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DECLARATION
FOR COMPOUND CONDOMINIUMS

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SUNRIVER BUSINESS PARK L.L.C

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**DECLARATION
FOR COMPOUND CONDOMINIUMS**

This Declaration is dated as of March 9, 2007, and is executed and recorded by **Sunriver Business Park, L.L.C.**, an Oregon limited liability company ("Declarant").

A. Declarant is the fee owner of Lot 12, Block 2, Business Park III, Deschutes County, Oregon (the "Property"), which is located in the Southeast one-quarter of Section 5, Township 20 South, Range 11 East, Willamette Meridian, Deschutes County, Oregon. Declarant acquired title to the Property under a deed recorded on April 12, 1999, in Volume 1999, Page 19771, of the records of Deschutes County, Oregon. The Property address is 56866 Enterprise Drive, Sunriver, OR 97707.

B. Declarant hereby submits fee simple interest in the Property to the condominium form of ownership pursuant to this Declaration and the Oregon Condominium Act (the "Act").

C. The name of the condominium is **Compound Condominiums** (the "Condominium"). Declarant hereby reserves the right to use the word "Compound" in a distinguishable manner for other projects and reserves the Internet website and domain name www.sunrivercompound.com. The Condominium comprises a total of 17 units in four one-story buildings and common elements appertaining thereto. No building has a basement. The roof and walls of each building are metal and the floors are concrete. The Condominium has security fencing and a key pad-operated gate as part of the common elements.

**ARTICLE 1
UNITS**

1.1 Unit Designations. Each unit is designated by a unit number. Units 1, 2, and 3 are located in Building A. **THERE ARE NO UNITS 4, 5, OR 6.** Units 7, 8, 9, and 10 are located in Building D. Units 11, 12, 13, and 14 are located in Building C. Units 15, 16, 17, 18, 19, and 20 are located in Building B. The location of each unit is shown on the Plat. The boundaries of each unit are the floor, the walls that face the unit and the ceiling. The access door, the window, and the roll-up door are part of the unit and are not common elements. Each owner of a unit may finish the unit by painting the floor and by installing sheet rocking for walls and ceiling. The area in square feet of each unit, which are also shown on the Plat, are as follows:

<u>Unit</u>	<u>Area in Square Feet</u>
1	2,880
2	2,904
3	2,880
7	1,208
8	1,236
9	1,232
10	1,208
11	1,208
12	1,228
13	1,233
14	1,208
15	1,220
16	1,235
17	1,237
18	1,233
19	1,235
20	1,219

1.2 Allowed Uses. The units may be used only for storage, warehouse, and personal use. No retail or wholesale business may be conducted in or from any unit at any time and no business customers are allowed on the Condominium. No unit may be used for residential purposes.

1.3 Joining Units. The owner of two contiguous units may construct a means of access between the units in accordance with applicable governmental regulations and plans and specifications approved by the board of directors of the Association (the "board of directors"). The owner of contiguous units who has connected them in such manner will have an easement for ingress, egress and passage through that portion of the general common elements of the building which has been pierced in the process of constructing the means of access. The easement will exist only for so long as the connected units continue to be owned by the same owner. If and when the owner of such connected units sells, transfers or conveys one of the units, prior to the recordation of the deed or instrument of transfer, the means of access will be sealed off, the portion of the general common elements that was so pierced will, at his or her expense, be completely reconstructed to its original as-built condition, and the easement that existed during the period that the units were joined by virtue of such access, will automatically terminate. No bearing walls will be removed or altered and no utility facilities that service any units other than those being combined will be removed, altered, or damaged in the course of such construction. No modifications will be made to a unit or general common elements which affect the structural integrity of the building or impair any other owner's reasonable use of a building, the general common elements, the utilities that may be located therein, or the value of the Condominium. All costs and expenses of such modifications and subsequent restoration of the modifications will be borne by the owner of the units so joined. After approval of the proposed modifications by the board of directors, and prior to commencement of work, the owner will post a bond or bonds in an amount acceptable to the board of directors to protect the Association and

the Condominium against liens and to insure completion of the work, and provide the Association with written notice as to commencement of the work, to enable the Association to file a notice of non-responsibility. In the process of joining units, an owner will have such reasonable access to other units as may be required to accomplish the modifications approved by the board of directors. Such modifications will not, however, change the status of units, which will continue to be treated legally as separate units for all purposes. In the event common ownership of joined units is for any reason terminated, general common elements which have been altered will be restored to their original design and status within 30 days. The heating, plumbing, wiring, cables, conduits, pipes, ducts, flues, chutes, and other utilities or service equipment which is or may be located within dividing walls, and which serves more than one unit, will be owned by all owners as common property in undivided interests, wherever said equipment is located or relocated from time to time. No combined units may be sold or leased unless all of the units so combined are sold or leased to the same person, or the combined units are reconstructed as separate and independent units as shown on the Plat at the sole cost and expense of owner.

1.4 No Subdivision. No owner may subdivide a unit or otherwise transfer ownership or possessory rights to less than all of a unit.

1.5 Restrictions on Alienation. There are no restrictions on alienation of units, but no unit may be conveyed unless after conveyance the unit will continue to have legal access to a public street or highway over the common elements. As more particularly described in Section 10.9, Declarant has reserved the right to repurchase a unit if the first owner of a unit desires to sell the unit to anyone else.

ARTICLE 2 COMMON ELEMENTS.

2.1 General Common Elements. The general common elements consist of all portions of the Condominium that are not part of a unit or a limited common element, including but not limited to (a) the land together with any rights, appurtenances, and entitlements, (b) the foundations, floors, columns, girders, beams, supports, dividing walls, and roofs, of the buildings, (c) the landscaped areas, asphalted areas, additional parking spaces that are not limited common elements, two retaining walls, exterior lighting, dry wells and settling ponds, bollards, gates, fences, and access security devices, (d) the equipment and lines (including pumps, motors, fans, compressors, conduits, ducts, pipes, plumbing, and wiring) to deliver "utilities" (electricity, gas, water, telephone, sewage disposal, drainage, or other similar) services to or from the general common elements or the units, except the outlets thereof located within a unit and utilities installations and facilities that service only one unit, and (e) all other elements of a building and the Condominium necessary or convenient to their existence, maintenance, and safety, or normally in common use. Each owner may use the general common elements in accordance with the purposes for which they are intended subject to rules and regulations adopted by the board of directors (the "Rules"), without hindering the exercise of or encroaching upon the rights of any other owners.

2.2 Unit Interest in General Common Elements. Each unit has an undivided interest in the general common elements that appertains to that unit in accordance with

the percentages specified in the right-hand column of the following table (which are rounded up percentages for each smaller unit from the actual percentage and rounded down for the larger units and whenever "undivided interest" is mentioned elsewhere in this Declarant it refers to the rounded percentages in the right-hand column rather than the actual percentage.):

<u>Unit Number</u>	<u>Actual Percentage</u>	<u>Undivided Interest in Common Elements</u>
1	11.16%	10%
2	11.26%	10%
3	11.16%	10%
7	4.68%	5%
8	4.79%	5%
9	4.77%	5%
10	4.68%	5%
11	4.68%	5%
12	4.76%	5%
13	4.78%	5%
14	4.68%	5%
15	4.73%	5%
16	4.79%	5%
17	4.79%	5%
18	4.78%	5%
19	4.79%	5%
20	4.72%	5%
Total	100%	100%

2.3 Appurtenance. Each unit's undivided interest in the common elements is appurtenant to that unit and will be conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. The common elements must remain undivided and no unit owner may bring an action for partition or division of any part except as provided in the Act. The undivided interest in general common elements appurtenant to each unit cannot be altered without the consent of all the owners affected, which must be expressed in an amended Declaration.

2.4 Limited Common Elements—Parking. Each unit has an outside parking space that appertains to that unit as a limited common element. Each such parking space is designated on the Plat as "PS" (for parking space) with the unit number to which that space appertains. Each such parking space is hereby set aside for the exclusive use of the owner of the unit to which it appertains. Parking spaces may be used for parking of vehicles only for short periods of time and not for overnight or long-term parking or storage of boats, trailers, or vehicles of any description or storage of any other materials. The board of directors will have the right to temporarily relocate parking spaces in winter months to facilitate snow removal.

