

***BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF  
THE PALISADES CONDOMINIUM***

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# ***BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF THE PALISADES CONDOMINIUM***

## **ARTICLE 1. PLAN OF CONDOMINIUM OWNERSHIP**

- 1.1 Name and Location.** These are the Bylaws of the Association of Unit Owners of Palisades Condominium that is located in Lincoln City, Lincoln County, Oregon. The Condominium has been submitted to the Oregon Condominium Act by Declaration recorded March 15, 1982. The location of the condominium is more specifically described in the Declaration.
- 1.2 Principal Office.** The principal office of the Association shall be at such address as may be designated by the Board of Directors from time to time.
- 1.3 Purposes.** The Association is formed under the provisions of the Oregon Condominium Act to serve as means through which the unit owners may take action with regard to the administration, management, and operation of the condominium.
- 1.4 Applicability of Bylaws.** The Association, all unit owners, and all persons using the condominium property shall be subject to these Bylaws and to all rules and regulations that may be adopted pursuant to these Bylaws.
- 1.5 Composition of Association.** The Association shall be composed of all the unit owners of the condominium, including the Association itself to the extent that it owns any unit of the condominium.
- 1.6 Incorporation.** The Association shall be incorporated under the Oregon Nonprofit Corporation law. The Articles of Incorporation of the Association shall be consistent with the Declaration and these Bylaws shall constitute the Bylaws of the incorporated association.
- 1.7 Definitions.** As used in these Bylaws, unless the context requires otherwise:
- (1) "Association" means the Association of Unit Owners of Palisades Condominium.
  - (2) "Board of Directors" or "board" means the Board of Directors of the Association of Unit Owners of Palisades Condominium provide for in Article 3 of these Bylaws.
  - (3) "Condominium" means the Palisades Condominium.
  - (4) "Declaration" means the declaration filed pursuant to law upon formation of the Palisades Condominium, filed March 15, 1982.
  - (5) "Secretary" means secretary of the Board of Directors.

## **ARTICLE 2. MEETINGS OF ASSOCIATION**

**2.1 Place of Meetings.** The Association shall hold meetings at a suitable place convenient to the unit owners as may be designated by the Board of Directors from time to time.

**2.2 Annual Meetings.** The annual meetings of the Association shall be held the third Saturday of May of each year. The annual meetings shall be for the purpose of electing directors and for transaction of such other business as may properly come before the meeting.

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

**2.4 Notice of Meetings.** Notice of the annual meeting and all other meetings of the Association shall state the time and place and the purposes for which the meeting is being called. Notice shall be given by the chairperson or secretary. The notice shall be delivered either personally or by mail, in writing, not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Delivery to each owner shall be to the address appearing on the books of the Association and to any first mortgagee requesting such notice. Proof of mailing shall be given by the affidavit of the person giving the notice. The notice of meeting may be waived by any unit owner before or after the meeting. When a meeting is adjourned for fewer than 30 days, no notice of the adjourned meeting needs to be given other than by announcement at the meeting at which the adjournment takes place.

### **2.5 Voting Eligibility.**

- (1) Each unit owner shall have one vote for each unit of the condominium owned by the unit owner. Except as otherwise provided in subsection (2) of this section and sections 2.7 and 2.8 of this Article, all voting rights allocated to a unit shall be exercised by the unit owner.
- (2) By a majority vote, the Board of Directors shall be entitled to one vote on behalf of each unit that is owned by or on behalf of the Association but not in any election of directors.
- (3) Whenever any unit is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of the unit may be exercised by any one of the owners then present, in the absence of a protest by a co-owner. In the event of a protest by a co-owner, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of the affected unit shall be disregarded completely in determining the number of votes cast in respect to the matter.

**2.6 Method of Voting: Absentee Ballots; Proxies.** A vote may be cast in person, by absentee ballot, or by proxy. A proxy given by a unit owner to any person who represents the owner at meetings of the Association shall be in writing and signed by the owner, and shall be filed

with the secretary, at any time prior to the meeting. An owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specifies a shorter term. Every proxy shall automatically cease to be effective upon sale of the unit by its owner.

## **2.7 Voting By Other Than Unit Owners: Mortgagee and Fiduciary**

- (1) A unit owner may pledge or assign in writing, with notice to the secretary, the owner's voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled under these Bylaws and to exercise the unit owner's voting rights from and after the time that the mortgagee shall give written notice of the pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.
- (2) A personal representative, administrator, guardian, or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any unit owned or held in the named capacity. The person shall satisfy the secretary of the status as personal representative, administrator, guardian, or trustee.

## **2.8 Voting By Contract Vendee.** Unless otherwise stated in the land sale contract, all voting rights allocated to a unit shall be exercised by the vendee of any recorded land sale contract on the unit, after notice to the secretary.

## **2.9 Quorum of Unit Owners.**

- (1) At any meeting of the Association, members holding thirty percent (30%) of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing or concurring in the minutes of the meeting shall constitute the presence of such person for the purpose of determining a quorum.
- (2) When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a unit owner or owners. If any meeting of members cannot be organized because of lack of a quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

## **2.10 Majority Vote.** The vote of holders of fifty-one percent (51%) or more of the voting rights, present in person or by proxy at a meeting at which a quorum is constituted, shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration, or by these Bylaws.

## **2.11 Order of Business.** The order of business at annual meetings of the Association shall be as follows:

- (1) Calling of the roll and certifying of the proxies;
- (2) Proof of notice of meeting or waiver of notice;
- (3) Approval of minutes of preceding annual meeting;
- (4) Reports of officers;
- (5) Reports of committees, if any;
- (6) Unfinished business;
- (7) New business;
- (8) Election of directors; and
- (9) Adjournment.

#### **2.12 Ballot Meetings.**

- (1) At the discretion of the Board of Directors and pursuant to the requirements of applicable law, any action that may be taken at any annual, regular, or special meeting of the Association may be taken without a meeting if the board delivers a written ballot to every member entitled to vote on the matter.
- (2) The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.
- (3) If approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be considered to be approved when the date for return of ballots has passed, a quorum of unit owners has voted, and the required percentages of unit owners has authorized the action. The proposal shall be considered approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be considered rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and the required percentage has not been met. Votes may be counted from time to time from the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are entered.
- (4) All solicitation for votes by written ballot shall state the number of responses needed to meet any applicable quorum requirement and the total percentage of votes needed for approval. All such solicitations for votes shall specify the period during which the Association will accept written ballots for counting, which period shall end on the earliest of the following:

- (a) The date on which the Association has received sufficient number of approving ballots to pass the proposal; or
  - (b) The date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage; or
  - (c) A date certain on which all ballots must be returned to be counted.
- (5) A written ballot may not be revoked.

