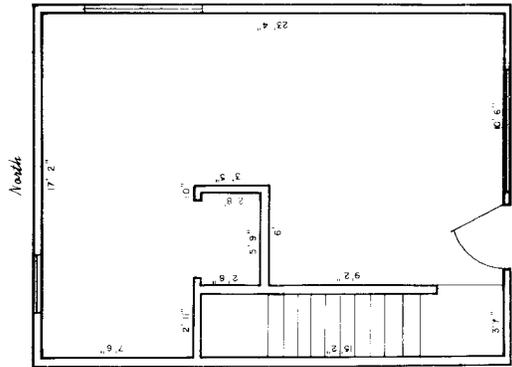
TYPICAL SECOND FLOOR - UNITS 1, 3



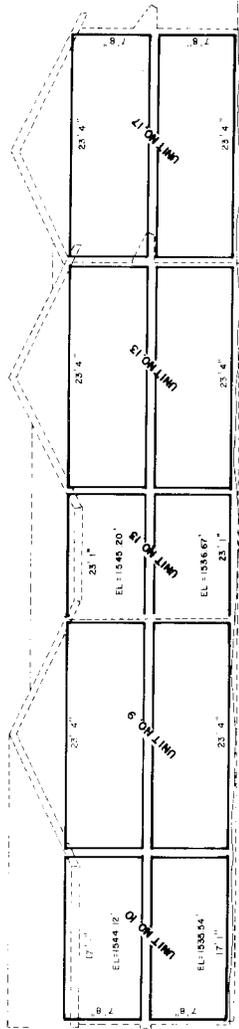
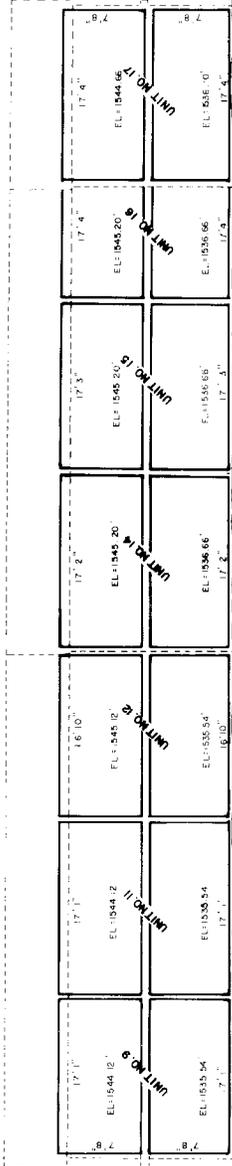
TYPICAL SECOND FLOOR - UNITS 2, 4, 6

PINE MEADOW ESTATES

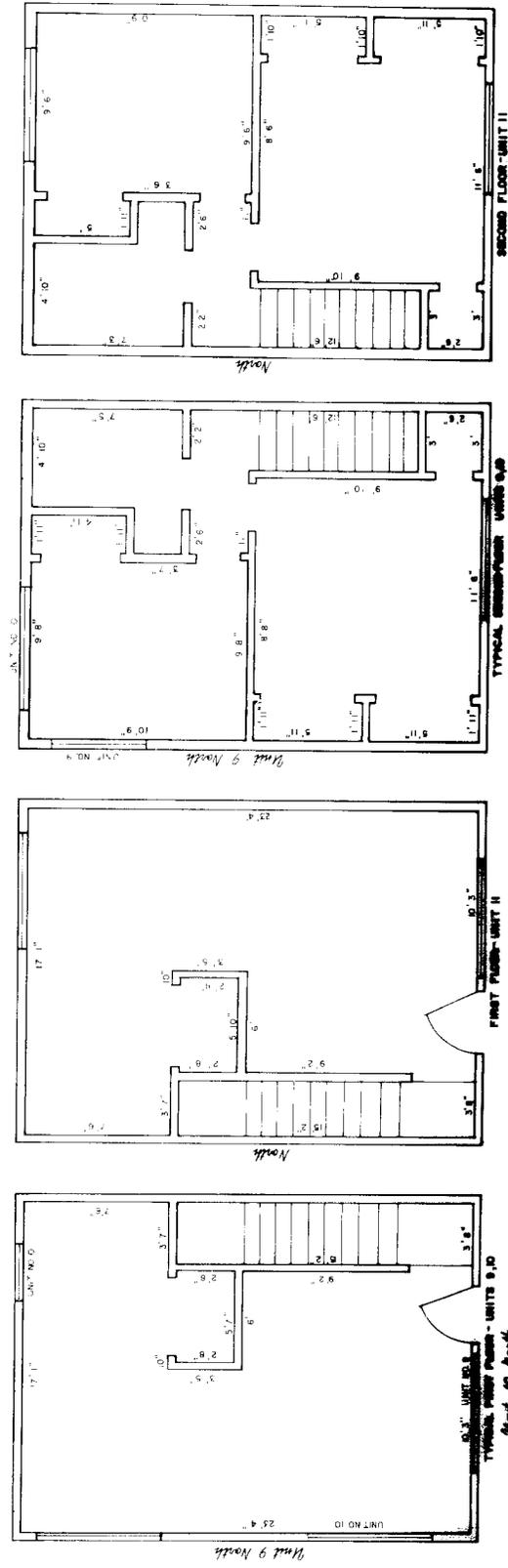
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PINE MEADOW ESTATES

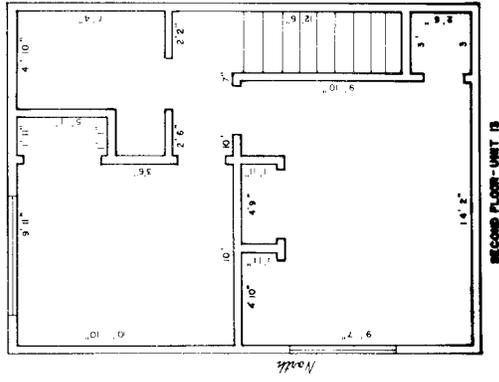
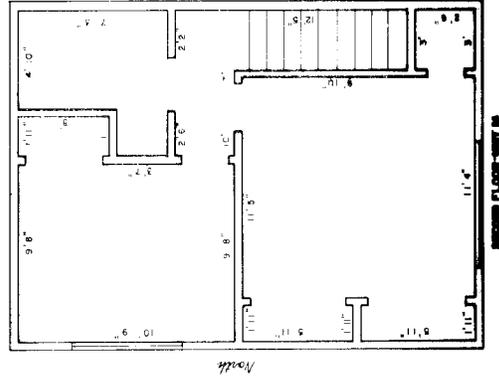
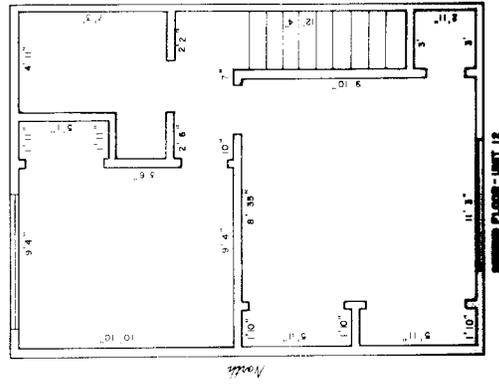
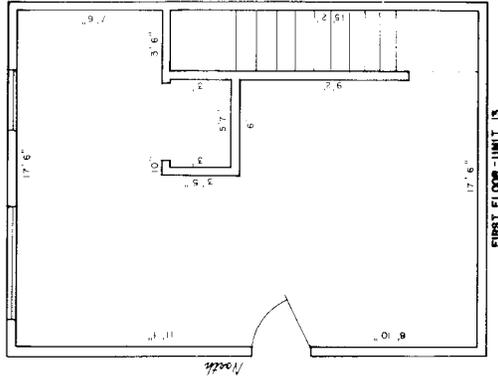
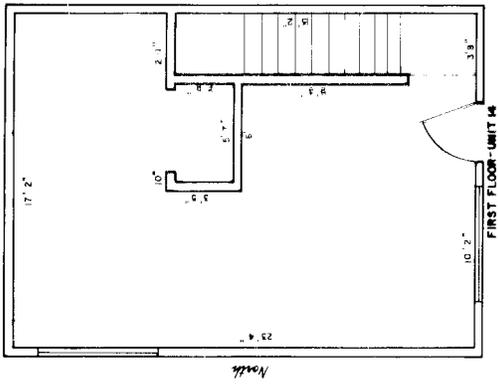
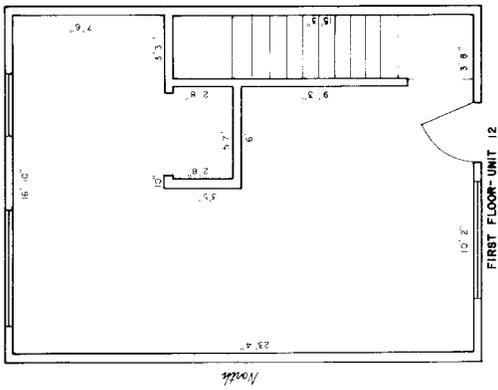