The parking spaces appertain as follows:

<u>Unit Number</u>	<u>Parking Space</u>
1	PS-1
2	PS-2
3	PS-3
7	PS-7
8	PS-8
9	PS-9
10	PS-10
11	PS-11
12	PS-12
13	PS-13
14	PS-14
15	PS-15
16	PS-16
17	PS-17
18	PS-18
19	PS-19
20	PS-20

2.5 Limited Common Elements—Storage Areas. There are two storage areas that are limited common elements, which appertain to Units 1 and 3. One such storage area, which is designated S-1 on the Plat, is 1,579 square feet in size and is north of Unit 7. The other storage area, which is designated S-2 on the Plat, is 3,179 square feet in size and is behind Units 15, 16, and 17. These outside storage areas may be used for storage, rented or leased to other owners for storage, but may not be leased or rented to or used by any person who is not an owner of a unit in the Condominium.

2.6 Limited Rights to Transfer Assigned Parking Space. Notwithstanding the foregoing, an owner may lease or rent the parking space that is such owner's limited common element to another owner (and only to another owner) as long as the lessor/landlord is the owner of the unit to which the limited common element is attached and the lessee/tenant is an owner. The exclusive use of such parking space will automatically revert to the unit to which it is appurtenant upon conveyance of that unit or the lessee/tenant's loss of status as an owner.

2.7 Unassigned Parking. In addition to the parking spaces designated as limited common elements, there are or may be additional unassigned parking spaces as part of the general common elements. Until and unless assigned by the Association, unassigned parking spaces may be used by all owners, their tenants and guests, pursuant to the Rules. Disabled parking spaces may be used only by persons holding a disabled parking permit issued by the Department of Motor Vehicles. These parking spaces also may be used for parking of vehicles only for short periods of time and not for overnight or long-term parking or storage of boats, trailers, or vehicles of any description or storage of any other materials.

2.8 Easements for Access and Support. The owner of each unit is granted a non-exclusive, perpetual easement over the common elements which is appurtenant to such owner's unit for (1) access to that unit from the public street and (2) structural support of the unit.

2.9 Rights of Entry and Use. The units and common elements will be subject to the following :

A. The nonexclusive easement granted to each owner for access to such owner's unit and for support.

B. The right of the Association's agents or employees to enter any unit to cure any violation of this Declaration or the Bylaws, provided that the owner has received notice and a hearing as required by the Bylaws (except in the case of an emergency) and the owner has failed to cure the violation or take steps necessary to cure the violation within 30 days after the finding of a violation by the Association.

C. The right of the Association to enter a unit or limited common element for maintenance, repair, or replacement of any general common element.

D. The right of the Association to install, maintain, repair or replace utilities lines and equipment in common areas and limited common areas.

E. The right of each owner to enter into an adjacent unit for maintenance and repair of any wall that separates the owner's unit from the adjacent unit or any utilities lines or equipment serving both units.

2.10 Natural Access Restrictions. The Association will not be responsible for access interruptions caused by snow, rain, or other natural phenomena. The Association will, however, use its best efforts to provide year around access to the units.

2.11 Leases, etc.. The Association will have the authority to grant leases, easements, rights of way, licenses and other similar interests affecting the general and limited common elements of the Condominium and to consent to vacation of roadways within and adjacent to the Condominium subject to the affirmative vote of a Supermajority (as defined below) at duly called meeting of the Association or without a meeting by the unanimous written consent of all unit owners.

ARTICLE 3

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

3.1 Management. The administration, management, and operation of the Condominium, including the common elements and those portions of the units for which responsibility is given to the Association under this Declaration, is vested in the Association in accordance with this Declaration, the Act, and the bylaws attached to this Declaration as Exhibit A (the "Bylaws") and the Rules.

3.2 Membership. Each owner automatically will be a member of the Association for as long as such person is an owner. Membership will be held in accordance with the Articles and the Bylaws.

3.3 Transfer; Co-owners. Membership in the Association will not be transferred, pledged, or alienated in any way except through the sale or foreclosure of the unit to which it is appurtenant, and then only to the purchaser. On any transfer of a unit, including a transfer on the death of an owner, membership passes automatically to the transferee. A mortgagee does not have membership rights unless it becomes the purchaser at a foreclosure sale. Any attempt to make a prohibited transfer is void. No member may resign his or her membership. On notice of a transfer of membership, the Association will record the transfer on its books. When more than one person is an owner, all such persons will be co-members, but all will be entitled only to the voting rights appertaining to that unit.

3.4 Voting Rights. Each unit will have the voting rights assigned in this section. Each unit will have the following number of votes:

<u>Unit Number</u>	<u>Number of Votes</u>
1	10
2	10
3	10
7	5
8	5
9	5
10	5
11	5
12	5
13	5
14	5
15	5
16	5
17	5
18	5
19	5
20	<u>5</u>
Total	100

The word "Majority" means owners having at least 55 votes. "Supermajority" means owners having at least 75 votes.

ARTICLE 4
RIGHTS AND DUTIES OF THE ASSOCIATION

4.1 Rights. In addition to the rights and powers enumerated in the Bylaws and without limiting the generality thereof, the Association will have the following rights and powers:

A. Adoption of Rules. To adopt the Rules, which must be consistent with this Declaration, that will govern the use of the general common elements and all facilities thereon and the conduct of owners and their tenants and guests with respect to the Condominium and other owners.

B. Delegation. To delegate its rights and powers to committees, officers or employees of the Association, or to a manager employed by the Association, provided that the board of directors is prohibited from delegating its responsibility:

(1) to make expenditures for capital additions or improvements chargeable against the reserve funds;

(2) to conduct hearings concerning compliance by an owner or its tenant, lessee, guest or invitee with the Declaration, Bylaws or Rules;

(3) to make a decision to levy monetary fines, impose cost reimbursement assessments against individual units, temporarily suspend an owner's voting rights as a member of the Association or otherwise impose discipline;

(4) to make a decision to levy annual or special assessments; or

(5) to make a decision to bring suit, record a claim of lien or institute foreclosure proceedings for default in payment of assessments.

C. Manager. To engage a manager to assist the board of directors in the operation of the Condominium for a period of no less than two (2) years from the date of recordation of this Declaration. Thereafter, the Association may employ a manager to perform all or any part of the duties and responsibilities of the Association except as restricted above.

D. Contracts. To enter into contracts with third parties to perform its duties, including contracts to obtain utilities services and trash removal.

E. Entry into Units. To enter into any unit at reasonable hours for maintenance and repair of common elements. Before entering a unit, the Association will give reasonable notice to the owner (not less than 24 hours except in emergencies) of the intent to enter. Such entry will be made with as little inconvenience to the owner as practicable and any damage caused thereby will be repaired by the Association at its expense.

F. Assessments and Discipline. To levy and collect assessments, impose fines and penalties, suspend voting rights, and take other disciplinary action against any owner for failure to pay assessments or for violation of any provision of this Declaration, the Bylaws, or

the Rules. A unit owner must be given notice and the opportunity for a hearing before imposing any fine or disciplinary action.

G. Enforcement. To enforce this Declaration, the Bylaws, and the Rules.

H. Acquisition and Disposition of Property. To acquire by gift, purchase or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the Association, specifically including the grant of an emergency access easement over a 30-foot strip across the general common elements from the south edge of the Property to Enterprise Drive if approved by the Majority.

I. Dedication. To dedicate all or any part of the general common elements to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by a Supermajority.

J. Loans. To borrow money and, if approved by a Supermajority, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

K. Security. If desired by the Majority, to obtain security services for the general common elements. Each owner will be responsible for the security and safety of persons who occupy or use the unit owned by that owner. The Association will not be subject to any claims or liability in connection with the provision of any security service or security system, or the failure to provide any security service or security system, within any portion of the Condominium.

L. Litigation. To file an action or demand for arbitration, and incur attorney fees and costs, or enter into a contingent fee contract with an attorney. Any action or arbitration other than to enforce an assessment lien or to collect assessments from an owner will be undertaken only with the consent of a Supermajority.

4.2 Duties. In addition to the duties enumerated in its Bylaws and without limiting the generality thereof, the Association will have the following duties:

A. Reserve Study and Maintenance Plan. To adopt and annually modify, as necessary, a reserve study and maintenance plan to provide the guidelines for maintenance of the common elements and replacement of common area elements, such as roofs, when and as they reach the end of their useful life. The initial reserve study and maintenance plan may be obtained from Declarant upon request. The Declarant will provide the reserve study and maintenance plan to the Association at the turnover meeting. The Association will review the reserve study and maintenance plan and adopt them with such modifications as the Association's board of directors believe are necessary or appropriate.