## **ARTICLE 3. BOARD OF DIRECTORS**

**3.1 Number and Qualification.** The affairs of the Association shall be governed by a Board of Directors composed of five (5) directors, as provided in Section 3.2 of this Article. All directors shall be owners or co-owners of units of the condominium. For purposes of this section, the corporation-designated officer of any corporate owner and the partnership-designated partner of any partnership shall be considered co-owners of any unit owned by the corporation or partnership. Mortgagees and persons serving in a fiduciary capacity are not eligible to serve as directors.

### **3.2 Election and Term of Office.**

- (1) Each director shall serve a term of two years. Two directors shall be elected at the annual meeting in an even-numbered year. Three directors shall be elected at the annual meeting in odd-numbered years.
- (2) Directors shall hold office until their respective successors have been elected by the unit owners.
- (3) Election of directors shall be by plurality.

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

### **3.4 Removal of Directors.**

- (1) At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the units owners present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created.
- (2) The Board of Directors by majority vote may remove a director who has missed three (3) consecutive board meetings.
- (3) The notice of any the meeting at which removal of a director is considered shall state that removal of a director is to be considered. Any director whose removal has been proposed shall be given an opportunity to be heard at that meeting.

**3.5 Powers and Duties.** The Board of Directors shall have all powers and duties necessary to 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 by the unit owners.

The power and duties to be exercised by the board shall include, but shall not be limited to the following:

- (1) Operation, care, upkeep, maintenance, repair, and replacement of the general and limited common elements and Association property.
- (2) Determination of the amounts required for operation, maintenance, and other affairs of the Association, and the making of such expenditures.
- (3) Preparation and adoption of budgets, preparation, review, and update of reserve studies and assessment and collection of common expenses, all in accordance with the provisions of these Bylaws.
- (4) Employment and dismissal of personnel necessary for the efficient maintenance, upkeep, and repair of the common elements.
- (5) Employment of legal, accounting, or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.
- (6) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (7) Preparation and distribution of annual financial statements in accordance with these Bylaws and annual preparation of all required tax returns or forms for the Association.
- (8) Purchasing units of the condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these Bylaws.
- (9) Subject to section 2.5 of these Bylaws, selling, leasing, mortgaging, voting the votes appurtenant to or otherwise dealing with units of the condominium acquired by the Association or its designee on behalf of all the unit owners.
- (10) Obtaining insurance or bonds pursuant to the provisions of these Bylaws and at least annually reviewing the insurance coverage of the Association.
- (11) Making additions and improvements to, or alteration of, the common elements.
- (12) Modifying, closing, removing, eliminating, or discontinuing the use of a general common facility or improvement or portion of the common element landscaping.
- (13) Designating one or more committees which shall exercise only such duties as are set forth in the resolution creating the committee. At least one member of each committee shall be a member of the Board of Directors.



(14) Enforcing by legal means of the provisions of the Oregon Condominium Act, the Declaration, these Bylaws, and any rules and regulations adopted hereunder. To the extent required by the Oregon Condominium Act, the board shall notify the unit owners prior to instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the board shall periodically report to the unit owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the board to disclose any privileged communication between the Association and its counsel.

(15) Filing of an Annual Report and any amendment in accordance with ORS 100.250.

**3.6 Management Agent or Manager.** On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the board. Any management agreement shall be terminable by the Association upon not more than 90 days written notice thereof. The board may delegate to the managing agent or manager duties and powers as the board may authorize. In the absence of the appointment of a managing agent or manager, the board shall act as manager.

**3.7 Regular and Special Meetings.** Regular meetings of the Board of Directors may be held at the time and place determined by the board from time to time. Special meetings of the board may be called by the chairperson and must be called by the secretary at the written request of at least three directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone, or electronic means at least 72 hours prior to the time named for the meeting. The notice shall state the time, place, and purpose of the meeting.

**3.8 Open Meetings; Executive Sessions; Notice of Emergency Meetings.**

(1) All meeting of the Board of Directors shall be open to unit owners except that, at the discretion of the board and announced by the chairperson, the following matters may be considered in executive session:

(a) Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters.

(b) Personnel matters, including salary negotiations and employee discipline.

(c) The negotiation of contracts with third parties.

(2) For other than emergency meetings for which notice shall be given to the directors by telephone, notice of each Board of Directors' meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provide by a method otherwise reasonably calculated to inform the unit owners of the meeting. Emergency meetings of the board may be conducted by telephonic communication.

**3.9 Waiver of Notice.** Any director may, at any time, waive notice of any meeting of the Board of Directors in writing. The waiver shall be considered equivalent to the giving of the notice.

Attendance by a director at any meeting of the board shall constitute a waiver of notice by the director, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the board, no notice to directors shall be required and any business may be transacted at the meeting.

**3.10 Quorum of Board of Directors.** At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business. The votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board. If at any meeting of the board less than a quorum is 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 to the directors.

**3.11 Compensation.** No director shall receive any compensation from the Association for acting as a director but may be reimbursed for reasonable expenses incurred as a director.

**3.12 Liability and Indemnification of Directors and Officers.** A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act in the performance of duties, except for acts of gross negligence or intentional acts. In the event any member of the board or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify the individual against liability and expenses incurred to the maximum extent permitted by law.

**3.13 Insurance.** The Board of Directors shall obtain the insurance and fidelity bonds required in Article 8 of these Bylaws. In addition, the board, in its discretion, may obtain such other insurance as it considers necessary to protect the interests of the Association or unit owners. The board shall conduct an annual insurance review which, if appropriate, shall include an appraisal of all improvements contained in the condominium.

**3.14 Unit Owners' Authority Over Board Decisions.**

- (1) Any action of the Board of Directors may be modified by vote of not less than seventy-five percent (75%) of the voting rights present, in person or by proxy, at any meeting, the notice of which shall have stated that such modifications or revocation of rules and regulations will be under consideration.
- (2) A copy of any rule or regulation acted upon under this section and a copy of each amendment, modification, or revocation thereof, shall be delivered by the secretary promptly to each unit owner and shall be binding upon all unit owners and occupants of all units from the date of delivery.

## ARTICLE 4. OFFICERS

- 4.1 Designation.** The principal officers of the Association shall be the chairperson, the secretary, and the treasurer, all of whom shall be elected by the Board of Directors. All officers must be members of the board.
- 4.2 Election of Officers; Vacancies in Office.** The officers of the Association shall be elected annually, by the Board of Directors at the organization meeting of each new board and shall hold office at the pleasure of the board. If an office becomes vacant, the board shall elect a successor to fill the unexpired term at any regular meeting of the board, or at any special meeting of the board called for that purpose.
- 4.3 Removal of Officers; Election of Successor.** Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed either with or without cause, and a successor may be elected at any regular meeting of the board, or at any special meeting of the board called for that purpose.
- 4.4 Chairperson.** The chairperson shall be the chief executive officer of the Association. The chairperson shall preside at all meetings of the Association and of the Board of Directors. The chairperson shall have all of the general powers and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the unit owners from time to time to assist in the conduct of the affairs of the Association.
- 4.5 Secretary.** The secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. The secretary shall supervise the giving and serving of all notices to the unit owners and directors and other notices required by law. The secretary shall supervise the maintenance of the records of the Association, except for those of the treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the directors or the chairperson. In addition, the secretary shall act as vice chairperson, taking the place of the chairperson and performing the chairperson's duties whenever the chairperson is absent or unable to act.
- 4.6 Treasurer.** The treasurer shall have responsibility for Association funds and securities and shall be responsible for supervising the maintenance of full and accurate financial records and books of account showing all receipts and disbursements, and supervising the preparation of required financial statements. The treasurer shall supervise the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the Board of Directors, and shall cause disbursement of funds of the Association upon properly authorized vouchers. The treasurer shall perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned by the board.
- 4.7 Execution of Instruments.** All agreements, contracts, deeds, leases, and other instruments of the Association, except checks, shall be executed by the person or persons designated by general or special resolution of the Board of Directors. In the absence of any general or

special resolution applicable to any instrument, then the instrument shall be signed by the chairperson. Checks shall be signed by the designated manager but any checks in an amount fixed by the board shall be subject to approval of the chairperson or the treasurer.

**4.8 Compensation of Officers.** No officer shall receive any compensation from the Association for acting as an officer but may be reimbursed for reasonable expenses incurred as an officer.

## **ARTICLE 5. BUDGET, EXPENSES, AND ASSESSMENTS**

**5.1 Budget.** The Board Directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous over assessment, and assess the common expenses to each unit owner in the proportion set forth in the Declaration. The budget shall provide for a reserve fund in accordance with Section 5.5 of these Bylaws. Within thirty (30) days after adopting the annual budget, the board shall provide a summary of the budget to all owners. If the board fails to adopt an annual budget, the last adopted budget shall continue in effect.

**5.2 Determination of Common Expenses.** Common expenses shall include but are not limited to:

- (1) Expenses of administration, including management fees.
- (2) Expenses of maintenance, repair or replacement of common elements, or any other portions of the condominium required to be maintained by the Association pursuant to the Declaration or these Bylaws.
- (3) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (4) A general operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.
- (5) Reserve for replacements, repairs, and maintenance.
- (6) Any deficit in common expenses for any prior period.
- (7) Utilities for the common elements and other utilities with a common meter or commonly billed, such as trash collections, water, and sewer.
- (8) Any other items properly chargeable as an expense of the Association

**5.3 Obligation to Pay Assessments; Assessment of Common Expenses.**

- (1) All unit owners shall be obligated to pay common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration. On behalf of the Association, the board shall assess the common expenses against the unit owners from time to time, and at least annually, and shall take prompt action to collect from a unit owner any common expense due which remains unpaid for more than thirty (30) days from the due date of its payment. The board may elect to round assessments to the nearest dollar.
- (2) No unit owner by the owner's own action may claim exemption from liability for contribution towards common expenses by waiver by the owner of use of enjoyment of any of the common elements or by abandonment by the owner of the owner's unit. A unit

owner may not claim an offset against an assessment for failure of the Association to perform its obligations and no unit owner may offset amounts owing or claimed to be owing by the Association.

#### **5.4 Special or Extraordinary Assessments.**

- (1) **Special Assessments for Capital Improvements.** In the case of any duly authorized capital improvement to the common elements, the Board of Directors may by resolution establish separate assessments for the improvement, which may be treated as capital contributions by the unit owners. Proceeds of the special assessment shall be used only for the specific capital improvements described in the resolution.
- (2) **Other Special or Extraordinary Assessments.** In the event the Board of Directors determines that the assessments established upon adoption of the budget as provided in Section 5.1 of these Bylaws will be insufficient to pay the common expenses, or the board determines that additional funds will be needed to meet unexpected or unbudgeted common expenses, the board may levy an additional special or extraordinary assessment.
- (3) **Allocation of Assessment Equally; Payment.** Any special or extraordinary assessment shall be allocated to each unit in equal share and may be payable in installments over a specified period, in a lump sum, or in a lump sum with option to pay in installments with interest, as determined by the Board of Directors.

#### **5.5 Replacement Reserves.**

- (1) **Establishment of Account.** The Board of Directors shall maintain a reserve account for replacement of those common elements all or a part of which will normally require replacement in more than three (3) and less than thirty (30) years, and for exterior painting if the common elements includes exterior painted surfaces. The reserve account need not include moneys to cover expenses for those items that could reasonably be funded from operating assessments.
- (2) **Reserve Policy.** The amount of reserve payments shall be adjusted at least annually to recognize changes in current replacement costs over time. The Board of Directors annually shall review and update its policy on reserves applicable to the common elements to determine reserve requirements. The reserve policy shall include:
  - (a) Identification of all items for which reserves are to be established;
  - (b) The estimated remaining useful life of each item as of the date of the reserve study;
  - (c) An estimated cost of maintenance, repair, or replacement of each items at the end of its useful life; and

(d) A long-range plan with regular and adequate contributions, adjustment by estimated inflation, and interest earned on reserves, to meet the maintenance, repair, and replacement schedule.

(3) **Use of Reserve Funds.** The reserve account shall be used only for maintenance, repair, and replacement of common elements for which the reserves have been established and shall be kept separate from other funds. The Association may, on an annual basis, elect not to fund the reserve accounts described in this section by unanimous vote of the owners.

(4) **Reserve Account Nonrefundable; Effect on Sale of Unit.** Nothing in this section shall prohibit prudent investment of the reserve account. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of units. Sellers of units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement.

#### **5.6 Default in Payment of Assessments; Interest; Late Fee; Other Costs.**

(1) In the event of default by any unit owner in paying any assessments to the Association, including assessed common expenses and any other charge imposed or levied by the Association pursuant to the provisions of the Declaration, these Bylaws, or the Oregon Condominium Act, the unit owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such assessment from the due date thereof, or at such greater rate as may be established by the Board of Directors from time to time, not to exceed the maximum lawful rate, if any. In addition, the defaulting unit owner shall pay late charge for any assessment not paid within ten (10) days of its due date in the amount \$25, or such other reasonable late charge as may be established by the board from time to time, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorney fees.

(2) The Board of Directors shall have the right and duty to recover for the Association such assessments, together with such charges, interest, and expense of the proceeding, including attorney fees, by an action brought against the unit owner or by foreclosure of the lien upon the unit granted by the Oregon Condominium Act. If requested to do so by the mortgagee, insurer, or guarantor, the board shall notify the holder of any first mortgage upon a unit and any eligible mortgage insurer or guarantor thereof of any default not cured within sixty (60) days of the date of default.

**5.7 Foreclosure of Liens for Unpaid Assessments.** In any suit brought by the Association to foreclose a lien on a unit because of unpaid assessments, the unit owner shall be required to pay a reasonable rental for the use of the unit during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover a

money judgment for unpaid assessments shall be maintainable without foreclosing the liens securing the judgment.

**5.8 Statement of Assessments.** The Board of Directors shall advise each unit owner in writing of the amount of assessments payable by such owner, and furnish copies of each budget on which such assessments are based to all unit owners and, if requested by the mortgagees, to their mortgagees. The board shall promptly provide any unit owner who makes a request in writing with a written statement of the owner's unpaid assessments.

**5.9 Priority of Lien; First Mortgages.** Any lien of the Association against a unit for assessments shall be subordinate to tax and assessment liens and any prior mortgage of record. Where the purchaser or mortgagee of a unit obtains title to the unit as a result of foreclosure of a first mortgage, the purchaser or mortgagee, its successors and assigns, shall not be liable for any of the assessments chargeable to such unit that became due prior to the acquisition of title to such unit by such purchaser or mortgagee. The unpaid share of assessments shall be a common expense and reallocated on a pro rata basis for all units, including the mortgaged unit. The purchaser or mortgagee shall not be relieved of the obligation to pay further assessments. A deed in lieu of foreclosure accepted by the holder of a first mortgage shall extinguish a lien filed by the Association to secure unpaid assessments under the circumstances described in ORS 100.465.

**5.10 Voluntary Conveyance.** In a voluntary conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee thereof. However, upon request of a prospective purchaser, the Board of Directors shall make and deliver a statement of the unpaid assessments against the prospective grantor of the unit, and the grantee in that case shall not be liable for, nor shall the unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amount set forth in the statement.



## ARTICLE 6. RECORDS AND AUDITS

- 6.1 General Records.** The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the board and the managing agent or manager, minutes of the meetings of the board and minutes of the meetings of the Association. The board shall maintain a Book of Resolutions containing the rules, regulations, and policies adopted by the Association, board, and the manager. The board shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of units, if the mortgagees have requested to be listed.
- 6.2 Financial Records and Accounts.** The Board of Directors or its designee shall keep financial records sufficient for proper accounting purposes. All assessments shall be deposited in a separate bank account in the name of the Association. All expenses of the Association shall be paid from the Association's bank account.
- 6.3 Assessment Roll.** The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each unit. The account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account, and the balance due, if any, on the assessment.
- 6.4 Payment of Vouchers.** The treasurer shall cause payment of all vouchers for all budgeted items and for any nonbudgeted items up to an amount fixed by the Board of Directors signed by the chairperson, managing agent, manager, or other person authorized by the board. Any voucher for nonbudgeted items in excess of the amount fixed by the board shall require the authorization of the chairperson. Any checks written on reserve accounts must be signed by at least one member of the board.
- 6.5 Reports and Audits.** An annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the Board of Directors to all unit owners and to all mortgagees of units who have requested the same within 90 days after the end of the fiscal year. From time to time, the board, at the expense of the Association, may obtain an audit or review of the books and records pertaining to the Association and furnish copies thereof to the owners and any mortgagees who have requested copies. Upon written request, any holder, insurer, or guarantor of a first mortgage shall be entitled to an audited financial statement for the immediately preceding fiscal year at the expense of the requesting party, if one is not otherwise available.
- 6.6 Notice of Sale, Mortgage, Rental, or Lease.** Immediately upon the sale, mortgage, rental, or lease of any unit, the unit owner shall promptly inform the secretary or manager of the name and address of the vendee, mortgagee, lessee, or tenant.
- 6.7 Availability of Records.** During normal business hours or under other reasonable circumstances, the Association shall make available to unit owners, prospective purchasers, and lenders, and to holders, insurers, or guarantors of any first mortgage, current copies of the Declaration, Bylaws, other rules concerning the condominium, amendments or

supplements to such documents, and the books, records, financial statements, and current operating budget of the Association. Upon written request, the Association shall make such documents, information, and records available to eligible persons for duplicating during reasonable hours. The Association may charge a reasonable fee for furnishing copies of documents, information, or records. The fee may include reasonable personnel costs incurred to furnish the information.

## **ARTICLE 7. MAINTENANCE AND USE OF CONDOMINIUM PROPERTY**

**7.1 Maintenance and Repair.** Except as otherwise provided in Section 7.3 of these Bylaws for damage or destruction caused by casualty:

- (1) **Units.** All maintenance of and repairs to any unit shall be made by the owner of such unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting, and staining which at any time may be necessary to maintain the good appearance and condition of the unit. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of windows, doors, any plumbing, heating, air conditioning fixtures, telephones, water heaters, fans, lighting fixtures, lamps, electrical outlets, blinds, garbage disposals, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with the owner's unit. The Association may repair or replace, at the Association's expense, portions of units to the extent reasonably necessary for the preservation of the common elements in good condition and working order.
- (2) **Common elements.** All maintenance, repairs, and replacements to the general and limited common elements and to Association property shall be made by the Association and shall be charged to all the unit owners as a common expense. Each unit owner shall keep the limited common elements that pertain to the owner's unit in a safe, neat, clean, and sanitary condition.

### **7.2 Additions, Alterations, or Improvements.**

- (1) A unit owner may make any improvements or alterations to the owner's unit that do not impair the structural integrity or mechanical systems of the condominium or lessen the support of any portion of the condominium
- (2) A unit owner shall make no repair or alteration or perform any other work on the owner's unit that would jeopardize the soundness or safety of the property, reduce its value, impair any easement or hereditament or increase the common expenses of the Association unless the consent of all the other unit owners is first obtained.
- (3) A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without permission of the Board of Directors.

**7.3 Damage or Destruction by Casualty of Condominium Property.** In the case of damage or destruction that affects a material portion of the condominium, timely written notice shall be given to the unit owners and their mortgagees, if known, and any eligible mortgage insurer or guarantor, if known, and the following provisions shall apply:

- (1) In the event of damage or destruction by casualty of condominium property, the damage or destruction shall be repaired, reconstructed, or rebuilt unless, within fourteen (14) days of the damage or destruction, the Board of Directors or more than ten percent (10%) of the unit owners shall have requested a special meeting of the Association. The special

meeting must be held within sixty (60) days of the date of damage or destruction. At the time of the special meeting, unless unit owners holding ninety percent (90%) of the voting power, whether in person, by writing, or by proxy, with the approval of mortgagees as required by the Declaration, vote not to repair, reconstruct, or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed, or rebuilt. If the damage or destruction is not repaired, reconstructed, or rebuilt, then the property shall be removed from condominium ownership in the manner provided in the Oregon Condominium Act.

- (2) The Association shall be responsible for repairing, reconstructing, or rebuilding all such damage or destruction to the common elements and, to the extent of the Association's insurance coverage and any deductible under such policies, all such damage or destruction to the units. Each unit owner shall be responsible for such repairing, reconstructing, or rebuilding of the owner's unit as is not so covered by the Association's insurance.
- (3) If, due to the act or neglect of a unit owner or of a member of the owner's family or of a household pet or of a guest or of other authorized occupant or visitor of such unit owner, damage is caused to the common elements or to a unit owned by others, or maintenance, repairs, or replacements shall be required which would otherwise be a common expense, then such unit owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, including any deductible under the Association's policy, to the extent not fully covered by the Association's insurance.
- (4) In the event any portion of the insurance proceeds paid to the Association is not needed to repair, reconstruct, or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the unit owners and their mortgagees (as their interests may appear) in the same proportion as common expenses are shared, unless the property is removed from unit ownership. If the property is removed from unit ownership, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the unit owners and their mortgagees (as their interests may appear) in the manner described in the Oregon Condominium Act.

#### **7.4 Condemnation.**

- (1) **Notice; Representation by Association; Proceeds Payable to Association.** If any portion of the condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each unit owner and to each mortgagee, if known, and any eligible mortgage insurer or guarantor, if known. The Association shall represent the unit owners in any condemnation proceedings or in negotiations, settlements, and agreements with the condemning authority for acquisition of any portion of the common elements, and each unit owner appoints the Association to act as attorney-in-fact for such purposes. All compensation, damages, or other proceeds of the taking, other than any award for moving expenses of

specific unit owners, shall be payable to the Association and allocated and distributed as provide in subsection (2) and (3) of this section.

- (2) **Completing Taking.** If the entire condominium property is taken, or if unit owners holding ninety percent (90%) of the voting power agree that such substantial portion of the condominium has been taken as to make the condominium obsolete, then the property shall be considered removed from unit ownership. Any proceeds of the condemnation paid to the Association, together with any other proceeds upon sale of the remaining condominium property, shall be distributed among the unit owners and their mortgagees, as their interests may appear, in accordance with the provisions of the Oregon Condominium Act.
- (3) **Partial Taking.** If less than the entire condominium property is taken and the condominium is not determined to be obsolete as provided in subsection (2) of this section, then as soon as practicable the Board of Directors shall, reasonably and in good faith, allocated the award among the units in accordance with reduction in the value of each unit and its interest in the common elements, compared to the total reduction in the value of all units and their interest in the common elements. In the event any owner or mortgagee objects to the allocation determined by the board, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The cost of arbitration shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a unit owner under this subsection shall be paid first to all mortgagees and holders of liens on the unit owner's interest in accordance with the existing priorities, and the balance to the unit owner. If any reconstruction or repair is undertaken as a result of the condemnation, the board may retain and apply the portion of each unit owner's share of the award as is necessary to discharge the owner's liability for any special assessment arising from any reconstruction or repair.

**7.5 Restrictions and Requirements Respecting Use of Condominium Property.** The following restrictions and requirements are in addition to all other restrictions and requirements contained in the Declaration and these Bylaws.

- (1) **Residential use.** No commercial activities of any kind shall be carried on in any unit or in any other portion of the condominium without the consent of the Board of Directors. This provision is not intended to prevent or prohibit a unit owner from maintaining a professional personal library, keeping personal business or professional records or accounts, or handling personal business or professional telephone calls in the owner's unit.
- (2) **Use of common elements.** The common elements shall be used for the furnishing of services and facilities for which the common elements are reasonably intended, for the enjoyment of the units. The use, operation, and maintenance of the common elements shall not be obstructed, damaged, or unreasonably interfered with by a unit owner.

- (3) **Offensive or unlawful activities.** No noxious or offensive activities shall be carried on in any unit nor shall anything be done in or placed upon any unit which interferes with or jeopardizes the enjoyment of other units or the common elements or which is a source of annoyance to other unit occupants. Unit occupants shall exercise extreme care not to make noises which may disturb other unit occupants, including the use of musical instruments, radios, televisions, and amplifiers. No unlawful use shall be made of the condominium nor any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.
- (4) **Animals.** No animals or fowls shall be raised, kept, or permitted within the condominium or any part thereof, except domestic dogs, cats, or other household pets kept within a unit, except that no more than two such pets may be kept in any one unit. No dogs, cats, or pets shall be permitted to run at large nor shall be kept, bred, or raised for commercial purposes. Any inconvenience, damage, or unpleasantness caused by pets shall be the responsibility of the respective owners thereof, and the owners shall be responsible for removal of wastes of their pets. All dogs shall be carried or kept on a leash while in the common area outside a unit. No pet shall be permitted to cause or create a nuisance or unreasonable disturbance or noise. A unit owner may be required to remove a pet upon receipt of a third notice in writing from the Board of Directors of violations of any rules, regulations, or restriction governing pets within the condominium.
- (5) **Exterior lighting or noise-making devices and antennas.** Except with the consent of the Board of Directors, no exterior lighting or noise-making devices shall be installed or maintained on any unit and no antennas or transmitting towers shall be affixed to the general or limited common elements.
- (6) **Windows, decks, patios, and outside walls.** In order to preserve the attractive appearance of the condominium, the Board of Directors may regulate the nature of items which may be placed in or on windows, decks, patios, and the outside walls so as to be visible from other units, the common elements, or outside the condominium. Garments, rugs, laundry, sheets, reflecting surfaces, and other similar items may not be hung from windows, facades, decks, or patios.
- (7) **Trailers, campers, and boats.** Except with the consent of the Board of Directors, no trailer, truck camper, motorcycle, boat or boat trailer, or other recreational vehicle or truck rated as one ton or more shall be parked on any portion of the condominium, except in guest parking areas on a temporary basis.
- (8) **Leasing and rental of units.** All leases and rentals are subject to Article 9 of these Bylaws. No unit owner may lease or rent less than an entire unit and no unit owner may rent the owner's unit for transient or hotel purposes, or for a period of less than thirty (30) days. All leases or rentals shall be by written lease agreement that provides that the terms of the lease shall be subject in all respects to the provisions of the Declaration, these Bylaws and rules and regulations adoption pursuant thereto, and that any failure by the lessee or tenant to comply with the terms of such requirements shall be a default under the lease. If the Board of Directors finds that lessee or tenant has violated any provision

of the Declaration, these Bylaws, or the rules and regulations, the board may require that unit owner to terminate the lease or rental agreement.

- (9) **Signs.** Unless written approval is first obtained from the Board of Directors, no sign of any kind shall be displayed to the public view on or from any portion of the common elements.
- (10) **Trash.** No part of any unit or any part of the common elements shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste. No garbage, trash, or other waste shall be kept or maintained on any part of the property except in sanitary containers in the designated areas.
- (11) **Insurance.** Nothing shall be done or kept in any unit or the common elements that will increase the cost of insurance on the common elements. No owner shall permit anything to be done or kept in the owner's unit or in the common elements that will result in cancellation of insurance on any unit or any part of the common elements.
- (12) **Fixture or appliance leakage.** The unit owner shall be responsible for all damages to any unit or the common elements that might be caused by leakage from any fixture or appliance.
- (13) **Association rules and regulations.** In addition to subsections (1) to (12) of this section, the Board of Directors from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the units and common elements as it may consider necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the condominium property.

**7.6 Right of Entry.** A unit owner grants the right of entry to the Board of Directors, managing agent, manager, or any other person authorized by the board in the case of any emergency originating in or threatening the unit owner's or other condominium property, whether or not the owner is present at the time. A unit owner shall also permit such persons to enter the unit for the purpose of performing installations, alterations, or repairs to any common element and for the purpose of inspection to verify that the unit owner is complying with the restrictions and requirements described in section 7.5 of this Article, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner.

#### **7.7 Abatement and Enjoining of Violations.**

- (1) The violation of any provision of the Declaration, of these Bylaws, or any rule or regulation adopted pursuant to these Bylaws, or of any decision of the Association made pursuant to such documents, shall give the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these Bylaws, to do any or all of the following after giving the unit owner notice and an opportunity to be heard:
  - (a) To enter the unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing, or

condition that may exist contrary to the intent and meaning of such provisions. The board shall not by entering the unit be considered guilty of any manner of trespass. Judicial proceedings shall be instituted before any items of construction may be altered or demolished; or

- (b) To enjoin, abate, or remedy such thing or condition by appropriate legal proceedings; or
  - (c) To levy reasonable fines after notice and an opportunity for a hearing, pursuant to a fine scheduled adopted by the board; or
  - (d) To terminate the right to receive utility services paid for out of assessments until correction of the violation has occurred.
- (2) The offending unit owner shall be liable to the Association for all costs and attorney fees incurred by the Association, whether or not legal proceedings are instituted and including attorney fees on appeal or petition for review, together with any expense incurred by the Association in remedying the default, damage incurred by the Association or unit owners, or fine levied. The sums shall be assessed against the offending unit as an assessment and enforced as provide in Article 5 of these Bylaws. In addition, an aggrieved unit owner may bring an action against the other unit owner or the Association to recover damages or to enjoin, abate, or remedy the thing or condition by appropriate legal proceedings.



## **ARTICLE 8. INSURANCE**

**8.1 Types of Insurance.** For the benefit of the Association and the unit owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following and any other coverage that may be required by law:

### **(1) Property Damage Insurance.**

- (a) The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association may consider desirable.
- (b) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the units and common elements (exclusive of land, foundation, excavation, and other items normally excluded from coverage), subject to a maximum deductible to be determined by the Board of Directors.
- (c) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the common elements and all personal property and supplies belonging to the Association.
- (d) Such policy or policies shall name the Association as insured, and shall provide for loss payable in favor of the Association, as a trustee for each unit owner and each such unit owner's mortgagee, as their interests may appear. The policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Oregon.

### **(2) Liability Insurance.**

- (a) The Association shall maintain comprehensive general liability insurance coverage insuring the Association, the Board of Directors, the unit owners, and the managing agent, against liability to the public or to the owners of units and of common elements, and their invitees or tenants, incident to the operation, maintenance, ownership or use of the property, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or board) for liability arising out of acts or omission of such unit owner and liability incident to the ownership or use, or both, of the part of the property as to which such unit owner has the exclusive use or occupancy.
- (b) Limits of liability under such insurance shall not be less than one million dollars (\$1,000,000) on a combined single limit basis.
- (c) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the rights of named insured under the

policy or policies shall not be prejudiced as respects action against another named insured.

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

(4) **Fidelity Insurance.**

(a) The Association shall maintain fidelity insurance for all officers, directors, trustees, and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a management agent, such agent shall maintain fidelity insurance for its officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association.

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

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

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

(6) **Insurance by Unit Owners.** Each unit owner shall be responsible for obtaining, at such owner's expense, insurance covering property not insured under Section 8.1 of this Article and against the unit owner's liability not covered under Section 8.1 of this Article.

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

(1) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon acceptable to Fannie Mae which falls in a B general policyholder's rating or a financial performance index of 6 or better, as designed in Best's Key Rating Guide, or an A or better rating from Demotech, Inc.

(2) Notwithstanding the provisions of Section 8.1 of this Article, there may be named as an insured, on behalf of the Association, the Association's authorized representative,

including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each unit owner appoints the Association, or any insurance trustee or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear.

- (3) All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of the right of subrogation against unit owners individually, and that the insurance is not prejudiced by any act or neglect of individual unit owners which is not in the control of such owners collectively.
- (4) For the purpose of this Article, insurance policies are unacceptable where:
  - (a) Under the terms of the insurance carrier's charter, bylaws, or policy, contributions or assessments may be made against Fannie Mae, the designee of Fannie Mae, or the Association or unit owner;
  - (b) By the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders, or members;
  - (c) The policy includes any limiting clauses (other than insurance conditions) which could prevent Fannie Mae or the owners from collecting insurance proceeds.
- (5) All policies required by this Article shall provide that they may not be canceled or substantially modified without at least 10 days prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder or a first mortgage in the insurance policy. Evidence of insurance shall be issued to each unit owner and mortgagee upon request.
- (6) Each unit owner shall be required to notify the Board of Directors of all improvements made by the owner to the owner's unit, the value of which is in excess of five thousand dollars (\$5,000). Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the board pursuant to other provisions of these Bylaws.
- (7) Any unit owner who obtains individual insurance policies covering any portion of the property other than such owner's personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance.

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

- (1) To the extent appropriate and available at a reasonable cost, the Association shall maintain additional coverages against such other risks as are customarily covered with respect to projects similar in construction, location, and use, including but not limited to, host liquor liability, contractual and all-written contract insurance, employer's liability insurance, and comprehensive automobile liability insurance if applicable.
- (2) If reasonably available, the insurance policies shall include Inflation Guard Endorsement, and Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement).
- (3) Flood Insurance, if the condominium is in a Special Flood Hazard Area.
- (4) If reasonably available, waiver of subrogation by the insurer as to any claims against the Board of Directors, any unit owner, or any guest of a unit owner.

**8.4 Fannie Mae and GNMA Requirements.** Notwithstanding any other provisions of this article, the Association shall continuously maintain in effect such casualty, flood and liability insurance, and a fidelity bond meeting the insurance and fidelity requirements for condominium projects established by Fannie Mae and Government National Mortgage Association, so long as either is a mortgagee or owner of a unit within the condominium, except to the extent such coverage is not available or has been waived in writing by Fannie Mae or Government National Mortgage Association. Fannie Mae or Fannie Mae's servicer, its successors or assigns, shall be named as mortgagee in the Association's policies.

## **ARTICLE 9. RENTAL POLICY**

**9.1 Maximum Number of Units in Rental Status.** The number of units that may be rented by the unit owner or by any person acting by or for the unit owner at any given time shall not exceed thirteen (13) units.

**9.2 Status of Current Rentals.** All units being used as rentals on the effective date of these Bylaws shall be permitted to continue as rentals until the unit either becomes occupied by the owner or is sold.

**9.3 Withdrawal of Unit from Rental Status.** If any rental unit becomes vacant and without a tenant for a period of more than ninety (90) consecutive days, the unit will no longer be considered an approved rental unit.

**9.4 Notice to the Board.** Within thirty (30) days of any change in tenancy in a unit being rented by the unit owner, the owner must provide a new copy of the Application for Rental Occupancy to the Board of Directors. The application shall contain the tenant's name and such contact information as the board may require.

### **9.5 Application for Rental Occupancy.**

- (1) Any unit owner who wishes to rent the owner's unit shall submit an Application for Rental Occupancy to the Board of Directors. Approval by the board is subject to not exceeding the maximum number of rentals allowed under paragraph 9.1 of this Article.
- (2) Applications shall be acted upon by the board in the order they are received. However, the application of the owner of only one unit shall be given priority over the application of the owner of more than one unit. Requests for approval by the board shall be acted upon within 10 business days.

**9.6 Files.** The Board of Directors shall maintain a current file of rental units. The board shall also maintain a waiting list, if any, of owners interested in renting out their units, in the order the applications are received.

**9.7 Notice to Tenant.** The owner of a rented unit must provide the tenant thereof with a copy of the Association's Declaration, Bylaws, and rules and regulations adopted pursuant thereto.

**9.8 Violation and Enforcement.** If a unit owner fails to submit the required application or rents a unit without the approval of the Board of Directors, the board may assess a fine of \$25 per day for each day the unit is rented without board approval.

### **9.9 Notice of Vacant Units; Reinstatement.**

- (1) A unit owner whose unit is vacant and without a tenant for more than ninety (90) days shall give written notice to the Board of Directors of the vacancy no later than ten (10) days after the vacancy occurs. Upon receipt of the notice or upon determination by the

board that a rental unit has been vacant and without a tenant for more than ninety (90) days, the board shall notify the next unit owner on the waiting list that the owner is eligible to file an Application for Rental Occupancy within fourteen (14) days after receiving the notice.

- (2) The owner of any unit withdrawn from rental occupancy may request at any time to have the owner's unit reinstated as a rental unit. The board shall accept the request and shall place the owner's unit on the waiting list, if any.

## ARTICLE 10. AMENDMENTS TO BYLAWS

- 10.1 How Proposed.** Amendments to the Bylaws may be proposed by either a majority of the Board of Directors or by thirty percent (30%) of the unit owners holding voting rights. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment.
- 10.2 Adoption.** A resolution adopting a proposed amendment proposed by either a majority of the Board of Directors or by thirty percent (30%) of the unit owners may be approved by the unit owners at a meeting called for this purpose or by ballot vote. Unit owners not present at the meeting considering such amendment may express their approval or disapproval in writing or by proxy. Any resolution must be approved by a majority (26) of unit owners or mortgagees, if known, except that any amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy units, or affecting the rental or leasing of units must be approved by unit owners holding seventy-five percent (75%) of the voting rights.
- 10.3 Execution and Recording.** An amendment shall not be effective until certified by the chairperson and secretary of the Association as being adopted in accordance with these Bylaws and the provisions of the Oregon Condominium Act and recorded as required by law. Any amendment shall be approved by the Oregon Real Estate Commission to the extent required by the Oregon Condominium Act.

## ARTICLE 11. MISCELLANEOUS

- 11.1 Notices.** All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the board may designate from time to time. All notices to any unit owner shall be sent to such address as may have been designated by such owner from time to time, in writing, to the board, or, if no address has been designated, then to the owner's unit.
- 11.2 Nonwaiver of Restrictions.** No restriction, condition, obligation, or provision contained in these Bylaws shall be considered to have been abrogated or waived by reason of any failure to enforce any restriction, condition, obligation, or provision irrespective of the number of violations or breaches thereof which may occur.
- 11.3 Action Without a Meeting.** Any action which the Oregon Condominium Act, the Declaration, or these Bylaws require or permit the owners or Board of Directors to take at a meeting may be taken without a meeting if the consent in writing setting forth the action so taken is signed by all of the owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the owners or directors, shall be filed in the records of minutes of the Association.
- 11.4 Invalidity; Number; Captions.** The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of the Bylaws. As used in these Bylaws, the singular shall include the plural, and the plural the singular. All captions are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.
- 11.5 Conflicts.** These Bylaws are intended to comply with the Oregon Condominium Act and the Declaration. In case of any irreconcilable conflict, such statute and the Declaration shall control over these Bylaws or any rules and regulations adopted hereunder.



The foregoing amendment to the Bylaws of Palisades Condominium Association has been adopted by the Palisades Homeowners' Association in accordance with the Bylaws and provisions of ORS 100.410.

## PALISADES CONDOMINIUM ASSOCIATION

James Nameth  
James Nameth, Chairman of Board

State of Oregon       )  
                  Marion )SS  
County of Lincoln)

The foregoing instrument was acknowledged before me this 15 day of August, 2000, James Nameth, Chairman, on behalf of Palisades Homeowners' Association.

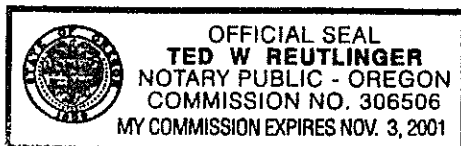


Mary S. Lane  
Notary Public of Oregon  
My Commission expires: June 7, 2003

State of Oregon       )  
                              )SS  
County of Lincoln)

Kathleen Blamfort

The foregoing instrument was acknowledged before me this 25th day of August, 2000, KATHEREN BLAMFORT, Secretary, on behalf of Palisades Homeowners' Association.



Ted W. Reutlinger  
Notary Public of Oregon  
My Commission expires: 11/3/2001

AFTER RECORDING, RETURN TO  
Palisades Condominium Association  
P.O. Box 676  
Gleneden Beach, OR 97388

AMENDMENT TO THE BYLAWS OF  
PALISADES CONDOMINIUM ASSOCIATION

The following being voted with a majority approval of the homeowners of Palisades Condominiums, a condominium project in Lincoln County, Oregon, hereby amend Section 5A (page 7) of the Bylaws for Palisades Condominiums, recorded in Book 131 Page 255 Deed Records of Lincoln County, Oregon, to read as follows:

"Section 5 A. General Powers"

The business and affairs of the Association shall be managed by its board of directors, who shall be unit owners.

The number of directors of the Association shall be five. Each director shall hold office for a term of two years expiring on the date of the second annual meeting of unit owners following the director's election and upon the election and qualifications of a successor.

*B*

Now, therefore, pursuant to section 20 of the 1982 Bylaws and ORS 100.410, with the consent and approval of at least a majority (26) of the unit owners, Association hereby amends and restates in their entirety the 1982 Bylaws (as amended), which are replaced and superseded by these 2005 Amended and Restated Bylaws which read as set forth below:

PALISADES CONDOMINIUM ASSOCIATION  
AN OREGON NONPROFIT CORPORATION

By James J. Namett Chairperson  
By Carol Lynn Davis Secretary

CERTIFICATION

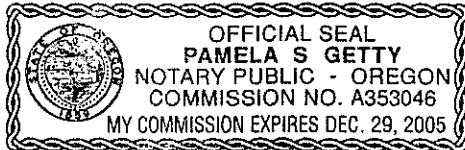
The undersigned Chairperson and Secretary of the Palisades Condominium Association, an Oregon nonprofit corporation, hereby certify that the attached 2005 Amended and Restated Bylaws of the Palisades Condominium Association have been approved by at least a majority of the unit owners as provided in Section 20 of the 1982 Bylaws and amended in accordance with ORS 100.410.

PALISADES CONDOMINIUM ASSOCIATION  
AN OREGON NONPROFIT CORPORATION

By James J. Namett Chairperson  
By Carol Lynn Davis Secretary

State of Oregon       )  
                                  )ss  
County of Marion     )

The foregoing instrument was acknowledged before me on this 7<sup>th</sup> day of December, 2005. James J. Nameth, Chairperson, on behalf of Palisades Condominium Association, an Oregon nonprofit corporation.



Pamela S. Getty  
Notary Public of Oregon  
My Commission expires 12/29/2005

State of Oregon       )  
                                  )ss  
County of Lincoln    )

The foregoing instrument was acknowledged before me on this 12 day of December, 2005. Carol Lynn Norton, Secretary, on behalf of Palisades Condominium Association, an Oregon nonprofit corporation.



Rosellen M. Weider  
Notary Public of Oregon  
My Commission expires July 28, 2006