

BYLAWS OF THE  
 MTC-1396-19  
 HARBOR ISLES CONDOMINIUMS OWNERS ASSOCIATION

## ARTICLE 1

## PLAN OF CONDOMINIUM UNIT OWNERSHIP

1.1 Condominium unit ownership. A portion of the property located at 2800-2928 Front Street, City of Klamath Falls, State of Oregon, also known as Lot 1, Block 1, Tract 1290, Harbor Isles, hereinafter called the Condominium, has been submitted to the provisions of ORS 94.004 to 94.480 and 94.991 by the Declaration recorded in the office of the Clerk of Klamath County, simultaneously herewith.

1.2 Applicability of Bylaws. The provisions of these Bylaws are applicable to the use and occupancy of the Condominium property and to the administration and operation of the Harbor Isles Condominiums Owners Association (hereinafter called the Association). The Association shall be incorporated as a not-for-profit Oregon corporation. The term Condominium property as used herein shall include the land, the building, and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal, or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of ORS 94.004 to 94.480 and 94.991.

1.3 Application. All present and future owners, mortgagees, lessees, and occupants of condominium units and their employees, and any other persons who may use the facilities in any manner are subject to these Bylaws, the Declaration, and rules and regulations pertaining to the use and operation of the Condominium property, as and where adopted by the Board of Directors. The acceptance of a deed or conveyance, or the entering into of a lease, or the act of occupancy of a condominium unit shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

1.4 Office. The initial office of the Association and of the Board of Directors shall be located at 3303 Lakeport Boulevard, Klamath Falls, Oregon.

1.5 Turnover. Until 75 percent of the units in the last phase of this multi-phased condominium which Declarant may submit to the provisions of ORS 94.004 to 94.480 and 94.991 have been sold to owners other than Declarant or until a date seven (7) years from the date the first unit is conveyed, if earlier, the Declarant shall have complete control of the Association and shall have the exclusive right to appoint each member of the three member Board of Directors to manage the Association according to these Bylaws, with all of the rights, power and duties imposed by these Bylaws, by statute, or by any other document.

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- 1.5.1 The Condominium property is to be developed in multiple phases. There is expected to be a total of not more than 54 condominium units in the entire project. Each condominium unit shall have an undivided interest in the common elements equal to that of every other condominium unit. Additionally, the Declarant shall retain total control over the Association until the earlier of the sale of 75 percent of the units in the last phase which Declarant may submit to the provisions of ORS 94.004 to 94.480 and 94.991 to persons other than the Declarant or the date seven (7) years from the date the first unit is conveyed.
- 1.5.2 Upon the occurrence of the earlier event which triggers the turnover of control from Declarant to the unit owners, the Declarant shall call a meeting for such purpose, as more specifically described in Article 3. If the Declarant owns any condominium units at the time of the turnover meeting, Declarant shall be treated as any other condominium unit owner and shall be entitled to one (1) vote for each unit after such turnover meeting.
- 1.5.3 Until such time as the turnover of control takes place, the unit owners shall be subject to assessment for the common expenses as determined by the Board of Directors pursuant to Article 5 of these Bylaws. As each phase of the project is completed and added to the property subject to the Declaration and these Bylaws, the allocation of common interest in the common elements to each unit owner shall be reduced proportionally. This reduction in interest in the common elements will continue until such time as all units are annexed to the Condominium in accordance with ORS 94.047. This allocation of interest in the common elements is determinative of each condominium unit owner's share of the assessment for common charges and expenses.
- 1.6 Transitional Committee. There shall be established a Transitional Committee to assist in the transition of control of the administration of the Association by Declarant to control by the condominium unit owners. The Committee shall consist of three members, two members appointed by the condominium unit owners other than Declarant and one member appointed by Declarant. The members shall serve until the turnover meeting is held. Declarant shall call a meeting of condominium unit owners within sixty (60) days following the sale of 27 units in the Condominium for the purpose of forming a transitional committee as provided in these Bylaws. Notice of the meeting shall be given to each condominium unit owner at least seven (7) but not more than fifty (50) days prior to the meeting. The notice shall state the purpose of the meeting and the time and place of the meeting. If the meeting is not called within the time specified by the Declarant, the meeting may be called and notice may be given by a unit owner.

