

**BYLAWS OF
LAKEWOOD LOFTS AND CONDOMINIUMS**

Whereas, BAY CLUB ASSOCIATES, L.L.C., an Oregon limited liability company hereinafter referred to as "Declarant"), is the owner of certain real property in Lake Oswego, Oregon, and

Whereas, Declarant has executed a Declaration (hereinafter referred to as the "Declaration") submitting such real property, together with all improvements constructed thereon (hereinafter referred to as the "Condominium"), to the provisions, restrictions, and limitations of the Oregon Condominium Act, ORS 100.005 through ORS 100.910,

Now, Therefore, Declarant approves and adopts these Bylaws and annexes the same to the Declaration, which Bylaws and Declaration shall govern the operation of the Condominium. These Bylaws shall run with the land and shall be binding on and for the benefit of Declarant, acting as the present Association of Unit Owners, and its successors and assigns, and on all subsequent unit owners, and their mortgagees, tenants, occupants, employees, and others who may use the Condominium.

1. DEFINITIONS.

As used in these Bylaws, the term

A. "Association" means The Association of Unit Owners of Lakewood Lofts and Condominiums, an Oregon nonprofit corporation.

B. "Majority of the Unit Owners" means the owners of more than 50 percent of the voting rights as provided in the Declaration. Whenever a percentage of the unit owners is specified, percentage means a percentage of voting rights.

2. ORGANIZATION OF ASSOCIATION.

The organization of the Association shall be held within 30 days following the recording of these Bylaws. Declarant shall give at least 7 but not more than 50 days' written notice of the initial meeting to all persons who are unit owners on the date of mailing of the notice.

3. TRANSITIONAL COMMITTEE.

Within 60 days after the conveyance to persons other than Declarant of a total of 50 percent of the total number of units which Declarant may submit under the Declaration, Declarant shall call a meeting of unit owners to select a transitional committee. Declarant shall give notice in accordance with these Bylaws to each unit owner at least 7 but not more than 50 days prior to the meeting. The notice shall state the purpose of the meeting and the time and place at which the meeting is to be held. If Declarant fails to call such meeting within the time specified, such meeting may be called by any unit owner. At such meeting, the unit owners in attendance, other than Declarant, by vote of a majority of those present, shall select two members of a transitional committee which shall be composed of three members. The third member of the transitional committee shall be selected by Declarant. The members of the transitional committee shall serve until the turnover meeting to be held pursuant to subsection 4A. The function of the transitional committee shall be that of enabling ease of transition from control of the administration of the Association by Declarant to control by the unit owners.

4. UNIT OWNERS' MEETINGS.

A. Turnover Meeting. No later than 90 days after the expiration of the period of Declarant's control of the Association reserved in Section 27 of the Declaration,

Declarant shall call a turnover meeting. Declarant shall give notice to each unit owner at least 7 but not more than 50 days prior to the meeting. The notice shall state the purpose of the meeting and the time and place at which the meeting is to be held. At the turnover meeting:

(i) Declarant shall relinquish control of the administration of the Association and the unit owners shall assume the control.

(ii) The unit owners shall elect a board of directors in accordance with these Bylaws, and

(iii) Declarant shall deliver to the Association all relevant business records of the Association.

If Declarant fails to call the turnover meeting within the time specified above, the meeting may be called and notice given by any unit owner or any first mortgagee of a unit.

B. Annual Meetings. The annual meetings of the Association shall be held on the 31st January in Lake Oswego of each year. At such meetings, the Association shall, by ballot, elect directors and transact such other business as may come before the meeting. If the election of directors shall not be held on the date designated herein for any annual meeting of the unit owners or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the Association as soon thereafter as conveniently may be, not more than 60 days after said time, by proper notice designating the meeting as the annual meeting.

C. Special Meetings. Special meetings of the Association for any purpose or purposes may be called by the President or by a majority of the board of directors and

shall be called by the President at the request of not less than 20 percent of the unit owners entitled to vote at the meeting.