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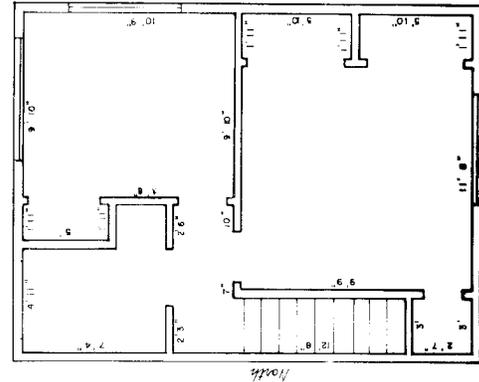
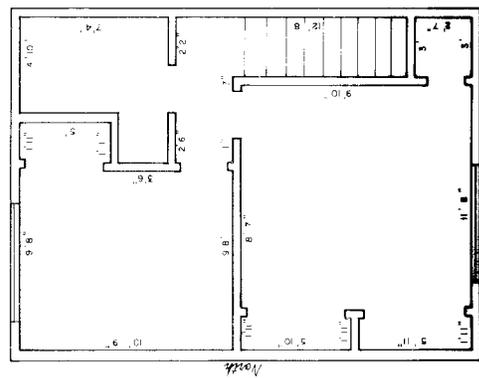
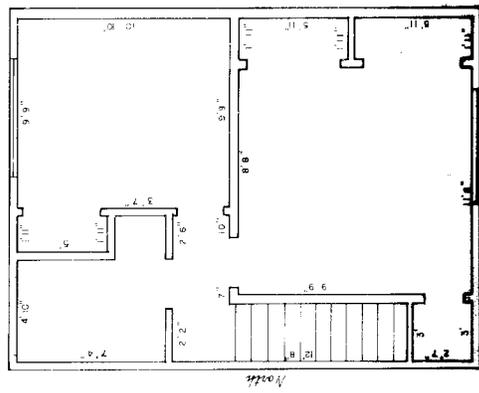
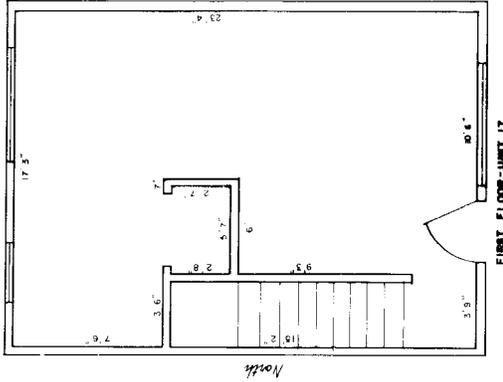
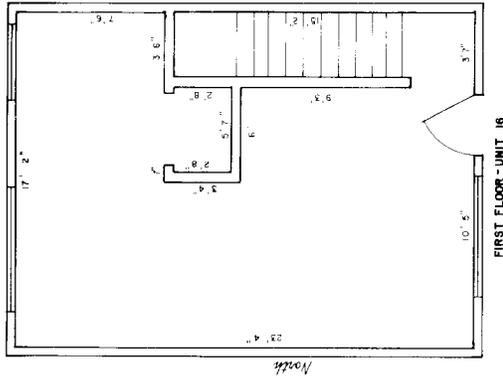
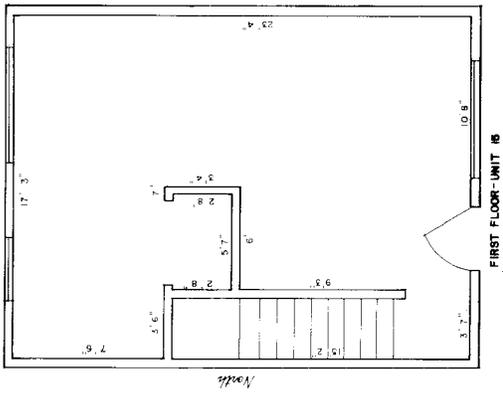
PINE MEADOW ESTATES

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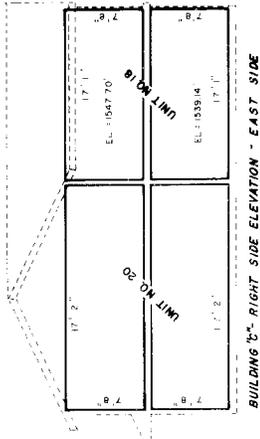
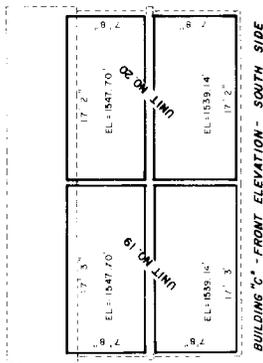
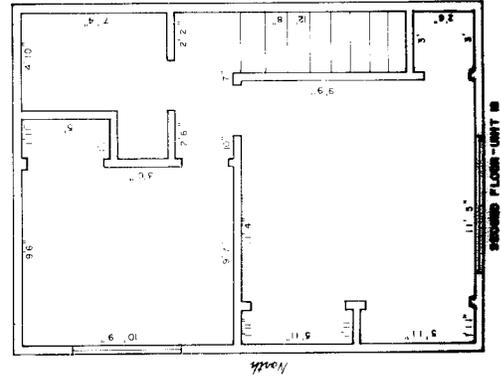
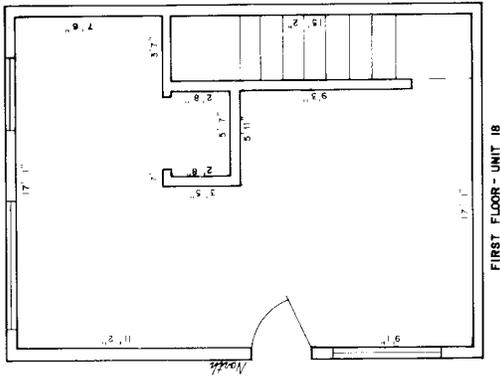
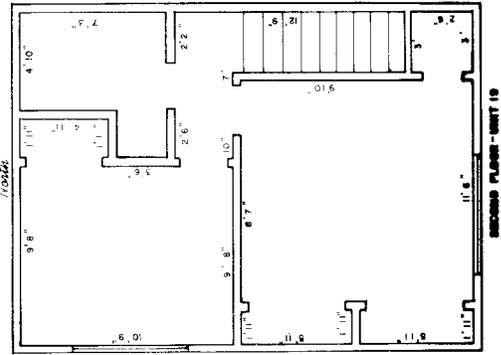
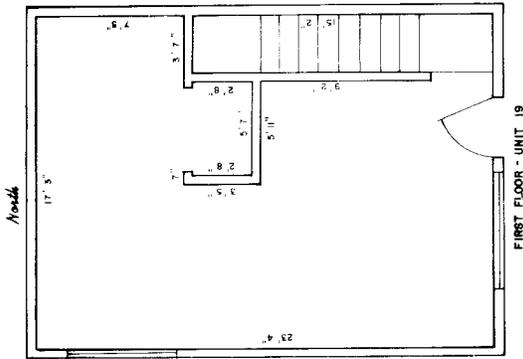
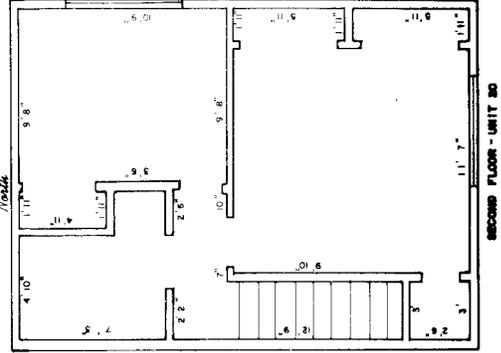
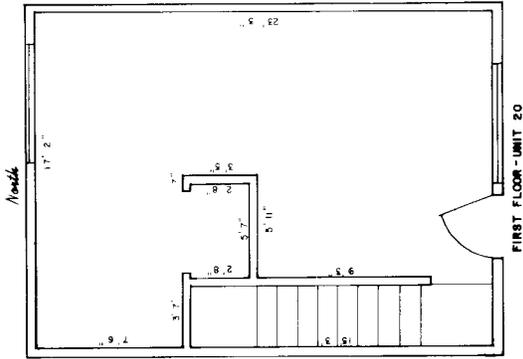
PINE MEADOW ESTATES

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PINE MEADOW ESTATES

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DECLARATION
SUBMITTING PINE MEADOWS ESTATES, A CONDOMINIUM
TO OREGON UNIT OWNERSHIP LAW

THIS DECLARATION, pursuant to the provisions of the Oregon Unit Ownership Law, is made and executed this 4th day of JUNE, 1979, by PINE MEADOW ESTATES DEVELOPMENT COMPANY, a partnership composed of ARNOLD PARADIS, MICHAEL T. MAHAR and LOUIS F. MAHAR, hereinafter called "Developer".

The purpose of this declaration is to submit the Developer's fee simple estate in the real property hereinafter described in Exhibit "A" to the condominium form of ownership and use in the manner provided by the Oregon Unit Ownership Law, with such condominium to be named Pine Meadow Estates, a condominium.

Developer does hereby publish and declare that the property hereinafter described in Exhibit "A" hereto attached and by this reference incorporated herein is held and shall be held, used, conveyed, hypothecated, encumbered, leased, rented, occupied, and improved subject to the covenants, conditions, restrictions, uses, limitations, and obligations defined or provided in this declaration, all of which are declared and agreed to be in furtherance of a plan for the improvement of the property and the division thereof into condominium units, and shall be deemed to run with the property, and each part thereof, and

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79-20561

shall be a burden and benefit to Developer, its successors and assigns, and any subsequent owners acquiring or owning an interest in the property, including improvements thereof, their grantees, successors, heirs, personal representatives, devisees and assigns.

1.0 Property Submitted.

1.1 The land and buildings, improvements and structures thereon, together with all easements, rights and appurtenances thereof, are hereinafter called "Property" by this Declaration submitted to the provisions of the Unit Ownership Law, is located in the City of Phoenix, Jackson County, Oregon, and is more particularly described in Exhibit "A" attached hereto.

1.2 Pursuant to ORS 91.515, Developer herewith files for recording with the County Clerk recording office of Jackson County, Oregon, a certain instrument entitled "Floor Plans and Plat of Pine Meadows Estates, a Condominium, hereinafter referred to as "Plans".

2.0 Definitions.

Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefor:

2.1 "Association of Unit Owners" means the Pine Meadow Estates unit owners.

2.2 "By-Laws" means the By-Laws adopted by the Association of Unit Owners, including any adopted amendments.

Page Two - Declaration

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

thereto.

2.3 "Institutional holder of a first mortgage" means a holder of a first mortgage, trust deed or equivalent security interest in a unit, if such holder is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

2.4 "Project" means the land, all buildings, improvements and structures constructed on the property.

2.5 "Incorporation by Reference". Except as otherwise provided in this Declaration, each of the terms defined in ORS 91.500, a part of the Oregon Unit Ownership Law, shall have the meanings set forth in such section.

3.0 Name of Property.

The name by which the property and units collectively shall be known is "Pine Meadow Estates, a Condominium".

4.0 Description of Units.

4.1 General Description of Buildings. The total condominium project contains three (3) buildings. Each building is two (2) stories high without a basement and is of wood frame construction with concrete foundation and walls and ceilings of gypsum board. One of the buildings contains nine (9) condominium units, the second building contains eight (8) condominium units, and the third building contains three (3) condominium units.

4.2 General Description, Location and Designation of Units. The total project consists of a total of

Page Three - Declaration

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

units. The dimensions, designation and location of each unit is shown in the plans filed simultaneously herewith and made a part of this Declaration as if fully set forth herein. The approximate area of each unit is shown on Exhibit "B", attached hereto and made a part hereof.

4.3 Boundaries of Units. Each unit shall be bounded by the interior surfaces of its perimeter and bearing walls, floors, ceilings, windows and window frames, door and door frames, and trim, and shall include both the interior surfaces so described and the air space so encompassed. In addition, each unit shall include the outlet of any utility service lines, including water, sewerage, gas or electricity, and ventilating ducts, within the unit, but shall not include any part of such lines or ducts themselves.

5.0 General Common Elements.

Each unit will be entitled to a percentage ownership interest in the common elements determined by the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined, as is more particularly described in Exhibit "B" attached hereto. The general common elements consist of the following:

5.1 The land, driveways, fences, grounds and parking areas.

5.2 The pipes, ducts, flues, chutes, conduits, wires and other utility installations to their outlets.

5.3 The roofs, foundations, bearing walls, perimeter walls, beams, columns, and girders to the interior surfaces.

Page Four - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
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79-20561

thereof.

5.4 Outside stairs, entrances and exits, and the exterior surfaces of decks.

5.5 All other elements of the buildings and the property necessary or convenient to their existence, maintenance and safety, or normally in common use, except as may be expressly designated herein as a part of a unit or a limited common element.

6.0 Limited Common Elements.

The following shall constitute limited common elements, the use of which shall be restricted to the units to which they pertain:

6.1 All enclosed courtyards, patios, balconies and decks, except for the outside exterior surfaces of decks, each of which shall pertain to the unit which it adjoins.

6.2 The use of the limited common elements is reserved for the unit to which said limited common elements are appurtenant and which they serve.

7.0 Use of Property, Reservation of Easement, Maintenance.

7.1 Each unit in the project is to be used for residential purposes as described in the By-Laws. Each unit owner shall be bound by each of the terms, conditions, limitations and provisions contained in the By-Laws and the rules and regulations adopted pursuant to the By-Laws.

7.2 Developer hereby reserves an easement for ingress and egress over all roadways and driveways within the project. Such easement shall be for the benefit of and shall run with the ownership of the entire proposed project site.

Page Five - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

and every portion thereof.