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BOARD OF DIRECTORS

2.1 Number and qualification. The affairs of this Association shall be governed by a Board of Directors. Until the turnover of control of the Association to the condominium unit owners, as described in Article 1, Section 1.5 above, and until their successors shall have been elected by the condominium unit owners, the Board of Directors shall be three in number and shall consist of such of the officers and the members of the Board of Directors of the Declarant as shall have been designated by the Declarant. Following the turnover, the Board of Directors shall be composed of at least three (3) persons, but not more than nine (9) persons, the number to be determined by a binding vote of condominium unit owners at each annual meeting. Each member of the Board of Directors shall be either an owner of a condominium unit, or, in the case of partnership or joint owners shall be a co-owner or one or more members of such partnership, or in the case of corporate owners, shall be officers or shareholders of such corporations, or in the case of fiduciary owners shall be the fiduciaries, or officers of such fiduciaries.

2.2 Election and term of office. The initial Board of Directors shall be appointed by the Declarant to serve at the discretion of the Declarant until such time as the turnover takes place. Following the turnover of control to the condominium unit owners, and at the first annual meeting of the condominium unit owners, the owners shall elect a Board of Directors, each to a one (1) year term. At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected to serve for a term of one (1) year. The members of the Board of Directors shall hold office until respective successors shall have been elected by the condominium unit owners.

2.3 Powers and duties The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the condominium unit owners.

2.4 Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

2.5 Manager. The Board of Directors may employ for the Association a manager at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The managing agent may be an affiliate of or may be the Declarant, or its successors or assigns.

2.6. Removal of members of Board of Directors. At any regular or special meeting of condominium unit owners, any one or more of the members of the Board of Directors may be removed with or

without cause by a binding vote of the condominium unit owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the condominium unit owners shall be given an opportunity to be heard at the meeting.

2.7 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the condominium unit owners, shall be filled by vote of a majority of the remaining members at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member so removed and until a successor shall be elected at the next annual meeting of the unit condominium owners.

2.8 Organization meeting. The first meeting of the members of the Board of Directors following the annual meeting of the condominium unit owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the condominium unit owners at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

2.9 Regular meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail or telegraph, at least fourteen (14) business days but not more than fifty (50) business days prior to the day named for such meeting.

2.10 Special meetings. Special meetings of the Board may be called at any time by any two members of the Board or upon the request of condominium unit owners owning not less than one-third (1/3) of the unit owners. At any such special meeting only such business shall be transacted as shall have been specially or generally described in the notice of such meeting.

2.11 Open meetings. All meetings of the Board of Directors shall be open to condominium unit owners. Notice of Board of Directors' meetings shall be posted at a place or places on the property at least three (3) days prior to the meeting or by any other method reasonably calculated to inform unit owners of such meetings; provided, however, that in the event of an emergency, the Board of Directors may conduct a meeting by telephone communication.

2.12 Waiver of notice. Subject to ORS 94.164 any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

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

2.14 Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the condominium unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The condominium unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any condominium unit owner arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interests of all the condominium unit owners in the common elements. Every agreement made by the Board of Directors or by the manager on behalf of the Association shall provide that the members of the Board of Directors or the manager, as the case may be, are acting only as agents for the condominium unit owners and shall have no personal liability thereunder (except as condominium unit owners), and that each condominium unit owner's liability thereunder shall be limited to such proportional of the total liability thereunder as his interest in the common elements bears to the interest of all condominium unit owners in the common elements.