D. **Place of Meeting.** Such place as the board of directors may designate shall be the place of meeting for all annual and special meetings of the unit owners.

E. **Notice of Meeting.** Written or printed notice stating the place, date, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 7 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the discretion of the President, the Secretary, or the officer or persons calling the meeting, to each unit owner entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the unit owner at his last known address on the records of the Association, with postage thereon prepaid.

F. **Quorum and Voting of Unit Owners.** At any meeting of the Association, unit owners owning more than 50 percent of the voting rights, present in person or by proxy, shall constitute a quorum; and the concurring vote of a majority of such unit owners present and constituting a quorum shall be valid and binding upon the Association, except as otherwise provided by law, these Bylaws, or the Declaration. If less than 50 percent of the voting rights are represented at a meeting, a Majority of the Unit Owners represented may adjourn a meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noted. The unit owners present at a duly organized meeting may continue to transact business until

adjournment, notwithstanding withdrawals of enough unit owners to leave less than a quorum.

If a voting owner owns or represents more than one unit, he shall have votes corresponding with each unit which he owns or represents. In the event the owner or owners have pledged their votes regarding special matters to a mortgagee under a duly recorded mortgage and notice thereof has been given to the Secretary or Manager of the Association, only the vote of the mortgagee will be recognized in regard to the special matters upon which the votes are so pledged.

An administrator, executor, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any unit owned or held by him in such capacity, whether or not same shall have been transferred to his name; provided that he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such unit in such capacity. Whenever any unit is owned by two or more persons jointly, according to the records of the Association, a vote thereof may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of protest by a co-owner, the vote shall be divided by the number of co-owners, and each co-owner shall cast an equal fractional vote.

G. Proxies. At all meetings of the unit owners, a unit owner may vote by proxy executed in writing by the unit owner or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting.

5. **BOARD OF DIRECTORS.**

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 three years expiring on the date of the third annual meeting of unit owners following his election and upon the election and qualification of his successor; provided, however, that one member of the initial board of directors shall be elected for a term of one year, two members of the initial board of directors shall be elected for a term of two years, and two members of the initial board of directors shall be elected for a term of three years.

B. **Regular Meetings.** A regular meeting of the board of directors shall be held without notice other than this Bylaw immediately after and at the same place as the annual meeting of unit owners. The board of directors may provide by resolution the time and place for the holding of additional regular meetings without notice other than such resolution. The initial organization meeting shall be held immediately following the organization meeting of the Association. Until the initial meeting of the board, its rights, duties, and functions shall be exercised by Declarant.

C. **Special Meetings.** Special meetings of the board of directors may be called by or at the request of the President of the board of directors or any one director. The person or persons authorized to call special meetings of the board of directors may fix the place for holding any special meeting called by them.

D. **Notice of Special Meetings.** Notice of any special meeting shall be given at least 72 hours previous thereto by written notice delivered personally or mailed to each director at his residence or business address, or by telegram. If mailed, such notice

shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because a meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting. If at any time a majority of the units are occupied as principal residences, notice of meetings shall be posted at a place on the Condominium at least three days prior to the meeting.

E. Quorum of Directors. A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the board of directors; but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. Each director shall have one vote.

F. Manner of Directors Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

G. Vacancies on Board of Directors. Any vacancy occurring on the board of directors may be filled by the affirmative vote of a majority of the remaining directors even if there exists less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of predecessor in office. Any directorship to be filled by reason of an increase in the number of directors or by reason of

the removal of one or more directors shall be filled by election at an annual meeting or at a special meeting of the unit owners called for that purpose.

H. **Presumption of Assent.** A director who is present at a meeting of the board of directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

I. **Removal of Directors.** All or any number of directors may be removed with or without cause at a meeting expressly called for that purpose by a vote of a Majority of the Unit Owners then entitled to vote at an election of directors. Any director who ceases to be a unit owner shall cease to be a director.