B. Maintenance and Replacements. To inspect, maintain, repair, operate, and manage all of the general common elements, including the electronic gate, regular landscaping services and snow removal from the asphalted common areas, in accordance with the maintenance plan and replace worn-out common area elements. The Association will not be

required to repair routine cracks in concrete foundations. The Association will provide for the cleaning of the exterior of the windows of the units no less often than once during each calendar year. Each owner will be solely responsible for repair or replacement of any damage or destruction arising out of or caused by the willful or negligent act or omission of an owner, or its guests, tenants or invitees. If the responsible owner fails to take the necessary steps to make the repairs within a reasonable time under the circumstances, the Association will make the repairs and charge the cost thereof to the responsible owner as a cost reimbursement assessment, which cost will bear interest at the statutory rate of nine percent per annum until paid in full. If an owner disputes its responsibility for the repairs, the owner will be entitled to notice and a hearing as provided in the Bylaws before any charge may be imposed.

C. Pay Common Expenses. To pay all common expenses incurred by the Association including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association. Each owner will pay any real or personal property taxes levied or imposed against his unit or the contents.

D. Insurance. To maintain the insurance required by this Declaration.

E. Discharge of Liens. To discharge any lien against the general common elements, and charge the cost thereof to the member or members responsible for the existence of the lien after notice and a hearing, as provided in the Bylaws.

F. Assessments. To make and collect assessments as set forth in this Declaration.

ARTICLE 5 ASSESSMENTS

5.1 Liability for Common Expenses. Each unit will share in the liability for common expenses in the same percentage as that unit's undivided interest in the common elements.

5.2 Creation of the Lien and Personal Obligation of Assessments. As more specifically provided in and limited by ORS 100.450, the Association will have a lien upon an individual unit whenever the Association levies any assessment or fine against a unit. The recording of this Declaration constitutes record notice and perfection of such lien for assessments and fines. Declarant and each subsequent unit owner covenants and agrees: (1) to pay all regular assessments and special assessments to the Association when due, and (2) to allow the Association to enforce any assessment lien established hereunder by non-judicial proceedings under a power of sale or by any other means authorized by law. Each assessment, together with interest, late charges, collection costs, and reasonable attorney fees, also is the personal obligation of the person who was the owner of such unit at the time when the assessment fell due. The personal obligation for delinquent assessments will not pass to an owner's successors unless expressly assumed by them. No owner will be exempt from liability for payment of assessments by waiver of the use or enjoyment of any of the common elements or by the abandonment of the owner's unit. Declarant will pay the assessments on a unit until it is sold by Declarant to a third party.

5.3 Assessments.

A. Regular Assessments. The board of directors will annually establish and levy regular assessments in an amount that the board of directors estimates will be sufficient to raise the funds needed to adequately cover the common expenses, including payment of any so-called "master" assessments or fees to which any property in Sunriver is subject. The annual regular assessments will be payable monthly unless the board of directors determines otherwise. The annual regular assessment will include a portion for reserves based on the reserve study as adjusted. Unless the board of directors determines otherwise, regular assessments will be payable in equal 1/12th monthly increments, due and payable on the first day of each month.

B. Special Assessments. The board of directors, at any time, may levy a special assessment in order to raise funds for unexpected common expenses, insufficient operating or reserve funds, or such other purposes as the board of directors in its discretion considers appropriate. Special assessments will be allocated among the units in the same manner as regular assessments. Special assessments will be due and payable within 30 days after notice to the owners from the Association.

C. Special Cost Reimbursement Assessments. The board of directors may levy a special cost reimbursement assessment in order to reimburse the Association for the actual costs or portion of the actual costs of providing specific services to one or more units in the Condominium. Cost reimbursement assessments for services will be calculated by the board of directors in such manner as the board of directors determines to be reasonable. The board of directors may levy a cost reimbursement assessment against an owner to reimburse the Association for costs incurred in bringing the unit into compliance with the provisions of the this Declaration, the Act, the Articles, the Bylaws, and the Rules. Cost reimbursement assessments will be levied at such intervals as determined by the board of directors, and will be due and payable within 30 days after notice to the owners from the Association.

5.4 Restrictions on Increases in Regular Assessments. The board of directors may not impose an annual regular assessment on any unit which is more than 20 percent greater than the annual regular assessment for the immediate preceding fiscal year, without the affirmative vote of a Majority.

5.5 Reserves for Replacements. As part of the regular assessments, the board of directors will annually fix the amount to be contributed to the reserve fund for the purpose of defraying, in whole or in part, the cost or estimated cost of any future reconstruction, repair or replacement of improvements that the Association is obligated to maintain and repair, including fixtures and personal property related thereto. Such determination will be made after consideration of the reserve plan and any annual adjustment of such plan. Reserve funds may not be expended for any purpose other than repairing, replacing or adding to the major improvements or fixtures that the Association is obligated to maintain without the consent of owners holding a majority of the voting power either at a duly held meeting or by written ballot. Reserve funds will be deposited in a separate bank account and the signatures of at least two persons who will either be members of the board of directors or one officer who is not a member of the board of directors and a member of the board of directors will be required to withdraw monies from the reserve account.

5.6 Postponing Annual Assessment. Regular assessments will commence as to all units in the Condominium 30 days after written notice from the Association that assessments are to commence. Declarant, however, will have the right to postpone commencement of assessments or portions thereof for up to 12 months from the date that this Declaration is recorded, but only for common expense items in the Condominium budget that are either provided, performed or maintained by Declarant or its contractors during such assessment postponement period or if those common expense items are not incurred or payable during such assessment postponement period. During any such assessment postponement period, the owners will be obligated to pay the portion of assessments that relate to costs, services or utilities that are provided by the Association specifically for the use and benefit of a particular owner.

5.7 Certificate of Payment. The Association will, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified unit have been paid. Such a certificate will be conclusive evidence of the amount paid or unpaid.

5.8 Effect of Nonpayment of Assessments. Any assessment not paid within 15 days after the due date will bear interest at the statutory rate of nine percent per annum commencing 30 days after the due date until paid, and will incur a late payment penalty in the amount of 10% of the delinquent assessment or \$10, whichever is greater.

5.9 Transfer of Unit by Sale or Foreclosure. The lien of a first mortgage on a unit will have priority over the Association's lien for assessments on that unit and the Association's accrued assessments against a unit will be discharged by the foreclosure of such mortgage. Such foreclosure, however, will not discharge the liability of the prior owner for payment of such assessments and no sale or transfer, including a foreclosure, will relieve such unit from liability for any assessments thereafter becoming due or from the assessment lien thereof.

5.10 Remedies. If an owner fails to pay an assessment when due, the Association has the right to bring legal action against the owner to enforce collection of the unpaid and past due assessment, to foreclose its lien on the unit, or both. The Association may recover a money judgment for unpaid assessments and attorney fees without foreclosing or waiving the lien securing the same.

A. Statement of Charges. Before foreclosing its lien or bringing an action against the owner, the Association must record a notice of claim of lien containing the information required by ORS 100.450(2).

B. Right to Request Meeting. An owner may dispute the lien claims by submitting to the board of directors a written explanation of the reasons for his or her dispute. The board of directors will respond in writing to the owner within 15 days. The owner also may submit a written request to pay the debt in installments, but the board is not obligated to agree to any such payment.

C. Association Rights on Foreclosure. The Association, acting on behalf of the owners, will have the power to bid for the unit at foreclosure sale, and to acquire and hold,

lease, mortgage and convey the unit. During the period a unit is owned by the Association following foreclosure: (1) no right to vote will be exercised on behalf of the unit; (2) no assessment will be assessed or levied on the unit; and (3) each other unit will be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged to such condominium had it not been acquired by the Association as a result of foreclosure. After acquiring title to the unit at foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the unit which deed will be binding upon the owners, successors, and all other parties.

D. Suspension of Voting Rights. The board of directors may temporarily suspend the voting rights of an owner who is in default in payment of any assessment or who has violated any provision of this Declaration, the Bylaws, or the Rules, after notice and hearing, as provided in the Bylaws. If any owner's voting rights are suspended, the definitions of "Majority" and "Supermajority" are reduced by the number of suspended voting rights during the period when such rights are suspended.

E. Fines and Penalties. The board of directors may impose fines and penalties as a disciplinary measure for failure of an owner to comply with this Declaration, the Bylaws, or the Rules. Any such fines or penalties are enforceable as assessments.

5.11 Unallocated Taxes. In the event that any taxes are assessed against the general common elements or the personal property of the Association, rather than against the units, the taxes will be included in the regular assessments and, if necessary, as a special assessment.

5.12 No Offsets. All assessments will be payable in the amount specified by the assessment and no offsets against such amount will be permitted for any reason, including without limitation, as a result of a claim that the Association is not properly exercising its duties and powers as provided in this Declaration.

ARTICLE 6 UTILITIES

6.1 Easements for Utilities and Maintenance. The Association will have a perpetual, non-exclusive easement over the general common elements, the limited common elements, and each unit for installation, maintenance, repair and replacement of utilities services lines and equipment serving the general common elements and serving units.

6.2 Association's Duties. The Association will provide lighting for the general common elements, water to the general common elements and to the units, and trash removal. The Association will maintain all facilities that are located outside of a unit and that provide utilities services unless they are maintained by the service provider. The cost of utilities services provided to the general common elements, water to the units, and trash removal are common expenses.

6.3 Metering. Each unit will have a separate meter for its electricity and gas servicing the unit, and the owner will be responsible for the cost of such service. The board of directors may make a cost reimbursement assessment to the units enjoying utilities services that

are billed to the Association other than water. The Association may install or have installed separate meters or submeters to measure the usage of utilities service, and charge the cost to the unit being metered through a cost reimbursement assessment

6.4 Owners' Rights and Duties. Whenever utilities lines or equipment are installed in another unit, the limited common elements appurtenant to another unit, or the general common elements, an owner will have a right of reasonable access to such line or equipment for the purpose of connecting thereto according to the rules of the company providing such service. Any disputes between owners regarding access or costs will be resolved by the board of directors.

ARTICLE 7 INSURANCE

7.1 Insurance. The Association will carry the following policies of insurance:

A. Casualty Insurance. Fire insurance, with extended coverage endorsement and such other endorsements as are customarily issued for commercial condominiums (aka "casualty insurance"), insuring the buildings and the other improvements and equipment included in the general common elements against loss or damage in a coverage amount equal to the full replacement value thereof. Such policy will be issued by an insurance carrier rated by Best's Key Rating Guide as "A" and "Class VI", or better, or an equivalent thereof, and licensed to provide such insurance in the State of Oregon and will contain such deductibles and other terms as are reasonably acceptable to the board of directors. The master policy will be issued in the name of the Association for the use and benefit of the owners and all first mortgage lenders as additional insured parties. All insurance will contain waiver of subrogation as to the Association, officers, directors, and members, and if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured.

B. Public Liability Insurance. Commercial general liability insurance insuring the Association for liability for occurrences within the general common elements, in an amount not less than \$2,000,000 per occurrence. In addition the Association will obtain and continue in effect additional umbrella coverage of \$2,000,000 or may carry one policy with a coverage limit of \$4,000,000 per occurrence. Such insurance will include a "severability of interests" endorsement, which will preclude insurance carriers from denying claims of an owner because of the negligent acts of other owners or the Association.

C. Fidelity Bond or Insurance. A fidelity bond or policy of insurance in the name of the Association as named beneficiary or insured, against dishonest acts covering officers, directors, agents and employees entrusted with, or permitted to, handle funds belonging to or to be administered by the Association, in an amount to be determined by the board of directors, but in no event less than a sum equal to one year's aggregate assessments on all units, plus reserve funds. An appropriate endorsement will be added to such policy if necessary to cover persons who serve without compensation, if the bond or policy does not otherwise cover the acts of volunteers.

D. Officer and Director Liability Insurance. Officer and directors' liability insurance will be carried by the Association to cover persons serving in such capacities (and to cover committee members, if such coverage is available at reasonable cost) minimum limit of \$1,000,000 per claim.

E. Worker Compensation Insurance. Such policies of worker compensation insurance as may be required from time to time under state law. The Association will obtain a certificate of insurance naming it as an additional insured in regard to worker compensation claims from any independent contractor who performs any service for the Association, if the receipt of such a certificate is practicable prior to commencement of work.

F. Association Insurance as Common Expense. Premiums for insurance obtained by the Association are a common expense. Each buyer of a unit from Declarant will pay the portion of the premiums attributable to the unit being purchased prorated to the date of close of escrow for the policy or policies purchased by Declarant for the Association.

G. Review of Insurance Policies. All insurance policies maintained by the Association will be reviewed at least annually by the board of directors, in order to ascertain whether the coverage contained in the policies is sufficient.

H. Individual Policies of Insurance.

(1) Each unit owner must have his own policy of casualty insurance insuring against damage or loss to (a) improvements made within the unit, (b) personal property within the unit; and (c) all interior and exterior doors, windows and the heating, air conditioning, and ventilating systems installed by the owner to service his unit. Notwithstanding the foregoing, no owner will separately insure its unit against loss by casualty covered by any insurance carried by the Association. If any owner violates this provision, any diminution in insurance proceeds otherwise payable under the Association's policies that results from the existence of such other insurance will be chargeable to the owner who acquired other insurance, and such owner will be liable to the Association to the extent of any such diminution. All such insurance that is individually carried must contain a waiver of subrogation rights by the insurer as to other owners, the Association, and first mortgage lenders.

(2) Each unit owner also must have his own policy of commercial general liability insurance insuring against personal injury and property damage in an amount of not less than \$1,000,000 per occurrence. The board of directors can increase this minimum amount of liability insurance required of unit owners if necessary to provide for adequate insurance coverage based upon the standards used in the community for such insurance at the time.

(3) Each owner will provide proof of required insurance coverage promptly upon the request of the Association.

(4) Before doing any work on a unit, the owner will obtain from the contractor and deliver to the Association certificates of liability and worker's compensation insurance insuring the contractor engaged to do such work and naming the Association as an additional insured.

ARTICLE 8 USE AND OPERATING RESTRICTIONS

The use of all units and common areas are subject to the following:

8.1 Access. Each owner will provide an emergency access key to the front door of the unit, which emergency access key will be kept in a Knox box on the site controlled by the local fire department.

8.2 Nuisances. No owner will engage in or permit any noxious, illegal, or seriously offensive activities will be carried on in or around his unit, disturb the quiet enjoyment of other units or common elements by other owners, or do any thing else that will in any way increase the rate of insurance for the Association, cause any insurance policy to be cancelled or cause a refusal to renew the same, or that will impair the structural integrity of any building, or that will endanger the lives or health of occupants.

8.3 Hazardous Materials. An owner may not use, store, release, or clean up hazardous or toxic materials (including petroleum and natural gas products, chlorinated biphenyls, asbestos-containing materials) except in full compliance with all applicable local, state and federal "laws" (statutes, ordinances, regulations, rules, and orders). Each owner will indemnify and defend the Association, Declarant, and all other owners from and against any loss, liability, damage, or expense, including penalties, fines, and attorney fees, arising from or related to his storage, use, or release of hazardous materials within such owner's unit or from his unit onto the general common elements. Each owner covenants to clean up his own releases of hazardous materials at his sole cost and expense. Each owner will give to the Association written notice of any release of hazardous materials within his unit or from his unit onto the common elements. Before cleaning up common elements, an owner must have his plan approved by the board of directors; provided, however, that an owner may respond immediately to an emergency without approval by the board of directors.

No owner will dispose of any hazardous or toxic materials into the dumpsters, dry wells or pond that are parts of the common elements. The washing of motor vehicles, motor homes, trailers, off-road vehicles, and equipment of any kind is strictly prohibited in any unit and in any part of the common elements. Any owner violating these restrictions may be fined by the board of directors and required to pay the cost of cleaning up the dry wells or pond contaminated by such disposal as well as any fines or other costs imposed by the Department of Environmental Quality.

Among its other responsibilities, the Association will administer a storm water management plan to minimize the negative impact of stormwater run-off from the Property.

8.4 Owner's Right and Obligation to Maintain and Repair.

A. Each owner will have the right to finish his unit by painting, sheet-rocking, plastering, paneling, tiling, waxing, papering or otherwise finishing the inner surfaces of the walls, ceilings, floors, and doors of his unit. Each owner also will install and maintain the heating, air conditioning and ventilating systems that service the unit. The owner will have the right of limited access to the roof for installation, maintenance, repair or replacement of such

equipment, but the owner will be responsible for any resulting harm or damage that occurs to the roof or the building.

B. Each owner will maintain and repair his unit, including entry door, window and roll-up door, so that the unit and all parts thereof are in good condition and repair at all time. An owner will repair or replace damaged doors and windows as soon as practicable but in no event later than 30 days after being damaged.

C. All drapes, curtains, shutters, blinds or other window coverings that are visible from the street or general common elements will be white, off-white, or in colors which are approved by the board of directors.

D. The owner will not penetrate any of the perimeter walls of any unit, including walls that divide units without the prior written consent of the board of directors and the adjacent unit owner. All data processing, sound, computer, graphic arts and printing facilities, business machines and equipment, kitchen equipment and all other mechanical equipment installed in any unit will be designed, installed, maintained and used by the owner as to reduce insofar as possible the transmission level of noise, vibration, odors and other objectionable transmissions from such unit to any other portion of the Condominium.

E. Use of electricity in each unit will not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the unit.

F. No machinery, apparatus, appliance, equipment or other items or materials will be located in any unit or in the general common elements which will in any manner structurally overload a building, or in any manner vibrate, shake or otherwise damage any portion of any building.

G. Each interior dividing wall constructed or installed upon the boundary line dividing two units, each of which is designated on the Plat as separate units, will constitute a "party wall" and to the extent not inconsistent with this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions will apply to such dividing walls. In the event of any dispute arising concerning a dividing wall, or under the provisions of this section, such dispute will be submitted in writing to the board of directors for its review, and the written decision of the board of directors will be final and binding on the parties.

8.5 Vehicle Restrictions. The Association may designate specific areas for loading and unloading trucks. No vehicles that are excessively noisy, or exhaust polluting, as determined by the board of directors, will be operated in any unit or on the common elements. No part of the common elements will be used for repair, construction or reconstruction of any vehicle, boat, or trailer except in an emergency.

8.6 Towing. The Association may install a sign at each vehicular entrance to the Condominium containing a statement that public parking and overnight parking is prohibited and that all vehicles not authorized to park on the Condominium or parked overnight will be removed at the owner's expense. The Association may cause the removal of any vehicle wrongfully parked on the Condominium, including a vehicle owned by an owner.

8.7 Signs. No signs, flags, or pennants will be displayed on the outside wall, door, roof, or window of any unit.

8.8 Animals. No animals of any kind will be kept, raised, or bred in any unit or on any part of the common elements. Cats and dogs may be kept in a unit during the day as long as the owner also is present, but must be removed at night or if the cat or dog becomes a nuisance to another owner.

8.9 Trash Disposal. Until removal to the dumpsters located within the general common elements, all rubbish, trash, recycling, garbage and other waste ("trash") will be stored within the individual units in a sanitary and neat manner. Trash will be regularly removed from the unit to the dumpsters located in the general common elements, and will not be allowed to unreasonably accumulate within the unit. All equipment for the storage or disposal of such trash will be kept in a clean and sanitary condition. No equipment, garbage cans, or storage piles will be kept on the outside of any unit. If, in the judgment of the board of directors, any unit owner or other occupant of a unit is excessively using the trash and garbage facilities, the board of directors may levy a cost reimbursement assessment upon the unit involved for the costs of such excess use. Each owner will be responsible for the storage and disposal of his hazardous materials in accordance with all applicable laws and this Declaration.

8.10 Radio and Television Antennas. No owner will install an external radio and/or television antenna or satellite dish without the written consent of the board of directors, which may be withheld in the sole discretion of the board of directors.

8.11 Roof. Access to roofs will be restricted to persons authorized by the board of directors.

8.12 Exteriors. No changes to the exterior of any building or any other improvement will be done by any owner without the prior written approval of the board of directors.

8.13 Owner Leases.

A. If an owner leases his unit, the lease must be in writing, must be for the entire unit, must be for a term of at least 30 days, and must include a clause requiring the tenant to comply with this Declaration, the Bylaws, the Rules, and any directions from the board of directors.

B. The owner who leases his unit must promptly notify the secretary of the Association in writing of the names of the tenant occupying such unit and must provide the Association with a complete copy of the lease, and the address and telephone number where such owner can be reached.

C. The owner will be responsible for ensuring that the tenant complies with this Declaration, the Bylaws, and the Rules. The Association may commence legal action against the tenant in the owner's name to terminate the lease if the tenant is violating this Declaration, the Bylaws, or the Rules or may commence a legal action against the owner to force the owner to enforce the tenant's compliance with violating this Declaration, the Bylaws, and the

Rules. In either case, the Association will be entitled to recover its attorney fees and costs from the owner and the Association's lien rights against the unit will include the fees and costs incurred by the Association in such legal actions.

D. The owner will remain primarily liable to the Association for all assessments, fees, and fines imposed on the unit or the owner.

8.14 Liability for Damage. Each owner will indemnify and defend the Association and all other owners against any harm or damage caused by that owner or his tenants, guests, or invitees to the general common elements.

ARTICLE 9 DAMAGE OR DESTRUCTION; CONDEMNATION.

9.1 Damage. If any building or other improvement constituting a common element is damaged or destroyed by fire or other insured casualty, then the part of the building or improvement that constitutes a common element will be repaired or replaced. If available insurance proceeds are not sufficient to pay for the cost of such repairs to that part of the building that is a common element, then a special assessment will be made against all owners to pay any the difference.

9.2 Plans. All repairs and replacements will be done substantially in accordance with the original as-built plans and specifications, modified as may be required by any then applicable building codes and regulations.

9.3 Reconstruction Management. The board of directors may hire a construction manager to act as its representative in supervising the repair or replacement work of the contractors.

9.4 Condemnation. The Association will represent the owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the general common elements or any part thereof. In the event of a taking or acquisition of part or all of the general common elements by a condemning authority, the award or proceeds of settlement will be payable to the Association for the use and benefit of the owners and their mortgagees as their interests may appear. In the event of an award for the condemnation of a unit, the owner will be entitled to receive the award for such taking and after acceptance thereof it and its mortgagee will be divested of all interest in the Condominium. The remaining owners will decide by majority vote whether to rebuild or repair the Condominium, or take other action. The remaining portion of the Condominium will be resurveyed, if necessary, and the Declaration will be amended to reflect such taking and to readjust proportionately the percentages of undivided interest of the remaining owners in the Condominium. In the event of condemnation of any part of the general common elements, the Association will participate in the negotiations, and will propose the method of division of the proceeds of condemnation, where units are not valued separately by the condemning authority or by the court. Proceeds of condemnation will be distributed among owners and their respective mortgagees according to their respective percentage interests in the common elements.

If there is a substantial taking of the Property (units owned by a Supermajority or more than 50% of the general common elements), a Supermajority may terminate the legal status of the Condominium and, if necessary, bring a partition action under ORS 105.205 *et seq.*, or any successor statute. The proceeds from the partition sale will be distributed to the owners and their respective mortgagees according to their respective percentage interests in the common elements.

ARTICLE 10 GENERAL PROVISIONS

10.1 Enforcement. The Association, or any owner, will have the right to enforce by any proceeding at law or in equity this Declaration and the Bylaws, and in such action will be entitled to recover reasonable attorney fees. Failure by the Association or by any owner to enforce this Declaration, the Bylaws or the Rules will not be deemed a waiver of the right to do so thereafter.

10.2 Invalidity of Any Provision. If any clause in this Declaration is declared invalid or in conflict with Oregon law, the rest will remain unaffected and in full force and effect.

10.3 Consent to Jurisdiction and Venue. Each owner consents to the jurisdiction of the circuit of the state of Oregon and to venue in Deschutes County for any civil action relating to and rights or duties under this Declaration.

10.4 Encroachment Rights. If any portion of the general common elements encroaches on any unit or any part thereof or any portion of a unit encroaches on any general common elements due to engineering errors, errors or adjustments in original construction, reconstruction, repair, settlement, shifting, or movement of a building, or any other cause, the owner of the encroachment will have the right to maintain, repair or replace the encroachment, as long as it exists, and the rights and obligations of owners will not be altered in any way by said encroachment, settlement or shifting; provided, however, that no right will be created in favor of an owner or owners if said encroachment occurred due to the intentional conduct of said owner or owners other than adjustments by Declarant in the original construction. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the owners agree that minor encroachments over adjoining units or general common elements will be permitted and that there will be appropriate rights for the maintenance of said encroachments so long as they will exist. In the event that an error in engineering, design or construction results in an encroachment of a building into the general common elements, or into or onto an adjoining lot, or into a required setback area, a correcting modification may be made in the Plat. Said modification will be in the form of a certificate of correction and will be executed by Declarant (so long as Declarant is the sole owner of the property) and by Declarant's engineer. The board of directors may authorize the execution of the certificate of correction.