ARTICLE 3

CONDOMINIUM UNIT OWNERS

3.1 Turnover Meeting; Annual Meetings. Not later than ninety (90) days after 75 percent of the condominium units shall have been sold in the last phase which Declarant may submit to ORS 94.004 to 94.480 and 94.991 to persons other than the Declarant, or a date seven (7) years from the date the first unit is conveyed, if earlier, the Declarant shall call and hold the turnover meeting. Notice shall be given by the Declarant to the unit owners not less than seven (7) nor more than fifty (50) days prior to the meeting. Such notice shall specify the purpose of the meeting and the time and place where it is to be held. If the Declarant fails to call for the turnover meeting within the time specified, the meeting may be called and notice given by a unit owner or any first mortgagee of a unit. At such meeting of officers and directors of the Declarant shall resign as members of the Board of Directors, and all the condominium unit owners, including the Declarant, shall elect a new Board of Directors. In addition, Declarant shall deliver all property and other items of the unit owners and the Association specified by ORS 94.091 (5). Thereafter, the annual meetings of the condominium unit owners shall be held on the 15th day of January of each succeeding year, unless such date shall occur on a Saturday or Sunday, in which event the meeting shall be held on the succeeding Monday. At such meetings the Board of Directors shall be elected by ballot of the condominium unit owners in accordance with the requirements of Article 2 of these Bylaws. The condominium unit owners may transact such other business at such meeting as may properly come before them.

3.2 Place of Meetings. Meetings of the condominium unit owners shall be held at the principal office of the Association or at such other suitable place convenient to the condominium unit owners as may be designated by the Board of Directors.

3.3 Special Meetings. It shall be the duty of the President to call a special meeting of the condominium unit owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by 25 percent of the unit owners. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

3.4 Notice of Meetings. The Secretary shall mail to each condominium unit owner of record a notice of each annual or special meeting of the condominium unit owners, at least ten (10) but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. The mailing of a notice of meeting in the manner provided in this article shall be considered service of notice.

3.5 Adjournment of Meetings. If any meeting of condominium unit owners cannot be held because a quorum has not attended, a majority of unit owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

3.6 Order of Business. The order of business at all meetings of the condominium unit owners shall be as follows:

- 3.6.1 Roll call;
- 3.6.2 Proof of notice of meeting;
- 3.6.3 Reading of minutes of preceding meeting;
- 3.6.4 Reports of officers;
- 3.6.5 Report of Board of Directors;
- 3.6.6 Reports of committees;
- 3.6.7 Election of members of the Board of Directors (when so required);
- 3.6.8 Unfinished business; and
- 3.6.9 New business.

3.7 Title to Condominium Units. Title to condominium units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants, or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

3.8 Voting. The owner or owners of each condominium unit, or some person designated by said owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such condominium unit owner at all meetings of condominium unit owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. The total number of votes of all condominium unit owners shall be one (1) for each condominium unit and each condominium unit owner shall be entitled to cast one (1) vote at all meetings of the condominium unit owners. Until the turnover of control from the Declarant to the unit owners, the Declarant shall have one hundred (100) votes for each condominium unit owned by Declarant. After the turnover, Declarant shall only be entitled to one (1) vote for each condominium unit owned by Declarant. A fiduciary shall be the voting member with respect to any condominium unit owned in a fiduciary capacity.

3.9 Majority of Condominium Unit Owners. As used in these Bylaws the term "majority of condominium unit owners" shall mean more than 50 percent of the voting rights allocated to the units by the Declaration.

3.10 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of condominium unit owners having a majority of the total authorized votes of all condominium unit owners shall constitute a quorum at all meetings of the condominium unit owners.

3.11 Binding Vote. The vote of a more than 50 percent of condominium unit owners at a meeting at which a quorum shall be present in person or in proxy shall be binding upon all condominium unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration, or by these Bylaws.

#### ARTICLE 4

##### OFFICERS

4.1 Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be selected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other officers as in its judgment may be necessary. The President and Vice President must be members of the Board of Directors.

4.2 Election of Officers. Officers shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

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

4.4 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the condominium unit owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the Law of the State of Oregon, including but not limited to the power to appoint from among the condominium unit owners any committee which he decides is appropriate to assist in the conduct of the affairs of the Association.

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

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the condominium unit owners and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of secretary of a corporation organized under the Law of the State of Oregon.

4.7 Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the Law of the State of Oregon.