J. **Reimbursement of Directors.** The directors shall not receive compensation but shall be reimbursed for their reasonable expenses related to attendance at meetings of the directors.

K. **Directors May Engage Manager.** The board of directors may retain the services of an individual or firm to act as Manager or Managing Agent and may employ, or instruct such Manager or Managing Agent to employ, such other persons as may be necessary from time to time for the maintenance, upkeep, and repair of the common elements. All such agreements shall provide for a term of three years and may be terminated, with or without cause, upon 90 days' notice to all parties affected.

L. Directors to Adopt Administrative Rules and Regulations. The administrative rules and regulations shall be adopted by Declarant and shall be binding as though they are a part hereof.

The board of directors shall have the power to amend such administrative rules and regulations as may be necessary or desirable to govern the details of the operation and use of the units and common elements, including such rules as are desirable to prevent unreasonable interference with the use of their respective units and of the common elements by the several unit owners.

M. Attendance by Unit Owners. All meetings of the board of directors of the Association shall be open to unit owners.

6. OFFICERS.

A. Number. The officers of the Association shall be a President, a Secretary, and a Treasurer, each of whom shall be elected by the board of directors. No two offices may be held by the same person. Officers shall not be required to be unit owners.

B. Election and Term of Office. The officers shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the unit owners. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner herein provided.

C. Removal. Any officer elected or agent designated by the board of directors may be removed by the board of directors whenever, in its judgment, the best

interests of the Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the persons so removed.

D. **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be filled by the board of directors for the unexpired portion of a term.

E. **President.** The President shall have all the powers and duties of a chairman under the Oregon Condominium Act. The President shall, when present, preside at all meetings of the unit owners and the board of directors and shall perform all duties incident to such office and such other duties as may be prescribed by the board of directors from time to time. He shall be the principal executive officer of the Association and subject to the control of the board of directors. He shall, in general, supervise and control all the business and affairs of the Association and sign with the Secretary, or any other proper officer of the Association authorized by the board of directors, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

F. **Secretary.** The Secretary shall (i) keep the minutes of the meetings of unit owners and the board of directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; (iii) be custodial of the Association records; and (iv) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or the board of directors.

G. **Treasurer.** The Treasurer shall (i) have charge and custody of and be responsible for all funds of the Association; (ii) receive and give receipts for moneys due and payable to the Association from any source whatsoever; (iii) deposit all moneys in the name of the Association in such banks, trust companies, or other depositories as shall be selected by the board of directors; (iv) approve payment vouchers; (v) prepare or cause to be prepared and filed any required income tax return or forms for the Association; and (vi) in general, perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the President or by the board of directors, including approving payment vouchers for maintenance and repair of the common elements.

7. **FIDELITY BONDS.**

The Association, through the board of directors, shall require that all officers, directors, employees, and agents of the Association handling or responsible for its funds shall furnish adequate fidelity bonds. The premiums on any such bonds shall be common expenses.

8. **RECORDS AND AUDIT.**

The Association shall keep financial records sufficient for proper recording purposes. Within 90 days after the end of each fiscal year, the board of directors shall distribute to each unit owner a copy of the annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year. The Association shall make available to unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, for their inspection or duplication, upon request, during normal business hours or under other reasonable circumstances, current copies of the Declaration, Bylaws, and other rules concerning the Condominium and the books, records, and financial statements of the

Association. Upon written request of a prospective purchaser, the Association shall make the foregoing information available for examination and duplication during reasonable hours.

The Association may charge a reasonable fee for furnishing any documents, information, or records described in this paragraph 8.

The Association shall make an audited statement for the preceding fiscal year (if the Condominium has been established for a full fiscal year) available to the holder, insurer, or guarantor of any first mortgage that is secured by a unit on submission of a written request for it. The audited financial statement shall be available within 120 days of the Association's fiscal year-end.