10.5 Rights of First Lenders. No breach of this Declaration, the Bylaws, or the Rules by any owner will render invalid the lien of any first mortgage on that unit. Notwithstanding any provision in the Condominium documents to the contrary, first mortgage lenders will have the following rights:

A. Copies of Condominium Documents. To request and receive current copies of this Declaration, the Bylaws, the Articles, and the Rules and the books, records, and audited financial statements of the Association. The board of directors may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

B. Notice of Action. To request and receive written notice of: (1) any damage, destruction, or condemnation which affects a material portion of the Condominium or any unit on which there is a first mortgage held, insured, or guaranteed by such first lender, as applicable; (2) any default in performance of obligations under the Condominium documents or delinquency in the payment of assessments or charges owed by an owner of a unit subject to a first mortgage held, insured or guaranteed by such first lender, which remains uncured for a period of 60 days; and (3) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. The Association will discharge its obligation to notify first lenders by sending written notices required herein to such parties, at the address given on the current request for notice

10.6 Consent to Action. Except as provided by statute or by other provision of the Condominium documents in case of substantial destruction or condemnation of the Condominium, the consent of a Supermajority will be required to:

A. Terminate the legal status of the Condominium as a condominium.

B. Change the percentage interest or obligations of any individual unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each unit in the general common elements;

C. Partition or subdivide any Condominium;

D. Abandon, partition, subdivide, encumber, sell or transfer the general common elements;

E. Use casualty insurance proceeds for other than the repair or replacement of the damage or destruction.

10.7 Distribution of Insurance or Condemnation Proceeds. No provision of the Condominium documents gives an owner or any other party priority over any rights of first mortgage lenders pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or taking of units and/or common elements.

10.8 For Sale Signs. Declarant reserves the right to maintain signs on the Property to advertise sale of units until all are sold to the first owner.

10.9 Option to Purchase. Declarant hereby reserves the option to repurchase a unit from the first owner of a unit if the first owner of that unit decides to resell the unit. The first owner desiring to resell a unit will give Declarant written notice of the first owner's intention and will offer the unit to Declarant on specific terms (including price) and conditions.

If Declarant does not accept the offer within 10 days following receipt of the offer, the first owner then will have a period of six months within which to market and sell the unit to a third party on terms and conditions that are no more favorable to the third party than those offered to Declarant.

10.10 Termination of Responsibility of Declarant. In the event Declarant conveys all of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant will be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, will be obligated to perform all such duties and obligations of Declarant.

10.11 Notice. Any notice permitted or required by the Declaration or the Bylaws may be delivered either personally or by mail. If delivery is by mail, it will be deemed to have been delivered three days after a copy of the same has been deposited in the United States mail, first class or registered, postage prepaid, addressed to the person to be notified at the current address given by such person to the secretary of the board of directors or addressed to the Condominium of such person if no address has been given to the secretary.

10.12 Estoppel Certificates. Upon the written request of any owner to the secretary of the Association, the secretary will provide the owner with a written certificate stating to the knowledge of that officer whether the owner is in violation of this Declaration, the Bylaws or the Rules. The certificate will be delivered to the owner no later than 30 days after such request by an owner. The Association may charge the owner a reasonable fee to recover its costs in researching and preparing the certificate. Any prospective purchaser or mortgagee will be entitled to rely on the information contained in the certificate.

10.13 Number; Gender. The singular and plural number and the masculine, feminine and neuter gender will each include the other where the context requires.

10.14 Designated Agent. The designated agent to receive service of process in cases provided in ORS 100.550(1) is named in the Condominium Information Report which will be filed with the Real Estate Agency in accordance with ORS 100.250(1)(a).

10.15 Amendments. This Declaration may be amended in accordance with ORS 100.135 by the affirmative vote at duly called meeting of the Association by a Supermajority. The Bylaws may be amended in accordance with the Bylaws.

Sunriver Business Park, L.L.C.,
An Oregon limited liability company

By: *Jerry Hornbuckle*
Jerry Hornbuckle
Managing Member

State of Oregon)
)
County of Deschutes) ss.

This instrument was acknowledged before me on March 26, 2007, by Jerry Hornbuckle, the managing member of Sunriver Business Park, L.L.C., an Oregon limited liability company.



Laurel Inda
Notary Public for Oregon
My commission expires: 10/7/10

The foregoing Declaration is approved pursuant to ORS 100.110 this 28th day of March, 2007, and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

Oregon Real Estate Commissioner

By: *Laurie Skillman*
Laurie Skillman

Scott Anderson
County Assessor 4-3-2007

Marty Wynn
Tax Collector 4-5-07

EXHIBIT A
BYLAWS OF
COMPOUND CONDOMINIUMS ASSOCIATION

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**Bylaws
of
Compound Condominiums Association**

**ARTICLE 1
NAME AND LOCATION**

1.1 Name and Location. The name of the "Association" is Compound Condominiums Association (the "Association"). The principal office of the Association is located at 56866 Enterprise Drive, Sunriver, OR 97707, or at such other place as may be designated by the board of directors.

1.2 Articles of Incorporation. The Association was incorporated as non-profit, mutual benefit corporation on June 19, 2006, by filing articles of incorporation (the "Articles") with the Office of the Oregon Secretary of State. The Articles were amended to change the name on March 2, 2007.

**ARTICLE 2
GENERAL**

2.1 Statutory Basis. These bylaws (these "Bylaws") are adopted by Sunriver Business Park, L.L.C., an Oregon limited liability company ("Declarant") as the declarant pursuant to ORS 100.410 for the purpose of creating an association of unit owners to administer, manage, and operate the 17-unit condominium named Compound Condominiums (the "Condominium"), which was created by a declaration recorded by Declarant (the "Declaration"). Unless otherwise expressly provided or limited, the Association and its board of directors will have all of the rights, powers, limitations, and duties enumerated by ORS 100.405 and, unless restricted by the Oregon Condominium Act (the "Act"), by the Oregon Non-profit Corporation Act (the "Non-profit Act").

2.2 Membership. Only unit owners in the Condominium can be members or directors of the Association. Each unit owner of the Condominium automatically is a member of the Association. The words "owner" and "unit owner" are synonyms for "member." If a unit is being sold and purchased on contract, the holder of the vendee's interest in the unit is the owner and, therefore, the member. If a unit is owned of record by more than one person, then all such persons constitute but one member and must either (a) give a written proxy to one co-owner or (b) all be present and agree on how to cast their vote.

2.3 Voting Rights. Each member will have the voting rights allocated by the Declaration to that member's unit.

2.4 Rules of Order. As provided by ORS 100.409, meetings of the members and the directors will be conducted in accordance with the latest edition of Robert's Rules of Order. All meetings of the Association and of the board of directors are open to the members.

2.5 Indemnification of Corporate Agents. Subject to the limitations of ORS 65.391, the Association will indemnify and defend any present or former director, officer,

employee or other agent of the Association made a party to a proceeding (that is, any threatened or pending civil, criminal, administrative, or investigatory action or other proceeding, whether formal or informal) because that individual is or was a director against liability incurred in the proceeding if (a) the conduct of the individual was in good faith, (b) the individual reasonably believed that the individual's conduct was in the best interests of the Association or at least not opposed to its best interests, and (c) in the case of any criminal proceeding, the individual had no reason to believe the conduct of the individual was unlawful. The Association must indemnify any such individual who was wholly successful, on the merits or otherwise, in the defense of any such proceeding against the reasonable expenses actually incurred by that individual in connection with the proceeding. The Association may, but is not required to, advance money to an indemnified individual to pay expenses incurred in his/her defense but only if that individual signs a written agreement to repay the amount advanced if it is determined that such individual was not entitled to indemnification under this provision. The Association will carry officers' and directors' liability insurance in the minimum coverage amount of \$1,000,000 per claim as a common expense.

ARTICLE 3 DECLARANT CONTROL; TURNOVER

3.1 Declarant Control. Declarant will control the Association until the earlier of (a) three years from the date the first unit is conveyed to a person other than Jerry Hornbuckle or George Morgan or (b) the date of conveyance of units having 95 votes. During the period of Declarant control, Declarant may appoint and remove officers and directors and exercise powers and responsibilities otherwise assigned by the Declaration, these Bylaws, or the Act to the Association, the officers, or the board of directors without following the formalities prescribed by these Bylaws.

3.2 Voluntary Relinquishment. Declarant may voluntarily relinquish control of the Association at any time on written notice to all unit owners at least 10 but no more than 50 days before the turnover meeting.

3.3 Turnover Meeting. Declarant must call a turnover meeting of the members at least 10 but not more than 50 days of the expiration of the period of Declarant control or of Declarant's voluntary relinquishment of Declarant control. If not so called by Declarant, the turnover meeting may be called and notice given by any unit owner or first mortgagee of a unit. Such notice and meeting will be given and conducted in accordance with ORS 100.210.

3.4 Turnover. At the turnover meeting, Declarant must relinquish control of administration of the Association, the unit owners must elect the initial board of directors to assume control over administration of the Association, and Declarant must deliver to the new board of directors the items specified by ORS 100.210(5) including the recorded Declaration, the articles of incorporation and these Bylaws, the reserve study, the rules and regulations, the required officer and director resignations, a financial statement, Association funds, and copies of all as-built plans and specifications, insurance policies, permits, a list of contractors and subcontractors, a roster of unit owners, and any leases or contracts to which the Association is a party.

ARTICLE 4
MEMBER MEETINGS AND VOTING

4.1 Annual Meeting. The Association must hold at least one meeting of the members each calendar year at 7 p.m. on the first Tuesday of August each year at 56866 Enterprise Drive, Sunriver, OR 97707 to elect a director and to consider any other matter as may come before the meeting. The first annual meeting will be on the first Tuesday of August that next follows the turnover meeting.

4.2 Special Meetings. Special meetings of the members may be called by the chairperson, a majority of the directors, or members holding at least 30 percent of the votes .

4.3 Notice and Place of Meetings. The secretary will hand deliver or mail to the mailing address of each unit or to the mailing address designated in writing by the unit owner, and to all mortgagees that have requested such notice, written notice of each annual and special meeting at least 10 nor more than 50 days before any such meeting. The notice must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a director or officer of the Association.

4.4 Quorum. The presence either in person or by proxy at the beginning of the meeting of members who are entitled to cast 55 votes will constitute a quorum for any meeting of the members. If a quorum is not present, a majority of the members present at the meeting may adjourn the meeting to a date not less than five and no more than 30 days from the original meeting date, at which meeting members who are entitled to cast 30 votes will constitute a quorum for the meeting. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting will be given to members in the manner prescribed for annual meetings.

4.5 Proxy Voting. A member may vote in person or by written proxy or absentee ballot. The proxy must identify the person or persons authorized to exercise the proxy, be dated, and must state any limitations on the discretion of the person holding the proxy. An owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting or to the board of directors if a vote is being conducted by written ballot in lieu of a meeting pursuant to ORS 100.425.

4.6 Use of Written Ballot. Any action that may be taken at any annual, regular, or special meeting of the Association may be taken without a meeting by written ballot setting forth each proposed action in accordance with ORS 100.425.

4.7 Eligibility to Vote. Only members in good standing will be entitled to vote on any issue or matter presented to the members for approval. A member is not in good standing if his voting privileges have been suspended as a result of nonpayment of assessments or any

disciplinary proceeding conducted in accordance with the Declaration or these Bylaws. A member's good standing will be determined as of the meeting date.

4.8 Record Date. The record date for any meeting of members will be the 30th day before the scheduled date of the meeting, but if ownership of a unit is transferred after any notice is given, the secretary will give the same notice to the new owner as soon as practicable after the secretary is informed of the transfer. Any other notice requirements will be deemed satisfied by having given notice to the former owner.

4.9 Voting. Unless a different percentage is specifically required by the Declaration, the affirmative vote of a majority of the votes present at any meeting at which a quorum is present will be the act of the membership.

ARTICLE 5 BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

5.1 General. The activities and affairs of this Association will be managed and governed by a board consisting of three directors elected from among the unit owners. The board of directors may delegate the management activities to any professional manager, management company or a managing agent as long as the board of directors remains responsible for such activities. Each director will discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that he or she believes to be in the best interests of the Association.

5.2 Initial Board of Directors. Until the turnover meeting, the board of directors will be Jerry Hornbuckle and George Morgan.

5.3 Terms. At the turnover meeting, the members will elect three directors for a term that expires at the first annual meeting. At the first annual meeting, the members will elect one director for a one-year term (that is, a term expiring at the next annual meeting), one director for a two-year term, and one director for a three-year term. Thereafter, one director will be elected at each annual meeting for a three-year term. Unless removed or resigned sooner, each director will hold office until the director's term expires and a successor is elected.

5.4 Vacancies. In the event of death or resignation of a director, the vacancy will be filled by the remaining director or directors. The successor will serve for the unexpired term of his predecessor. The members may elect a director at any time to fill any vacancy not filled by the directors. A vacancy created by removal of a director can be filled only by election of the members.

5.5 Removal. All or any one of the directors may be removed with or without cause at a meeting called for that purpose only if the number of votes cast to remove the director or directors would be sufficient to elect the director or directors at a meeting to elect him or her as a director. If all directors are removed, then new directors will be elected for staggered one-year, two-year, and three-year terms.

5.6 Compensation. No director will receive compensation for any service rendered to the Association. However, any director may be reimbursed for his actual expenses, if reasonable, that are incurred in the performance of his duties.

ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination. Each year at least 90 days before the annual meeting, the board of directors will ask the members to apply for board of directors membership. The board of directors then will nominate a person from among those expressing interest to become the director to be elected at that annual meeting. Notice to the members of the annual meeting will include the name of the nominee. Nominations may also be made from the floor at the annual meeting. All nominees will have reasonable opportunity to communicate their qualifications to members and to solicit votes.

6.2 Election. After the initial annual meeting at which three directors are to be elected, the person receiving the largest number of votes at a meeting at which a quorum is present will be elected as a director.

ARTICLE 7 MEETINGS OF DIRECTORS

7.1 Regular Meetings. The board of directors will hold an annual meeting immediately after the annual meeting of the members at the same place as the annual meeting of members was held. The board of directors also will hold quarterly meetings on the first Tuesday of November, February, and May.

7.2 Special Meetings. The board of directors may hold special meetings at any time on the call of the chairperson or any two directors and with at least two days' notice to each director of the date, time, and place of the meeting.

7.3 Quorum. A majority of the directors then in office will constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present will be regarded as the act of the board of directors.

7.4 Open to Owners. All regular and special meetings of the board of directors, but not executive sessions, will be open to the unit owners.

7.5 Executive Session. A majority of the directors may adjourn a board meeting and reconvene in executive session to discuss and vote upon litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, and collection of unpaid assessments. The nature of any and all business to be considered in executive session will first be announced in open session, but is not open to the members. Any matter discussed in executive session will be generally noted in the minutes of the board of directors. The board of directors will meet in executive session if requested by a member who may be subject to a fine, penalty, or other form of discipline, and the member affected will be entitled to attend the executive session.

7.6 Telephone Meetings. Any meeting may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors will be deemed to be present in person at such meeting. Arrangements will be made to enable any member who desires to listen to the telephone meeting of the board of directors, to be able to do so.

7.7 Waiver of Notice. The actions taken at any meeting of the board of directors, however called and noticed or wherever held, will be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting will also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The board of directors will have power to:

A. Vacancies. Fill vacancies in the board of directors for the unexpired portion of any term.

B. Officers. Appoint the chairperson, the secretary, and the treasurer of the Association. One individual may hold the offices of secretary and treasurer at the same time.

C. Manager. Employ a professional manager or managing agent.

D. Adoption of Rules. Adopt rules governing the details of the operation of the Condominium and use of the common elements and restricting enjoyment and maintenance of the units and common elements to prevent unreasonable interference.

E. Assessments, Liens and Fines. Levy and collect assessments and impose fines for violations of the Declaration, these Bylaws, or the rules.

F. Enforcement (Notice and Hearing). Enforce these Bylaws and/or the Declaration, provided that at least 15 days' prior notice of any charges (other than assessments) or potential discipline or fine and the reasons therefor are given to the member affected, and that an opportunity is provided for the member to be heard, orally or in writing, not less than five days before the imposition of the discipline or fine, said hearing to be before the board of directors. Any notice required herein will be given by any method reasonably calculated to provide actual notice. Any notice given by mail will be given by first-class or registered mail sent to the last address of the member as shown on the Association's records.

G. Delegation. Delegate its authority and powers to officers or employees of the Association or to a professional manager employed by the Association. The board of directors may not delegate the authority: (i) to make expenditures for capital additions or improvements chargeable against the reserve funds; (ii) to conduct hearings concerning

compliance by an owner or his tenant, lessee, guest or invitee with the Declaration or rules promulgated by the board of directors; (iii) to make a decision to levy monetary fines, impose special assessments against individual units, temporarily suspend an owner's rights as a member of the Association or otherwise impose discipline following any such hearing; (iv) to make a decision to levy annual or special assessments; or (v) to make a decision to bring an action, record a claim of lien, or institute foreclosure proceedings for default in payment of assessments. Any delegation will be revocable by the board of directors at any time. The directors, individually or collectively, will not be liable for any omission or improper exercise by any professional manager of any such duty, power or function so delegated by written instrument executed by a majority of the board of directors.

H. Other Powers. In addition to any other power contained herein, the board may exercise the powers granted to a condominium association by the Act.

8.2 Duties. The board of directors must perform the following duties:

A. Annual Report. Annually file any reports required by the Real Estate Agency.

B. Budget. Annually adopt a budget for the Association and distribute the budget or a summary to the owners within 30 days after adoption.

C. Assessments. Fix, levy, collect and enforce operating assessments so as to pay all common expenses, including insurance premiums, in accordance with the budget and reserve assessments to fund all reserve accounts in accordance with the reserve plan.

D. Reserve Study. Annually review and, if necessary, update the reserve study and adjust the reserve assessments and payments in the reserve accounts.

E. Insurance Review. Annually review and, if necessary, adjust the insurance coverage of the Association.

F. Tax Returns. Annually cause to be filed the necessary income tax returns for the Association.

G. Association Information. Record a statement of Association information as provided in ORS 94.667.

H. Mailing Address. Maintain a current mailing address.

I. Information. Maintain all documents, information and records required by ORS 100.480, including financial records, annual financial statements, and copies of the Declaration, these Bylaws, the Association rules, the most recent annual financial statement, the current operating budget, the reserve study, and any architectural standards and guidelines.

J. Enforcement. Enforce in an even-handed manner the Declaration, these Bylaws, and the rules of the Association, including levying and collecting assessments.

K. Supervision. Supervise all officers, agents and employees of the Association to see that their duties are properly performed.

ARTICLE 9 INSURANCE

A. Repairs. The Association has the sole authority to decide whether to repair or reconstruct a unit that has suffered damage or that a unit must be repaired or reconstructed.

B. Insurance. The board of directors will obtain and maintain as a common expense (a) casualty insurance covering both the common elements and individual units, (b) comprehensive public liability insurance, (c) officers and directors liability insurance, and (d) any other insurance required or permitted by the Declaration. Each unit owner will be responsible for obtaining his or her own casualty insurance and liability insurance and will provide written proof of liability insurance coverage to the Association upon request as required by the Declaration.

ARTICLE 10 OFFICERS AND THEIR DUTIES

10.1 Key Officers. The officers of this Association will be the chairperson, the secretary, and the treasurer. The offices of secretary and treasurer may be held by the same individual at the same time. Any director also may be an officer.

10.2 Appointment. The officers will be appointed by the board of directors at the annual meeting of the board of directors.

10.3 Term. The officers of this Association will hold office at the pleasure of the board of directors.

10.4 Special Appointments. The board of directors may appoint such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the board of directors may, from time to time, determine.

10.5 Resignation and Removal. Any officer may be removed from office by the board of directors with or without cause. Any officer may resign at any time by giving written notice to the board of directors. Such resignation will take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

10.6 Vacancies. A vacancy in any office may be filled by appointment by the board of directors.

10.7 Duties. The duties of the officers are as follows:

A. Chairperson. The chairperson will preside at all meetings of the members and the board of directors; will see that orders and resolutions of the board of directors are communicated to any professional manager and carried out; will sign all instruments on behalf of the Association. The chairperson will have the general powers and duties of management usually vested in the office of the president of an Oregon nonprofit corporation, and will have such powers and duties as may be prescribed by the board of directors or by these Bylaws.

B. Secretary. The secretary will record the votes and keep the minutes of all meetings and proceedings of the board of directors and of the members; serve notice of meetings of the board of directors and of the members; keep appropriate current records showing the members of the Association together with the addresses, and will perform such other duties as required by the board of directors.

C. Treasurer. The treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the board of directors; will keep proper books of account; will prepare and distribute budgets and financial statements to each member as required under these Bylaws and by applicable laws.

ARTICLE 11 COMMITTEES

11.1 Committees. The board of directors may appoint any committees that the board deems necessary or appropriate in carrying out its powers and duties.

11.2 Purpose of Committees. The purpose of all committees will be to assist the board of directors in the administration, management, and operation of the Condominium, such as budget committees, bylaw and rules revision committees, and search committees. No committee will be assigned, delegated or chartered in any manner which would authorize them to take final action in the name of the Association. No committee or committee member will take any action that is assigned to any officer or the manager of the Association. All committees will report to the board of directors and will serve at the pleasure of the board of directors. Committees of the board of directors will not have authority to give any orders or directions to any contractors, agents or officers of the Association.

ARTICLE 12 BOOKS AND RECORDS

12.1 Inspection by Members. The membership roster (including names, mailing addresses, telephone numbers and voting rights), accounting books and records and minutes of meetings of the members, of the board of directors (and including drafts and summaries), and of committees will be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the Condominium as the board of directors will prescribe. Board minutes, proposed minutes or draft or summary thereof (other than those from an executive session) will be

available to members within 30 days of the meeting, and will be distributed to any member upon request and upon reimbursement of the costs in making that distribution.

12.2 Rules for Inspection. The board of directors will establish reasonable rules with respect to:

- A. Notice to be given to the custodian of the records by the member desiring to make the inspection;
- B. Hours and days of the week when such an inspection may be made;
- C. Payment of the cost of reproducing copies of documents requested by a member.

12.3 Inspection by Directors. Every director will have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents, at the expense of the Association.

12.4 Documents Provided by Association. Upon written request, the Association, through the secretary, or the Association's managing agent, if any, will, within ten days of the mailing or delivery of such request, provide the owner of a unit with a copy of the governing documents of the Condominium, a copy of the most recent budget and financial statements of the Association together with a true statement in writing from an authorized representative of the Association as to the amount of the Association's current regular and special assessments and fees, as well as any assessments levied upon the owner's interest which are unpaid on the date of the statement, including late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the owner's unit. The board of directors may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

ARTICLE 13 FINANCIAL REQUIREMENTS

13.1 Budgets and Financial Statements. The Association will cause to be prepared and distributed budgets and financial statements to each member as follows:

(1) a pro forma operating budget for each fiscal year will be distributed not less than 30 nor more than 90 days before the beginning of the fiscal year consisting of at least the following:

- (a) estimated revenue and expenses on an accrual basis;
- (b) a summary of the Association's reserves.

In lieu of the distribution of the pro forma operating budget, the board of directors may elect to distribute a summary of the items described hereinabove to all the members, with written notice that the budget is available at the business office of the Association or at another

suitable location within the boundaries of the Condominium and that copies will be provided upon request and at the expense of the Association. Members will be notified in writing at the time that the pro forma budget is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of meetings, and how and where those minutes may be obtained. If any member requests a copy of the pro forma operating budget, including the items referred to above, to be mailed to the member, the Association will provide the copy to the member by first-class U.S. mail at the expense of the Association and delivered within five days. The written notice that is distributed to each of the Association members will be in at least 10-point bold type on the front page of the summary of the statement;

(2) a report consisting of the following will be distributed within 120 days after the close of the fiscal year: (a) a balance sheet as of the end of the fiscal year; (b) an operating (income) statement for the fiscal year; (c) a statement of changes in financial position for the fiscal year; and (d) for any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of a review of the financial statement of the Association prepared in accordance with generally accepted accounting principles by a licensed certified public accountant;

(3) if the report referred to in (2) above is not prepared by an independent accountant, it will be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

13.2 Reserve Account Withdrawal Restrictions. Either two directors or one officer and one director must sign to withdraw money from the Association's reserve accounts.

13.3 Review of Financial Records. The board of directors will review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and an income and expense statement for the Association's operating and reserve accounts. In addition, the board of directors will review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" will mean monies that the Association's board of directors has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

ARTICLE 14 MISCELLANEOUS

14.1 Amendments. Prior to close of escrow on the sale of the first unit, Declarant may amend these Bylaws. After sale of the first unit and until the turnover meeting, these Bylaws may be amended only by the affirmative vote or written consent of a majority of the board of directors. After the turnover meeting, these Bylaws may be amended only by the affirmative vote or written consent of a majority of the members.

14.2 Conflicts. In the case of any conflict between the Articles and the bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

14.3 Fiscal Year. Unless the board of directors directs otherwise, the fiscal year of the Association will be the same as a calendar year.