4.8 Agreements, contracts, deeds, checks, etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors.

4.9 Compensation of officers. No officer who is a unit owner shall receive any compensation from the Association for acting as such; however, if they are not unit owners, the officers may receive such compensation as the Board of Directors shall determine.

4.10 Legal and accounting services. The Board of Directors from time to time, may contract for services of lawyers and accountants as the needs of the Association shall demand. At any time any owner may, at his own expense, cause an audit or inspection to be made of the books and records of the Association. The Board, at the expense of the Association, shall obtain an audit of all books and records pertaining to the Association at no greater than annual intervals and furnish copies thereof to the owners.

## OPERATION OF THE PROPERTY

5.1 Determination of common expenses and assessments. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, determine the amount of the assessment required to meet the common expenses of the Association, and allocate and make such assessment against the condominium unit owners equally on the basis that each condominium unit owner shall have the same interest in the common elements as every other condominium unit owner. If additional units are annexed to the Condominium during the Association's fiscal year, the new units will be assessed a charge for common expenses equal to that of every other unit prorated for the number of days remaining in the fiscal year. The Board of Directors shall meet to prepare a new budget reflecting the newly added units and to recompute the proper assessment for all units for the period following the annexation of the new units. The common expenses shall include, among other things, the annual assessment by the Harbor Isles Homeowner's Association for the maintenance of the common areas contained in the Harbor Isles subdivision, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors, such amounts as the Board of Directors may deem proper for the operation and maintenance of the Condominium property, including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The Board of Directors shall advise each condominium unit owner in writing of the amount of common expenses payable by him, and shall furnish copies of each budget on which such common expenses are based to all condominium unit owners.

5.2 Insurance. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance:

5.2.1 Fire insurance with extended coverage, vandalism, and malicious mischief endorsements, insuring each condominium building; such insurance shall cover the Association, the Board of Directors, and all condominium unit owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the building, without deduction for depreciation. Each policy shall contain an Oregon standard mortgagee clause in favor of each mortgagee of an condominium unit which shall provide that proceeds shall be payable to such mortgagee as its interest may appear, subject, however, to payment provisions in favor of the Board of Directors.

5.2.2 Directors shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Directors may from time to time determine, covering each member of the Board of Directors, the manager and

each condominium unit owner. Such public liability coverage shall also cover liability claims on one insured against another. The Board of Directors shall review such limits once each year. Until the first meeting of the Board of Directors following the first annual meeting of the condominium unit owners, such public liability insurance shall be in a single limit of \$500,000 covering all claims for bodily injury or property damage arising out of one occurrence and \$200,000 for one person, and \$50,000 for property damages with the Association and owners as joint insureds.

5.2.3 Condominium unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation and further provided that the liability of the carrier issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any condominium unit owner.

5.2.4 Such other insurance as the Board of Directors may determine.

5.2.5 All such policies shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof, shall be payable to the Board of Directors.

5.2.6 All policies of physical damage insurance shall contain waivers of subrogation and waiver of any defense based on coinsurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of condominium units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of condominium unit at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the building including all of the condominium units and all of the common elements therein, without deduction for depreciation, for purpose of determining the amount of fire insurance to be effected pursuant to this section.

5.2.7 In the event of damage to or destruction of any condominium building as a result of fire or other casualty (unless 75 percent or more of the building is destroyed or substantially damaged and 75 percent or more of the owners of units in said building do not duly and promptly resolve to proceed with repair or restoration), the Board of Directors shall arrange for the prompt repair and restoration of such building (including any damaged condominiums units, and any kitchen or bathroom fixtures initially installed therein by the Declarant, but not including any wall, ceiling or floor decorations or

coverings or other furniture, furnishings, fixtures, or equipment installed by condominium unit owners in the condominium units), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Directors may assess all the condominium unit owners for such deficit as part of the common expenses.

5.2.8 If 75 percent or more of any building is destroyed or substantially damaged and 75 percent or more of the condominium unit owners do not duly and promptly resolve to proceed with repair or restoration, the property shall be subject to an action for partition at the suit of any condominium unit owners or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (if there shall have been a repair or restoration pursuant to the first paragraph of this Section 5.2.5, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Directors, among all the condominium unit owners in proportion to their respective common interest, after first paying out of the share of each condominium unit owner the amount of any unpaid liens of his condominium unit, in the order of the priority of such liens.

5.3 Payment of common expenses.

5.3.1 All condominium unit owners shall be obligated to pay the common expenses assessed by the Board of Directors pursuant to the provisions of Article 5.1 at such time or times as the Board of Directors shall determine.

5.3.2 No condominium unit owner shall be liable for the payment of any part of the common expenses assessed against his condominium unit subsequent to a sale, transfer or other conveyance by him thereof (made in accordance with the provisions of Article 7.1 of these Bylaws). A purchaser of a condominium unit shall be jointly liable with the Seller for the payment of common expenses assessed against such condominium unit prior to the acquisition by him of such condominium unit. Any unpaid assessments prior to a purchase at a foreclosure of the first mortgage or trust deed shall be common expenses of all condominium unit owners including such purchaser, his successors, and assigns.

5.3.3 The Board of Directors shall assess common expenses against the condominium unit owners from time to time and at least annually and shall take prompt action to collect from a condominium unit owner any common expenses due which remains unpaid by him for more than thirty (30) days from the due date for its payment.

5.3.4 In the event of default by any condominium unit owner in paying to the Board of Directors the assessed common expenses, such condominium unit owner shall be obligated to pay interest at the rate of 12 percent per annum on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid common expenses. The Board of Directors shall have the right and duty to attempt to recover such common expenses, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action brought against such condominium unit owner, or by foreclosure of the lien on such condominium unit as granted by ORS 94.004 to 94.480 and 94.991.

5.3.5 In any action brought by the Board of Directors to foreclose a lien on a condominium unit because of unpaid common expenses, the condominium unit owner shall be required to pay a reasonable rental for the use of his condominium unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect such rental. A suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

5.3.6 The Board of Directors shall promptly provide any condominium unit owner, who makes a request in writing with a written statement of his unpaid common expenses.

5.4 Abatement and enjoining of violations. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, or in the Covenants, Conditions & Restrictions, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws:

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

5.4.2 To enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

5.5 Maintenance and repair.

5.5.1 All maintenance, repairs and replacements to any condominium unit, structural or nonstructural, ordinary or extraordinary, (other than maintenance of and repairs to any common elements contained therein not necessitated by the negligence, misuse, or neglect of the owner of such condominium unit) shall be made by the owner of such condominium unit. Each

condominium unit owner shall be responsible for all damages to any other condominium unit and to the common elements resulting from his failure to effect such maintenance and repairs.

5.5.2 All maintenance, repairs, and replacements to the common elements, whether located inside or outside of the condominium units (unless necessitated by the negligence, misuse, or neglect of a condominium unit owner), shall be made by the Board of Directors and be charged to all the condominium unit owners as a common expense. Such common element maintenance shall not include glass surfaces. The washing, maintenance and replacement of glass surfaces shall be the responsibility of the condominium owner in whose unit the glass is located.

5.5.3 In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the condominium unit owner his family or guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such condominium unit is subject.

5.6 Use of condominium units. In order to provide for congenial occupancy of the Association property and for the protection of the values of the condominium units, the use of the Condominium property shall be subject to the following limitations:

5.6.1 The condominium units shall be used for residences only.

5.6.2 The common elements shall be used for furnishing of the services and facilities for which they are reasonably suited and which are incidental to the use and occupancy of condominium units.

5.6.3 No nuisances shall be allowed on the Condominium property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium property by its residents.

5.6.4 No immoral, improper, offensive, or unlawful use shall be made of the Condominium property or any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be complied with. Such compliance shall be accomplished at the sole expense of the condominium unit owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Condominium property.

5.6.5 No portion of a condominium unit other than the entire condominium unit may be rented, and no tenancies less than thirty (30) days duration may be accommodated therein.

5.6.6 The use of the Condominium units shall be subject to such other restrictions which may be contained in these Bylaws, the Declaration, and the Covenants, Conditions and Restrictions pertaining to the property and recorded at Volume M81, Page 18803, in the deed records of Klamath County, Oregon, which restrictions are incorporated in these Bylaws by this reference hereto.

5.7 Additions, alterations, or improvements by the Board of Directors.

5.7.1 Whenever in the judgment of the Board of Directors the common elements shall require additions, alterations, or improvements costing in excess of \$5,000 and the making of such additions, alterations, or improvements shall have been approved by a majority of the condominium unit owners, the Board of Directors shall proceed with such additions, alterations, or improvements and shall assess all condominium unit owners for the costs thereof as a common expense. Any additions, alterations, or improvements costing \$5,000 or less may be made by the Board of Directors without approval of the condominium unit owners and the costs thereof shall constitute a common expense.

5.7.2 No condominium unit owner shall make any structural addition, alteration, or improvement in or to his condominium unit, without the prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a condominium unit owner for approval of a proposed structural addition, alteration, or improvement in such condominium unit owner's condominium unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration, or improvement. The Board of Directors shall not be liable to any contractor, subcontractor, or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration, or improvement. The provisions of this Section 5.7.2 shall not apply to condominium units owned by the Declarant and condominium units have been initially sold by the Declarant and paid for. This entire section 5.7.2 shall be subject to the limitations and requirements contained in ORS 94.265.

5.8 Right of access. A condominium unit owner shall grant a right of access to his condominium unit to the manager, and any other person authorized by the Board of Directors, to make inspections; to correct any condition originating in his condominium unit and threatening another condominium unit or a common element; to install, alter, replace or repair mechanical or electrical services or other common elements in his condominium unit or elsewhere in the building; and to correct any condition which violates the provisions of any mortgage covering another condominium unit. Requests for such entry shall be made

in advance and such entry shall be scheduled for a time reasonably convenient to the condominium unit owner. However, in case of an emergency, such right of entry shall be immediate, whether the condominium unit owner is present at the time or not.

5.9 Rules of conduct. Rules and regulations concerning the use of the condominium units and the common elements may be promulgated and amended by the Board of Directors with the approval of a binding vote of the condominium unit owners. Copies of such rules and regulations shall be furnished by the Board of Directors to each condominium unit owner prior to their effective date.

5.10 Utilities. All utilities shall be supplied by the public utility company serving the area directly to each condominium unit through a separate meter and each condominium unit owner shall be required to pay the bills for utilities consumed or used in his condominium unit. The utilities serving the common elements shall be separately metered, and the Board of Directors shall pay all bills for electricity in such portions of the common elements, as a common expense.

## ARTICLE 6

### MORTGAGES

6.1 Notice to Board of Directors. A condominium unit owner who mortgages his condominium unit shall notify the Board of Directors of the name and address of his mortgagee.

6.2 Notice of unpaid common charges. The Board of Directors, whenever so requested in writing by a mortgagee of an condominium unit, shall promptly report any then unpaid common expenses or other default by the owner of the mortgaged condominium unit.

6.3 Notice of a default. The Board of Directors when giving notice to a condominium unit owner of a default in paying common expenses or other default, shall send a copy of such notice to each holder of a mortgage covering such condominium unit whose name and address has theretofore been furnished to the Board of Directors.

6.4 Examination of books. Each condominium unit owner and each mortgagee of a condominium unit shall be permitted to examine the books of account of the Association at reasonable times, on business days.

## ARTICLE 7

## SALES AND LEASES OF UNITS

7.1 Sales and leases. No condominium unit owner may sell or lease his condominium unit or any interest therein except by complying with the provisions of this article and any additional provisions or restrictions contained in the Declaration and Covenants, Conditions and Restrictions pertaining to the property which are recorded in the deed records of Klamath County, Oregon and which by this reference are incorporated hereto. A condominium unit owner's sale of his condominium unit shall automatically include the sale of the undivided interest in the common elements appurtenant thereto and the interest of such condominium unit owner in any other assets of the Association, hereinafter collectively called the appurtenant interest.

7.2 No severance of ownership. No condominium unit owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his condominium unit without including therein the appurtenant interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interest, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests of any condominium unit may be sold, transferred, or otherwise disposed of, except as part of a sale, transfer, or other disposition of the condominium unit to which such interests are appurtenant, or as part of a sale, transfer, or other disposition of such part of the appurtenant interests of all condominium units.

7.3 Gifts and devises, etc. Any condominium unit owner shall be free to convey or transfer his condominium unit by gift, or to devise his condominium unit by will, or to pass the same by intestacy, without restriction.

7.4 Payment of assessments. No condominium unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell, or lease his condominium unit unless and until he shall have paid in full to the Board of Directors all unpaid common expenses theretofore assessed by the Board of Directors against his condominium unit and until he shall have satisfied all unpaid liens against such condominium unit, except permitted mortgages.

## ARTICLE 8

## CONDEMNATION

8.1 Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of

Directors. If 75 percent or more of the condominium unit owners duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall arrange for the repair and restoration of such common elements, and the Board of Directors shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that 75 percent or more of the condominium unit owners do not duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Article 5.2 of these Bylaws.

## ARTICLE 9

### RECORDS

9.1 Records and audits. The Board of Directors shall keep detailed records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the condominium unit owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each condominium unit which, among other things, shall contain the amount of each assessment of common expenses against such condominium unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Directors to all condominium unit owners at least annually. The annual financial statement, consisting of a balance sheet and income and expense statement for the preceding year shall be certified by an independent certified public accountant, and shall be rendered by the Board of Directors to all condominium unit owners within ninety (90) days after the end of each fiscal year.

## ARTICLE 10

### MISCELLANEOUS

10.1 Notices. All notices to the Board of Directors shall be sent by registered or certified mail, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any condominium unit owner shall be sent by registered or certified mail to their respective address, as designated by them from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

10.2 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws.

10.3 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way defined, limit, or describe the scope of these Bylaws, or the intent of any provisions thereof.

10.4 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

10.5 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

## ARTICLE 11

### AMENDMENTS TO BYLAWS

11.1 Amendments to Bylaws. Subject to any limitations or restrictions contained in ORS 94.152, these Bylaws may be amended by vote of a majority of the unit owners at an annual or special meeting of condominium unit owners, duly called and held for such a purpose. An amendment to these Bylaws must be proposed by at least three (3) unit owners or by a majority of the Board of Directors in order to be considered at an annual or special meeting of the unit owners. In addition, for such amendment to be effective, a copy of the amendment or the amended Bylaws, certified by the chairman and secretary of the Association as being adopted in accordance with these Bylaws and ORS 94.004 to 94.480 and 94.991, must be recorded.

## ARTICLE 12

### CONFLICTS

12.1 Conflicts. These Bylaws are set forth to comply with the requirements of Oregon statute. In case any of these Bylaws conflict with the provisions of such statute or of the Declaration, the provisions of such statute or of the Declaration, as the case may be, shall control.

Dated the 20th day of February, 1984.

TRENDWEST DEVELOPMENT COMPANY

By R.A. Kent  
Title: President

By R.C. Wendt  
Title: Secretary

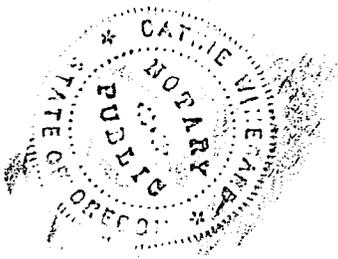
State of OREGON )  
                  ) ss.  
County of KLAMATH )

On this 20th day of February, 1984, personally appeared R. A. Kent and R. C. Wendt to me known to be the President and Secretary of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Before me:

Cathie Winegard  
Notary Public for Oregon  
My Commission Expires: 10/21/84



BYLAWS - Page 20 of 20

STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for record on the 22nd day of March A.D., 1984 at 4:05 o'clock P. M. and duly recorded in Vol M84, of        Deeds        on page 4668.

EVELYN BIEHN, COUNTY CLERK

Fee: \$ 80.00

by: [Signature] Deputy