9. CONTRACTS.

The board of directors may authorize any officer or director, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association; and such authority may be general or confined to specific instances. The board shall have the right to make additions, alterations, or improvements to the common elements and to pay for the same out of the reserve fund established by the board, or to specifically assess the several units therefor as a common expense.

10. LOANS.

No loan shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors and approved by the affirmative vote of the owners of 75 percent of the voting rights. Such authority may be general or confined to specific instances.

11. CHECKS, DRAFTS, AND VOUCHERS.

All checks, drafts, vouchers, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by the resolution of the board of directors.

12. DEPOSITS.

All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings and loan associations, or other depositories as the board of directors may select. All reserves to cover the cost of capital expenditures shall be kept in a separate bank account and shall not be commingled with the general operating funds of the Association.

13. COMMON EXPENSES.

The owner of each unit shall be liable for and pay a share of the common expenses as specified in the Declaration. Common expenses shall include the cost of all utilities, except for the cost of utilities which are billed by the provider of the utility services directly to the individual owners, assessments, insurance, including fire and other casualty and liability insurance, cost of repair, reinstatement, rebuilding, or replacement of the premises, wages, accounting and legal fees, management fees, and other necessary expenses of upkeep, maintenance, management, and operation actually incurred on or for the common elements. Notwithstanding the foregoing, any unit owner using extraordinary quantities of utility services that are not separately metered shall be liable for the cost of such services in excess of normal use as determined by an engineer appointed by the board of directors. Common expenses shall also include such amounts as the board of directors may deem

proper to make up any deficit in the common expenses of any prior year. The Declarant shall establish a reserve account for the periodic maintenance, repair, and replacement of certain common elements pursuant to the Oregon Condominium Act. Such reserve account shall be maintained out of regular assessments for common expenses. Declarant may, at Declarant's option, defer payment of the accrued assessments on any or all units until the earliest to occur of three years from the date the Declaration is recorded or time of conveyance of the unit. In the event that additional units are annexed during a fiscal year of the Association, the common expenses shall be adjusted on the basis of the period of time that the owners of such additional units are members of the Association.

14. COLLECTION OF UNIT OWNERS' SHARES OF COMMON EXPENSES.

A. Monthly Statements. Unit owners' shares of common expenses shall be collected monthly, in advance, by the Treasurer of the Association. Each unit owner shall be entitled to receive from the Treasurer at the time of payment of common expenses an itemized statement of common expenses. Such itemized statement shall be prepared in such manner as the board of directors shall determine.

B. Late Charges. The board of directors may impose a late charge not to exceed 5 percent of the amount of any statement which is not paid within 15 days after it is rendered. The imposition of a late charge shall be without prejudice to any other remedy available to the Association.

C. Liens. The Association shall have a lien as provided in Section 18 of the Declaration. If the Association records a lien notice, the unit owner shall be liable for the cost of preparation and recording of the notice.

D. Interest. All unpaid assessments for common expenses shall bear interest at the rate of 12 percent per annum in commencing 15 days after the statement covering the assessment is rendered.

15. INSURANCE.

The Association, through the board of directors, shall obtain and maintain at all times and shall pay for out of common expense funds the following insurance covering both the common elements and individual units, including fixtures, equipment, and other property which would ordinarily be required to be covered by a holder of a first mortgage: **see Sec 17 See Declaration p510*

(i) Property insurance including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, and all other perils customarily covered for similar types of projects in an amount equal to 100 percent of replacement cost, and

(ii) Insurance of at least \$1,000,000 for each occurrence covering the legal liability of the Association, the unit owners individually, and the manager, including but not limited to, the board of directors, the public and the unit owners and their invitees or tenants, incident to ownership, supervision, control, or use of the Condominium. There may be excluded from the policy required under this subsection, coverage of a unit owner, other than coverage as a member of the Association or board of directors, for liability arising out of acts or omissions of that unit owner and liability incident to the ownership or use of the part of the Condominium as to which that unit owner has the exclusive use or occupancy. Liability insurance required under this subsection shall be issued on a comprehensive liability

basis and shall provide a cross liability endorsement providing that the rights of a named insured under the policy shall not prejudice any action against another named insured.

Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom such Association may enter into any insurance trust agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each unit owner appoints any Insurance Trustee or substitute Insurance Trustee designated by the Association, as an 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 purpose. The Association or any 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.

16. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Each director and officer of the Association now or hereafter in office, and his heirs, executors, and administrators, shall be indemnified by the Association against all costs, expenses, amounts, or liability therefor, including counsel fees, which are reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding, or claim to which he may be made a party, or in which he may be or become

involved by reason of his acts or alleged acts of omission or commission as such director or officer, or subject to the provisions hereof, or any settlement thereof, whether or not he continues to be such director or officer at the time of incurring such costs, expenses, or amounts. Such indemnification shall not apply, however, with respect to any matter as to which such director or officer shall be finally adjudged in such action, suit, or proceeding to have been individually guilty of willful misfeasance or malfeasance in the performance of his duties as such director or officer. Further, the indemnification herein provided shall, with respect to any settlement of any such suit, action, proceeding, or claim, include reimbursement or any amounts paid and expenses reasonably incurred in settling any such suit, action, proceeding, or claim when, in the judgment of the board of directors, a settlement or reimbursement appears to be to the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights as to which any such director or officer may be entitled under any agreement, vote of unit owners, or otherwise.

17. REPAIR AND MAINTENANCE.

Every unit owner shall at all times keep his unit in good order and repair and shall promptly perform all such work within his unit, the omission of which would affect any common elements or other units, and shall be responsible for all loss and damage caused by his failure to do so.

All repairs of internal installations within each unit, including interior walls and partitions and the inner decorated or finished surfaces of the perimeter walls, floors, and ceilings of such unit, shall be at the unit owner's expense.

Every unit owner shall reimburse the Association for any expenditure incurred in repairing or replacing any common element damaged or lost through the fault of such unit owner of the invitees of such unit owner.

18. USE AND MAINTENANCE OF COMMON ELEMENTS.

Each unit owner may use the common elements in accordance with the purposes for which they are intended, but may not hinder or encroach upon the lawful rights of the other unit owners.

The necessary work to maintain, repair, or replace the common elements and additions or improvements to the common elements shall be the responsibility of the Association.

The Association shall have the right, to be exercised by the board of directors, or the manager employed by the board of directors, to have access to each unit as may be necessary for the maintenance, repair, or replacement of the common elements, to make emergency repairs therein necessary for the public safety, to prevent damage to the common elements or to another unit, or to abate any nuisance existing in any unit.

A working capital fund shall be established for the initial months of the Condominium operation equal to at least a two months' estimated common area charge for each unit. Each unit's share of the working capital fund shall be collected and transferred to the Association at the time of closing of the initial sale of each unit and maintained in a segregated account for the use and benefit of the Association. The purpose of the fund is to ensure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the board of

directors. Amounts paid into the working capital fund shall not be considered as advance payments of regular assessments.

19. COLLECTION FROM TENANTS.

All leases or rental agreements for units shall be in writing and specifically subject to the requirements of the Declaration and Bylaws. If the unit owner shall at any time rent or lease his unit and shall default for a period of 30 days or more in the payment of the unit owner's proportionate share of common expenses and of taxes and assessments, or any installment thereof, the board may, at its option, so long as such default continues, demand and receive from any tenant of the unit owner occupying the unit the rent due or becoming due from such tenant to the unit owner, up to an amount sufficient to pay all sums due from the unit owner, including interest, if any, and any such payment as such rent to the board by the tenant shall be sufficient discharge of such tenant as between such tenant and the unit owner to the extent of the amount so paid. But any such demand or acceptance of rent from any tenant shall not be deemed to be a consent to or approval of any lease by the unit owner or a release or discharge of any of the obligations of the unit owner hereunder. In the event the board makes demand upon the tenant as aforesaid, the tenant shall not have the right to question the right of the board to make such demand, but shall be obligated to make said payments to the board, as demanded by the board, with the effect as aforesaid; provided, however, the board may not exercise this right if a receiver has been appointed to take charge of the premises pending a mortgage foreclosure or if a mortgagee is in possession pending a mortgage foreclosure.