7.3 The necessary work to maintain, repair or replace the common elements shall be the responsibility of the board of directors of the Association and shall be carried out as provided in the By-Laws. If the mortgagee or beneficiary of any unit determines that the board of directors is not providing an adequate maintenance, repair and replacement program for the common elements, such mortgagee or beneficiary, at its option, may deliver a notice to the board of directors by delivering same to the registered agent, as required pursuant to ORS 91.578, setting forth the particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within ninety (90) days subsequent to receipt of such notice, then the mortgagee or other beneficiary, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each unit on which it holds a mortgage or deed of trust on all business coming before such meeting, which proxy rights shall continue until the defects listed on the notice are corrected.

8.0 Common Profits and Expenses; Voting.

8.1 The common profits derived from and the common expenses of the common elements shall be distributed and charged to the owner of each unit according to the percentage of undivided interest of such unit in the common elements.

Page Six - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

8.2 Notwithstanding the provisions of ORS 91.500 (15), each unit owner shall be entitled to one vote in the affairs of the Association of Unit Owners for each unit owned by him. "Majority" or "majority of unit owners" as used in this Declaration or in the By-Laws shall mean the owners of more than fifty percent (50%) of the then existing units of the condominium.

9.0 Service of Process.

The name of the person to receive service of process in cases provided in subsection (1) of ORS 91.578 is Michael T. Mahar, and his place of business within Jackson County, Oregon is 1150 Crater Lake Avenue, Suite L, Medford, Oregon 97501.

10.0 Encroachments.

If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as the result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. In the event any building, unit, adjoining unit, or adjoining common element shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

and the maintenance thereof shall exist so long as the building shall stand.

11.0 Approval by Mortgagees.

In addition to any other approvals required by the Oregon Unit Ownership Law, this Declaration or the By-Laws of the Association of Unit Owners, the prior written approval of all institutional holders of first mortgages of units in the condominium must be obtained for the following:

11.1 The abandonment, termination or removal of the property from unit ownership, except when provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

11.2 The partition or subdivision of any unit or of the common elements;

11.3 Any material amendment to this Declaration or the By-Laws, including, but not limited to, any change in the percentage interests in the common elements of the unit owners, except for the transfer of any parking space which is a limited common element.

12.0 Adoption of By-Laws, Appointment of Interim Board, and Designation of Manager.

Upon the execution and filing of this Declaration, the Developer shall adopt By-Laws for the Association of Unit Owners of Pine Meadow Estates, which By-Laws are attached hereto as Exhibit "C" and are filed simultaneously herewith. At the same time, Developer will appoint an interim board of directors

Page Eight - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

of the Association, which directors shall serve until their successors have been elected as provided in the By-Laws. Such interim board of directors may appoint a manager or managing agent for the condominium on behalf of the Association of Unit Owners, and such manager or managing agent shall have complete authority to assume full control and responsibility for the management, operation and maintenance of the condominium from the date of its formation at the expense of the Association.

13.0 Ownership to be Fee Simple.

Each individual unit, together with its undivided interest in the general common elements, and together with its limited common elements which are appurtenant thereto, shall be owned in fee simple by the unit owner and may be individually conveyed and encumbered and be the subject of ownership, possession, sale or other disposition as though it were solely and entirely independent of the other units, and the individual titles and interests shall be recorded. Each unit owner shall be entitled to the exclusive ownership, possession and enjoyment of his unit.

13.1 Maximum Number of Units. The total project shall be comprised of not more than twenty (20) units.

14.0 Amendment.

14.1 Approval Required. Except as may otherwise be provided in this Declaration or by the Oregon Unit Ownership Law, this Declaration may be amended if such amendment is approved by seventy-five percent (75%) of the voting power of the unit owners. Developer's prior written consent shall also be

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

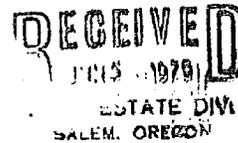
required so long as Developer owns any unit in the condominium, but no such consent shall be required after three (3) years from the date this Declaration was recorded. No amendment may change the size, location, percentage interest in the common elements, share of the common profits or expenses, or voting power of any unit unless such amendment has been approved by the requisite number of unit owners as hereinbefore stated, as well as the owners of the affected unit and the holders of any mortgage or trust deed on such unit.

14.2 Recordation. The amendment shall be effective upon recordation of the Declaration as amended or of the amendment thereto, certified to by the chairman and the secretary of the Association and approved by the County Assessor and the Real Estate Commissioner in the deed records of the county in which the condominium is located.

15.0 Covenants, Conditions and Restrictions.

The following covenants, conditions and restrictions shall be applicable to the real property in the project and shall be for the benefit of, and limitations upon, all present and future owners of units in the project, or of any interest therein:

15.1 Each unit owner shall comply with the By-Laws and with the administrative rules and regulations adopted pursuant thereto, and with the covenants, conditions and restrictions in this Declaration and in the deed to his unit. Failure to comply therewith shall be grounds for an action maintainable



79-20561

by the Association of Unit Owners or by an aggrieved unit owner, in addition to other sanctions which may be provided in the By-Laws or by the administrative rules and regulations.

15.2 Each unit is to be used as a single family dwelling. The common elements shall be used for the furnishing of services, facilities and for the enjoyment of the units. No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governing bodies having jurisdiction thereof shall be observed.

15.3 Unless written approval is first obtained from the Association of Unit Owners, no sign of any kind shall be displayed to the public view on any lot or building on said property except one professional sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by the developer to advertise the property during the construction and sales period.

15.4 No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of said property, excepting as hereinafter provided. Each unit owner shall be entitled to have only one dog or one cat, which shall be kept in the interior of the unit at all times excepting when being exercised by owner on a leash. All of such animals shall be kept under control by the unit owner at all times and if said animal causes any damage to the common areas, or the property of any other unit owners, then the unit owner owning the animal

Page Eleven - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

shall be strictly responsible for the damages resulting therefrom. Said pets shall be restricted from interfering with the other unit owners' use and enjoyment of their property and of the common elements.

15.5 No part of said property shall be used or maintained as a dumping ground for rubbish, trash, garbage or any other waste. No garbage, trash or other waste shall be kept or maintained on any part of said property except in a sanitary container. All containers or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and shall be stored so as not to be visible from the street or common elements.

15.6 No noxious or offensive conditions shall be permitted upon any part of said property, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

15.7 No trailer, camper-truck, tent, garage, shack or other outbuilding shall at any time be used as a residence, storage shed or temporary structure on any part of said property.

15.8 Parking of boats, trailers, motorcycles, trucks, truck-campers and like equipment shall not be allowed on any part of said property nor on streets or ways adjacent thereto excepting only within the confines of an enclosed garage or in the recreational vehicle storage area, when the same becomes available, and no portion of same may project beyond the enclosed

Page Twelve - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

area except under such circumstances, if any, as may be prescribed by written permit approved by the Association of Unit Owners. Enclosed garage means that the garage doors shall remain closed except to permit the entrance and exit of vehicles. All other parking of equipment will be prohibited except in such areas, fully screened from public view, as may be approved in writing by the Association of Unit Owners. Such permits by the Association of Unit Owners, if any, shall be reviewable annually.

15.9 Only passenger automobiles and station wagons without symbols or messages painted or otherwise applied or visible from the exterior shall be placed on any part of said property, or on streets or ways adjacent thereto except within the confines of an enclosed garage. No maintenance or repair work on vehicles, with the exception of emergency work, shall be done on said property or on the streets or ways adjacent thereto.

15.10 All owners shall automatically, upon becoming an owner of a unit, be a member of Pine Meadow Estates Owners' Association, hereinafter referred to as the "Association", and entitled to an equal share in the rights and interest and privileges and obligations as such, including the right to use all common elements owned by such Association, subject to the rules and regulations and restrictions applicable thereto. Such membership shall cease automatically whenever ownership in Pine Meadow Estates ceases.

15.11 All common elements are to be maintained by the Association and no changes in landscaping, removal or

Page Thirteen - Declaration

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

trimming of trees, lawns or shrubs will be permitted without written authorization by the Association of Unit Owners.

15.12. Installation of radio and/or television antennae is prohibited outside any building. Residents shall exercise extreme care about making noises, or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents.

16.0 Conveyance of General Common Elements.

The undivided interests in the general common elements shall not be separated or separately conveyed from the respective units and each such undivided interest shall be deemed to be conveyed and encumbered with its respective unit even though the description of the instrument of conveyance or encumbrance of a unit does not expressly mention or describe such interest. The general common elements shall remain undivided and no unit owner may bring any action for partition or division of any part thereof while the property is subject to this Declaration. Any covenant to the contrary is void.

17.0 Severability.

The determination of invalidity, by any court, of any provisions or restrictions imposed by this Declaration or the By-Laws, or of any provisions or restrictions thereof, or of any part of such restriction or provision, shall not impair or affect in any manner the validity, enforceability, or affect the rest of this Declaration or the By-Laws, and all of the terms thereof shall be severable.

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SALEM, OREGON

79-20561

18.0 Mortgage Protection.

The liens created hereunder upon any condominium shall be subject to and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage or deed of trust (meaning a mortgage with first priority over other mortgages) upon such interest made in good faith, and for value, provided that after the foreclosure of any such mortgage there may be a lien created pursuant to the provisions of the Declaration and the By-Laws on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as unit owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

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

19.0 Limits on Use of Units of General Common Elements.

Nothing shall be done or kept in any unit or in the common area which will increase the rate of insurance on the project without the prior written consent of the board of directors. No owner shall permit anything to be done or kept in his unit which will result in the cancellation of the insurance on any part of the project.

20.0 Effective Date.

Page Fifteen - Declaration

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JUN 5 1979
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SALEM, OREGON

79-20561

STATE OF OREGON)
COUNTY OF JACKSON) ss.

June 4, 1979

The foregoing instrument was acknowledged before me by Louis F. Mahar, a partner of Pine Meadow Estates Development Company.

Before me:



Gail Braun
Notary Public for Oregon
My commission expires: 8/16/82

Page Seventeen - Declaration

7

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SALEM, OREGON

79-20561

EXHIBIT "A"
TO
DECLARATION SUBMITTING PINE MEADOWS ESTATES,
A CONDOMINIUM
TO OREGON UNIT OWNERSHIP LAW

Beginning at the most Southerly corner of Lot 1 A of Hillsinger Subdivision, according to the Official Plat thereof, now of Record in Jackson County, Oregon; thence along the Southerly line of said Lot, North 52° 27' 32" East 195.51 feet (Record North 52° 20' East 185.0 feet) to the Southwest corner of Lot 1, Block 35, Railroad Addition to the Town of Phoenix, according to the Official Plat thereof, now of Record in Jackson County, Oregon, said point being on the West line of Donation Land Claim No. 42, Township 38 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence along said Donation Land Claim line South 00° 04' 07" West (Record South) 234.94 feet to intersect the Northeasterly line of the vacated "C" Street; thence along said Northeasterly line South 35° 07' 08" East 113.62 feet to intersect the Northwesterly right of way line of First Street; thence along said Northwesterly right of way line South 52° 30' 52" West 60.00 feet to intersect the Easterly line of Oregon and California Railway (Southern Pacific) depot grounds; thence along said Easterly line North 35° 07' 08" West (Record North 37° 40' West) 299.84 feet to the point of beginning.

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SALEM, OREGON

79-20561

EXHIBIT "B"
to
DECLARATION SUBMITTING PINE MEADOWS ESTATES,
A CONDOMINIUM
TO OREGON UNIT OWNERSHIP LAW

<u>Unit</u>	<u>Minimum Percentage Interest Common Elements</u>	<u>Approximate Area In Square Feet</u>
1	5	864
2	5	864
3	5	864
4	5	864
5	5	864
6	5	864
7	5	864
8	5	864
9	5	864
10	5	864
11	5	864
12	5	864
13	5	864
14	5	864
15	5	864
16	5	864
17	5	864
18	5	864
19	5	864
20	5	864

19-

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SALEM, OREGON

79-20561

EXHIBIT "C"

BY-LAWS
OF THE ASSOCIATION OF UNIT OWNERS
OF
PINE MEADOW ESTATES, A CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Name and Location. These are the By-Laws of the Association of Unit Owners of Pine Meadow Estates, a Condominium (hereinafter called the "Association"). Pine Meadow Estates, a Condominium (hereinafter called the "Condominium") is located in the city of Phoenix, Jackson County, Oregon, and has been submitted to the Oregon Unit Ownership Law by a Declaration filed simultaneously herewith and by supplemental declarations, if any, annexing property to the Condominium, (hereinafter collectively called "the Declaration"). The location of the Condominium is more specifically described in the Declaration.

2. Principal Office. The principal office of the Association shall be located at 1150 Crater Lake Avenue, Suite L, Medford, Oregon 97501.

3. Purposes. This Association is formed under the provisions of the Oregon Unit Ownership Law to serve as the means through which the unit owners may take action with regard to the administration, management and operation of the Condominium.

4. Applicability of By-Laws. The Association, all unit owners, and all persons using the Condominium property shall be subject to these By-Laws and to all rules and regulations which may be promulgated hereunder.

5. Composition of Association. The Association shall be composed of all the unit owners of the Condominium, including Pine Meadow Estates Development Company, a partnership, and its successors and assigns (hereinafter, the "Developer"), and the Association itself, to the extent any of these own any unit or units of the Condominium.

6. Definitions.

(a) Adoption by Reference. The definitions contained in or adopted by the Declaration shall be applicable to these By-Laws.

20-

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JUN 5 1979
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SALEM, OREGON

(b) Percentage of Unit Owners. Whenever a percentage of unit owners is specified herein, such percentage means the owners of that percentage of the total number of units then existing in the Condominium.

(c) Mortgage and Mortgagee. As used herein, the terms "mortgage" and "mortgagee" shall include, respectively, a deed of trust and the beneficiary of a deed of trust.

ARTICLE II

MEETINGS OF ASSOCIATION

1. Place of Meetings. The Association shall hold meetings at such suitable place convenient to the unit owners as may be designated by the board of directors from time to time.

2. First Organizational Meeting. Within ninety (90) days after the Developer has recorded the Declaration submitting the Condominium project to unit ownership and adopted these By-Laws as owner of all the units, the Developer shall call the first meeting of the unit owners to organize the Association. In the event of lack of a quorum at such first organizational meeting, it may be adjourned to the time of the next annual meeting.

3. Annual Meetings. The annual meetings of the Association shall be held in the months of February or March at such hour and on such date as the chairman may designate, or if the chairman should fail to designate such date by the 1st day of March, then on the 1st Tuesday of March. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

4. Special Meetings. Special meetings of the Association may be called by the chairman or secretary or by a majority of the board of directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the unit owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

5. Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the chairman or secretary. Such notice shall be in writing and mailed to each unit owner at his address as it appears on the books of the Association and to any first mortgagee requesting such notice not less than fifteen (15) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

Notice of meeting may be waived by any unit owner before or after meetings. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

6. Voting. Each unit owner shall have one vote for each unit of the Condominium owned by him. The Developer shall be entitled to vote as the unit owner of any then existing units retained by the Developer, and the board of directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the board of directors shall not be entitled to vote such units in any election of directors.

7. Proxies. A vote may be cast in person or by proxy. A proxy given by a unit owner to any person who represents such owner at meetings of the Association shall be in writing and signed by such owner, 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 the unit by its owner. A unit owner may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled hereunder and to exercise the unit owner's voting rights from and after the time 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.

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

9. Quorum of Unit Owners. At any meeting of the Association, fifty percent (50%) of the unit owners, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

by 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 a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. Majority Vote. The vote of more than fifty percent (50%) of the unit owners, present in person or by proxy, at a meeting at which a quorum is constituted, shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration or by these By-Laws.

11. Order of Business. The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE III

BOARD OF DIRECTORS

1. Number and Qualification. The affairs of the Association shall be governed by a board of directors composed of three (3) to five (5) persons, as provided in Sections 2 and 3 of this Article. All directors, other than interim directors appointed by the Developer, shall be owners or co-owners of units of the Condominium. For purposes of this section, the officers of any corporate owner and the partners of any partnership, shall be considered co-owners of any units owned by such corporation or partnership.

2. Interim Directors. Upon the filing of the

23- Page Four - By-Laws

RECEIVED
JUN 16 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

Declaration submitting the Condominium to the Oregon Unit Ownership Law, the Developer shall appoint an interim board of three (3) directors, who shall serve until replaced by Developer or their successors have been elected by the unit owners as hereinafter provided.

3. Election and Term of Office. At the first annual meeting after all of the units in the project have been sold and conveyed to purchasers, but not later than the annual meeting to be held in February or March of 1983, the interim directors shall resign and five (5) successors shall be elected, three (3) for two (2) year terms and two (2) for one (1) year terms. Thereafter, at the expiration of the initial term of office of each director, his successor shall be elected to serve for a term of two years, so that the term of not less than one-third (1/3) of the directors shall expire annually. Directors shall hold office until their respective successors have been elected by the unit owners. Election shall be by plurality.

4. Vacancies. Vacancies in the board of directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, or by a sole remaining director. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors shall be filled by the Developer.

5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors, other than interim directors, may be removed with or without cause by a majority vote of the unit owners present in person or by proxy, and a successor shall be elected at that meeting 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.

6. Power and Duties. The board of directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these By-Laws may not be delegated to the board of directors by the unit owners. The powers and duties to be exercised by the board of directors shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep, maintenance and repair of the general and limited common elements.

Page Five - By-Laws

24-

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

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

(c) Collection of the common expenses from the unit owners.

(d) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the common elements.

(e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Purchasing units of the Condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these By-Laws.

(h) 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 unit owners.

(i) Obtaining insurance or bonds pursuant to the provisions of these By-Laws.

(j) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the board if the total cost will exceed the amount of \$2,500 unless the unit owners have enacted a resolution authorizing the project by a vote of seventy-five percent (75%) of the unit owners present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to paragraph (a) above.

(k) Enforcement by legal means of the provisions of the Oregon Unit Ownership Law, the Declaration, these By-Laws and any rules and regulations adopted hereunder.

7. Managing Agent or Manager. On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be established by the board of directors. The board of directors may delegate to the managing agent or manager such duties and powers as the board of directors may authorize. In the absence of such appointment, the board of directors

24 -
Page Six - By-Laws

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

as manager.

8. Organizational Meeting. Within fourteen (14) 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.

9. 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 (2) directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or telegraph at least seven (7) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting.

10. Waiver of Notice. Any director 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 director at any meeting of the board shall constitute a waiver by him of notice of the time and place thereof, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or conveyed. If all of the directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

11. Quorum of Board of Directors. At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. If at any meeting of the board of directors less than a quorum shall be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the meeting originally called may be transacted without further notice.

12. Compensation. No director shall receive any compensation from the Association for acting as such.

13. Liability and Indemnification of Directors, Officers, Manager or Managing Agent. The directors and officers shall not be liable to the Association of the unit owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association

26-
Page Seven - By-Laws

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the board of directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. Each director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved, by reason of being of having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of his duties.

14. Fidelity Bonds. 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, shall furnish such fidelity bond as the board deems adequate. The premiums on such bonds shall be paid by the Association.

15. Insurance. The board of directors shall obtain the insurance required in Article VIII of these By-Laws. 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 or unit owners. The board of directors shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the Condominium.

No unit owner may engage in any activity which might jeopardize the insurance coverage described herein.

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Association shall be the chairman, the secretary and the treasurer, all of whom shall be elected by the board of directors. The directors may appoint a vice chairman, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The chairman shall be a member of the board of directors, but the other officers need not be directors or unit owners.

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

2. Election of Officers. The officers of the Association shall be elected annually by the board of directors at the organizational meeting of each new board and shall hold office at the pleasure of the board. If any office shall become vacant, the board of directors shall elect a successor to fill the unexpired term of any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

3. Removal of Officers. Upon the affirmative vote of a majority of the 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. Chairman. The chairman shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the board of directors. He shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the unit owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5. Secretary. The secretary shall keep the minutes of all proceeds 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 unit 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 the 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 chairman and performing his duties whenever the chairman is absent or unable to act, unless the directors have appointed another vice chairman.

6. Treasurer. The treasurer shall have the responsibility 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, and for the preparation of required financial statements. He shall be responsible for the deposit of all monies 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 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.

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

7. 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.

8. Compensation of Officers. No officer who is a member of the board of directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the unit owners. The board of directors may fix any compensation to be paid to any officers who are not also directors.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS, BUDGET AND EXPENSES

1. Creation of the Lien and Personal Obligation of Assessments. The Developer hereby covenants for all of said property, and each owner of any unit by acceptance of a deed or contract of purchase therefor, whether or not it shall be so expressed in any such deed or other conveyance or agreement for conveyance, is deemed to covenant and agree to pay to the Association: (a) regular annual or other regular periodic assessments or charges; and (b) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time such assessment became due. The obligation shall remain a lien on the property until paid or foreclosed.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of said property and in particular for the improvement and maintenance of said property, services, and facilities devoted to this purpose and related to the use and enjoyment of the common elements, and of the units situate upon said property.

3. Budget. The board of directors shall from time to time, and at least annually, prepare a budget for the

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

Association, estimate the common expenses expected to be incurred, less any previous overassessment, and assess the common expenses to each unit owner in the same proportion as his percentage interest in the common elements. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common elements which must be replaced on a periodic basis. The board of directors shall advise each unit owner in writing of the amount of common expenses payable by him, and furnish copies of each budget on which such common expenses are based to all unit owners, and, if requested, to their mortgagees.

4. Determination of Common Expenses. Common expenses shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common elements.
- (c) Cost of insurance or bonds obtained in accordance with these By-Laws.
- (d) A general operating reserve.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Utilities for the common areas and other utilities with a common meter or commonly billed, such as water and sewer.
- (h) Any other items properly chargeable as an expense of the Association.

5. Assessment of Common Expenses. All unit owners shall be obligated to pay common expenses assessed to them by the board of directors on behalf of the Association pursuant to these By-Laws and the Declaration. Assessments may not be waived due to limited or nonuse of common elements. The Developer shall be assessed as the unit owner of any unsold unit, but such assessment shall be pro-rated to the date of sale of the unit and assessment for reserves need not be paid until closing of such sale. Assessments shall become effective upon recording of the Declaration, and at the time of closing of the initial sale of each unit, the purchaser shall make an advance payment of two months' assessments for the unit. The board of directors, on behalf of the Association, shall assess the common expenses against the unit owners from time to time.

Page Eleven - By-Laws

30-

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid by him for more than thirty (30) days from the due date for its payment. If additional units are annexed to the condominium, the board of directors shall promptly prepare a new budget reflecting the addition to the condominium and shall recompute any previous assessment covering any period after the annexation.

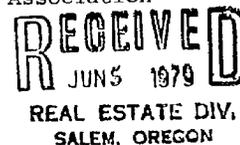
6. Special Assessments.

(a) Capital Improvements. In addition to the common expenses authorized above, the Association may levy in any assessment year a special assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the common areas, including the necessary fixtures and personal property related thereto, provided that any such special assessments for structural alterations, capital additions or capital improvements shall require the assent of a seventy-five percent (75%) majority of the votes of the Association of Unit Owners who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. This section shall not prohibit the directors from authorizing capital expenditures for replacements or repairs or improvements from funds generated by regular assessments. In the case of any such special assessment, the board of directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific special assessment project described in the resolution.

(b) Reserve Trust Funds. In establishing reserves for the maintenance, repair or replacement of the common elements, the board of directors may elect by resolution to establish one or more trust funds for the maintenance, repair or replacement of specific items, in which case the board shall either designate part of the regular assessment or establish separate assessments for such purposes. The proceeds therefrom shall be held in such trust funds and used only for the designated maintenance, repairs or replacements.

7. Uniform Rate of Assessment. Both regular periodic assessments and any special assessments may be fixed at a uniform rate for all units and may be collected on an annual, quarterly or monthly basis in the discretion of the directors.

8. Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Association



79-20561

the assessed common expenses, such unit owner shall be obligated to pay interest at the rate of ten percent (10%) per annum on such common expenses from the due date thereof, together with all expenses, including attorney's fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. The board of directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, and expenses of the proceeding, including attorney's fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Unit Ownership Law. The board of directors shall notify the holder of any first mortgage upon a unit of any default not cured within thirty (30) days of the date of default.

9. Foreclosure of Liens for Unpaid Common Expenses and Special Assessments. In any suit brought by the Association to foreclose a lien on a unit because of unpaid common expenses or special assessments, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The board of directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover a money judgment for unpaid common expenses or special assessments shall be maintainable without foreclosing the liens securing the same.

10. Statement of Common Expenses and Special Assessments. The board of directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common expenses and special assessments.

11. First Mortgages. Any lien of the Association against a unit for common expenses shall be subordinate to tax and assessment liens and any first mortgage or deed of trust of record. Where the purchaser or mortgagee of a unit obtains title to the unit as a result of foreclosure of a first mortgage or by deed in lieu of foreclosure, such purchaser or mortgagee, his successors and assigns, shall not be liable for any of the common expenses chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser or mortgagee. Such unpaid share of common expenses shall be a common expense and reallocated on a pro rata basis to all units, including the mortgaged unit.

ARTICLE VI

RECORDS AND AUDITS

Page Thirteen - By-Laws

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

32-

79-20561

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.

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 at convenient hours of weekdays.

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.

4. Payment of Vouchers. The treasurer shall pay all vouchers up to \$1,000 signed by the chairman, managing agent, manager or other person authorized by the board of directors. Any voucher in excess of \$1,000 shall require the signature of the chairman.

5. Reports and Audits. An annual audited report of the receipts and expenditures of the Association shall be rendered by the board of directors to all unit owners and to all mortgagees of units who have requested the same within ninety (90) days after the end of each fiscal year. From time to time the board of directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any owner or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

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 said vendee, mortgagee, lessee, or tenant.

ARTICLE VII

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

1. Maintenance and Repair. Except as otherwise provided herein for damage or destruction caused by casualty:

(a) Units. All maintenance of and repairs to any unit shall be made by the owner of such unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting and staining which at any time may be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of windows and doors and any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, lighting fixtures and lamps, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with his unit.

(b) Common elements. All maintenance, repairs and replacements to the general and limited common elements shall be made by the Association and shall be charged to all the unit owners as a common expense. Each unit owner, however, shall keep the limited common elements which pertain to his unit in a neat, clean and sanitary condition.

2. Additions, Alterations or Improvements. A unit owner shall not, without first obtaining written consent of the board of directors, make or permit to be made any structural alteration, improvement or addition in or to his unit, or in or to the exterior of the buildings or any other general or limited common elements. A unit owner shall make no repair or alteration or perform any other work on his unit which would jeopardize the soundness or safety of the property, or reduce the value thereof or impair any easement or hereditament unless the written consent of all unit owners affected is obtained. A unit owner shall not paint or decorate any portion of the exterior of the buildings or other general or limited common elements without first obtaining written consent of the board of directors.

3. Damage or Destruction by Casualty of Condominium Property.

(a) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the board of directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association. Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless ninety percent (90%) of the unit owners, whether in person, by

Page Fifteen - By-Laws

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

writing or by proxy, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt. In the case of substantial damage or destruction, timely written notice thereof shall be given to the unit owners and their mortgagees. However, in the event that a special assessment will be necessary in order to finance the cost of repairing the damage or destruction, then the procedure set forth in Article V hereof shall be followed in order to authorize costs to be paid by such special assessment.

(b) The Association shall be responsible for repairing, reconstructing or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance coverage, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing or rebuilding of his unit as is not covered by the Association's insurance.

(c) If, due to the act or neglect of a unit owner, or of a member of his family or his household pet or of a guest or other authorized occupant or visitor of such unit owner, damage shall be caused to the common elements or to a unit owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a common expense, then such unit 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.

(d) In the event the insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit owners and their mortgagees (as their interests may appear) in the same proportion as their respective undivided interests in the common elements.

4. Condemnation. In the event of a taking in condemnation by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Association. If such proceedings are instituted or such acquisition is sought by a condemning authority as to any portion of the property, prompt written notice thereof shall be given to the unit owners and their mortgagees. If seventy-five percent (75%) or more of the unit owners duly and promptly approve the repair or restoration of such common elements, the board of directors shall arrange for the same, which shall be paid out of the proceeds of the award. In the event seventy-five percent (75%) or more of the unit owners do not duly and promptly approve the repair and restoration of such common elements, the board of directors shall disburse the net proceeds of such award to the unit owners and their mortgagees.

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

(as their interests may appear) in the same proportions as the respective undivided interests of the unit owners in the common elements.

5. Restrictions and Requirements Respecting Use of Condominium Property. The following restrictions and requirements are in addition to all other restrictions and requirements contained in the Declaration and these By-Laws:

(a) Use of Common Elements. The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

(b) Association Rules and Regulations. In addition, 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 common elements as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium property. Such action may be modified by vote of not less than seventy percent (70%) of the unit owners present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation or rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

6. Right of Entry. A unit owner shall grant the right of entry to the board of directors, managing agent, manager or any other person authorized by the board of directors in the case of any emergency originating in or threatening his unit or other condominium property, whether or not the owner is present at the time. A unit owner shall also permit such persons to enter his unit for the purpose of performing installations, alterations or repairs to any common element and for the purpose of inspection to verify that the unit owner is complying with the restrictions and requirements in Section 5 of this Article, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner.

7. Easements for Developer. Developer and its agents, successors and assigns shall have an easement over and upon the common elements for the purpose of making repairs to existing structures and carrying out sales and rental activities necessary or convenient for the sale or rental of units, including, without limitation, the right to use the units owned by Developer as

Page Seventeen - By-Laws

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

model units and the right to use a unit as a sales office.

8. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted hereunder or the breach of any By-Law contained herein or of any provision of the Declaration shall give the board of directors acting on behalf of the Association, the right, in addition to any other rights set forth in these By-Laws:

(a) To enter the unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the board of directors shall not thereby be deemed guilty of any manner of trespass; or

(b) To enjoin, abate or remedy such thing or condition by appropriate legal proceedings. In addition, any aggrieved unit owner may bring action to enjoin, abate or remedy such thing or condition by appropriate legal proceedings.

ARTICLE VIII

INSURANCE

1. 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:

(a) A policy or policies of insurance covering loss or damage from fire, with extended coverage endorsement, and such other coverages such as flooding, which the Association may deem desirable, for not less than the full insurable replacement value of the units and common elements. Such policy or policies shall name Developer, the Association and the unit owners as insured, as their interest may appear, and shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit, if any. In no event shall the policy or policies have a deductible clause in excess of Five hundred Dollars (\$500.00) per unit.

(b) A policy or policies insuring the Developer, the Association, the board of directors, the unit owners and the managing agent, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the ownership or use of the property. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or board of directors) for liability arising out of acts or

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

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. Limits of liability under such insurance shall not be less than One million Dollars (\$1,000,000) on a combined single limit basis. Such policy or policies shall be issued on a comprehensive liability basis and shall provide 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; and

(c) Workman's compensation insurance to the extent necessary to comply with any applicable laws.

Each unit owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under paragraph (a) above and against his liability not covered under paragraph (b) above, unless the Association agrees otherwise.

2. **Policies.** Insurance obtained by the Association shall be governed by the following provisions:

(a) All policies shall be written with the State of Oregon or a company licensed to do business in the state of Oregon and holding a commissioner's rating of "A", and a size rating of "AAA", or better by the Best's Insurance Reports current at the time the insurance is written or, prior to the initial meeting of the Association, one acceptable to Developer.

(b) All losses under policies hereafter in force regarding the property shall be settled exclusively with the board of directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the unit owners, or, upon demand of any mortgagee, to an insurance trustee acceptable to the Association and mortgagees of units.

(c) Each unit owner shall be required to notify the board of directors of all improvements made by the owner of his unit, the value of which is in excess of Five hundred Dollars (\$500.00). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board of directors pursuant to Article VII, Section 2.

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

3. **Provisions.** The board of directors shall make every effort to secure insurance policies that will provide

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

for the following:

(a) A waiver of subrogation by the insurer as to any claims against the board of directors, the manager, the unit owners and their respective servants, agents and guests.

(b) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual owners.

(c) A provision that the master policy on the condominium cannot be cancelled, 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.

(d) A provision that any "no other insurance" clause in the master policy exclude individual owners' policies from consideration, and a waiver of the usual proration clause with respect to such policies.

(e) A provision that the insurer issue sub-policies specifying the portion of the master policy earmarked for each owner's interest and that until the insurer furnished 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 unit mortgagor-owner, the Association, or other unit owners, nor cancelled for nonpayment of premium.

(f) A rider on the master policy patterned after "Use and Occupancy" insurance which will provide relief from monthly assessments while a unit is uninhabitable by the payment of the condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance and mortgage payments. The proceeds from any casualty policy, whether held by the Association or a unit owner, payable with respect to any loss or damage to the common elements, shall be held in trust for the benefit of all insured as their interest may appear.

(g) 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.

ARTICLE IX

AMENDMENT TO BY-LAWS

Page Twenty - By-Laws

39-

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

1. How Proposed. Amendments to the By-Laws shall be proposed by either a majority of the board of directors or by thirty percent (30%) of the unit owners. 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.

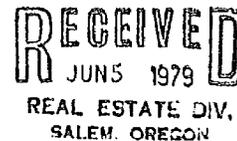
2. Adoption. A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and may be approved by the unit owners at a meeting called for this purpose. Unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by seventy-five percent (75%) of the unit owners and by Developer so long as Developer owns any unit in the condominium. Developer's consent shall not be required after three (3) years after the recording of the Declaration. Neither Article V, Section 11, nor any other provision of these By-Laws which is for the benefit of mortgagees may be amended without the written consent of all mortgagees.

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, and recorded as required by law.

ARTICLE X

EASEMENTS

1. Easements. All conveyances of land situated in the said property, made by the Developer, and by all persons claiming by, through or under the Developer, shall be subject to the foregoing restrictions, conditions and covenants, whether or not the same be expressed in the instruments of conveyance, and each and every such instrument of conveyance shall likewise be deemed to grant and reserve, whether or not the same be declared therein, mutual and reciprocal easements over and across all of the common areas of said property for the purpose of travelling by foot or conveyance or resting or otherwise being thereon, and over, under and across all portions of said property (except those portions located under any building or improvement now or hereafter located thereon), for the purpose of building, constructing and maintaining underground or concealed electric and telephone lines, gas, water, sewer, storm drainage lines, radio and television antennae and cables, and other utilities and services now or thereafter commonly supplied by public utilities or municipal corporations, and easements are hereby granted and reserved over and upon all common areas for constructing and maintaining thereon streets, driveways, community facilities, ornaments and statues, paths, lawns, landscaping and planted areas thereon;



79-20561

all of said easements shall be for the benefit of all present and future owners of property subjected to the jurisdiction of the Association by recorded covenants and restrictions, recorded in the manner hereinabove provided, and their tenants, contract purchasers and guests; said easements and rights to use, however, shall not be unrestricted but shall be subject to reasonable rules and regulations governing said rights of use, as promulgated from time to time by the directors of the Association in the interest of securing maximum safe usage of said easements without unduly infringing upon the privacy of the owner or occupant of any part of said property. An easement over, upon and across all parts of said property is granted and reserved to the Association, its successors and assigns, to the extent reasonably required to perform exterior maintenance and to the extent reasonably necessary to perform other maintenance or advisable to protect or preserve the value of the said property and the living units thereon.

ARTICLE XI

MISCELLANEOUS

1. Notices. All notices to the Association or to the board of directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the board of directors may hereafter designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the board of directors, or if no address has been designated, then to the owner's unit.

2. Waiver. No restriction, condition, obligation or provision contained in these By-Laws 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.

3. Invalidity; Number; Captions. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws. 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 By-Laws.

4. Action Without a Meeting. Any action which the Oregon Unit Ownership Law, the Declaration or the By-Laws require or permit the owners or directors to take at a meeting

41- Page Twenty-two - By-Laws

RECEIVED
JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

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 directors, shall be filed in the records of minutes of the Association.

5. Conflicts. These By-Laws are intended to comply with the Oregon Unit Ownership Law and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these By-Laws or any rules and regulations adopted hereunder.

Dated at Medford, Oregon this 4 day of JUNE, 1979.

PINE MEADOW ESTATES DEVELOPMENT COMPANY,
A PARTNERSHIP

Approved
Ray E. Stewart
by Dale K. Kell
9-17-79

By Arnold Paradis
Arnold Paradis
By Michael T. Mahar
Michael T. Mahar
By Louis F. Mahar
Louis F. Mahar

STATE OF OREGON)
) ss.
COUNTY OF JACKSON)

We, MICHAEL T. MAHAR and ARNOLD PARADIS, hereby certify that we are the duly elected, qualified and acting chairman and secretary, respectively, of the Association of Unit Owners of Pine Meadow Estates, a Condominium, and that the within and foregoing is a full, true and complete copy of the By-Laws of said Association, duly adopted on the 4th day of JUNE, 1979, by Pine Meadow Estates Development Company, a partnership.

Michael T. Mahar
Chairman
Arnold Paradis
Secretary

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JUN 5 1979
REAL ESTATE DIV.
SALEM, OREGON

79-20561

State of Oregon



Jackson County, Oregon
Recorded
OFFICIAL RECORDS

11:15 SEP 18 1979 A.M.
WALDENE TERRY
CLERK and RECORDER

By *Waldene Terry* Deputy

Department of Commerce Real Estate Division

APPROVAL OF DECLARATION

THE UNDERSIGNED, pursuant to ORS 91.512, as Real Estate Commissioner of the State of Oregon, hereby approves the Declaration of Unit Ownership for

PINE MEADOW ESTATES, A CONDOMINIUM

In Jackson County, Oregon.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed hereto the seal of the Real Estate Division of the Department of Commerce of the State of Oregon this

13th day of September, 1979.

WILLIAM F. GWINN
Real Estate Commissioner

BY *Barbara Kanz*
Barbara Kanz, Manager
Condominium Program



43.

814-500-560 (Replaces 81405-83) (Iss 5-77)