20. COMPLIANCE.

A. Subordination. These Bylaws are subordinate and subject to the provisions of the Declaration and all amendments thereto and the Oregon Condominium Act; and in case of any conflict, the Oregon Condominium Act shall control. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or the Oregon Condominium Act.

B. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or board of directors to conduct or engage in any act or business for profit on behalf of any of or all the unit owners.

21. STATEMENT OF PURPOSES, USE, AND RESTRICTIONS.

The Condominium shall be used and occupied as follows:

A. No part of the Condominium shall be used for other than residential purposes and related uses.

B. There will be no obstruction of the common elements nor shall anything be stored in the common elements without the prior written consent of the Association except as is otherwise provided herein.

C. Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance on the building or contents thereof without the prior written consent of the Association. No unit owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on

any building, or the contents thereof, or which would be in violation of any law or regulation of any governmental authority. No waste shall be committed in the common elements.

D. No unit owner shall cause or permit anything (including, without limitation, a sign, awning, canopy, shutter, storm door, screen door, radio or television antenna) to hang, displayed or otherwise affixed to or placed on doors, without the prior written consent of the Association.

E. No noxious or offensive activity shall be carried on in any unit or in the common elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other unit owners or occupants.

F. Nothing shall be done in any unit or in, on, or to the common elements which will impair the structural integrity of the buildings or any part thereof or which would structurally change the building or any part thereof except as is otherwise provided herein.

G. Any leases or rental agreements with respect to any unit shall be subject to rules and regulations of the Association. The board of directors may prohibit or limit the leasing or rental of units.

22. AMENDMENTS.

Amendments to these Bylaws may be proposed by resolution of the board of directors or by a unit owner. Any proposed amendment shall be delivered in writing, either personally or by mail, to each unit owner entitled to vote not less than 7 nor more than 50 days before the date of the meeting at which the proposed amendment will be voted upon or attached to any request for amendment. If mailed, such notice or request shall be deemed to be delivered when deposited in the United States mail addressed to the unit owner at his last known address on the records of the Association, with postage thereon prepaid. No

amendment of the Bylaws proposed in either of such ways shall be effective unless approved by a Majority of the Unit Owners, either in writing or, at a duly constituted meeting, and until a copy of the Bylaws, as amended, or the amendment thereto, has been certified by the President and Secretary of the Association, approved by the Real Estate Commissioner if required under the Oregon Condominium Act, and recorded with the recording officer of Marion County, Oregon.

23. ANNUAL REPORTS. The board of directors shall be responsible for filing with the Oregon Real Estate Agency the annual report required by ORS § 100.250 and all required amendments thereto.

ADOPTION OF BYLAWS

The undersigned hereby adopts the foregoing on behalf of the Association as the Bylaws of the Association of Unit Owners of Lakewood Lofts and Condominiums, this ___ day of _____, 199__.

BAY CLUB ASSOCIATES, L.L.C., an Oregon limited liability company

By: The Pennbrook Company, an Oregon corporation, Member

By _____
President

STATE OF OREGON)
) SS
COUNTY OF)

This instrument was acknowledged before me on _____, 1997, by Donald N. Bauhofer as President of The Pennbrook Company, Member of BAY CLUB ASSOCITES, L.L.C.

Notary Public for Oregon
My commission expires: