

## BYLAWS

## OF

LITTLE WHALE COVE CONDOMINIUM OWNERS ASSOCIATION, INC.

## ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Name and Location. These are the Bylaws of LITTLE WHALE COVE CONDOMINIUM OWNERS ASSOCIATION, INC. (hereinafter the "Association"). LITTLE WHALE COVE (hereinafter the "Project") is located in Lincoln County, Oregon, and consists of parcels of land for the construction of residential dwellings as well as condominium units. The Project has been submitted to the Oregon Unit Ownership Law by Declaration of Unit Ownership filed June 6, 1979, and to the Oregon Subdivision Control Law by the Declaration of Conditions, Restrictions, Covenants, Easements, Reservations and Regulations filed on September 20, 1976, Lincoln County Deed Records, together with all amendments thereto ("the Little Whale Cove Declaration"). The location of the Project is more specifically described in the Little Whale Cove Declaration.

2. Principal Office. The principal office of the Association shall be located at 10280 S.W. Hawthorne Lane, Portland, Oregon 97225.

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

4. Applicability of Bylaws. All condominium unit owners, and all persons using the condominiums shall be members of the Little Whale Cove Condominium Owners Association and subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

5. Little Whale Cove Declaration. In addition to these Bylaws and the Declaration and Supplemental Declarations of Unit Ownership of Little Whale Cove Condominiums, all condominium unit owners shall be members of the Little Whale Cove Homeowners Association, and subject to the Bylaws of the Homeowners Association and the Little Whale Cove Declaration and any rules and regulations promulgated thereunder to the extent they do not conflict with these Bylaws.

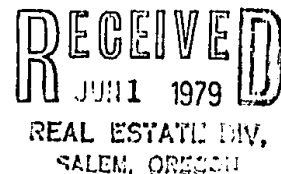
6. Composition of Association. The Association shall be composed of all condominium unit owners of the Project, including ROBERT E. McHENRY and his successors or assigns, (hereinafter the "Developer") and the Association itself to the extent either of these own any condominium units in the Project.

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## ARTICLE II

MEETINGS OF ASSOCIATION

1. Place of Meetings. The Association shall hold meetings at the Recreation Center, Little Whale Cove, Depoe Bay, Oregon, or at such other suitable place convenient to the condominium unit owners as may be designated by the Board of Directors.
2. First Organizational Meeting. Within five (5) years after the Developer has filed the Declaration annexing condominium unit property to the Project, the developer shall call a meeting to organize the Association. In the event of lack of a quorum at such first organizational meeting, it may be adjourned to the time of the next annual meeting.
3. Annual Meetings. The first annual meeting of the Association shall be held in the month of July or August in the year following the organizational meeting of the Association. The annual meeting shall be held at such hour and on such date as the chairman may designate, or if the chairman should fail to designate such date by the first day of June, then on the last Tuesday in August, or if such day be a holiday, then on the last Thursday in August. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.
4. Special Meetings. Special meetings of the Association may be called by the chairman or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least twenty percent (20%) of the condominium unit owners stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.
5. Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the chairman or secretary. Such notice shall be in writing and mailed to each condominium unit owner at his address as it appears on the books of the Association not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by any condominium unit owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.
6. Voting Interests. Each owner of one or more condominium units shall have one vote for each unit owned by such person. The Developer shall be entitled to one vote for each condominium unit it owns and the Board of Directors shall be entitled to vote on behalf of any unit which has been acquired by or on behalf of the Association; provided, however, that the Board of Directors shall not be entitled to vote such units in any election of Directors.



7. Proxies. A vote may be cast in person or by proxy. A proxy given by a holder of a voting interest to any person who represents such holder at meetings of the Association shall be in writing and signed by such owner, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease when the holder of the voting interest no longer holds such interest.

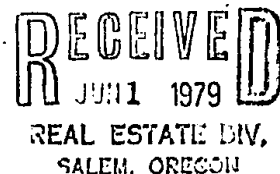
8. Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any voting interest held by him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall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

9. Quorum of Unit Owners. At any meeting of the Association, fifty percent (50%) of the voting interests, as defined in section 6, above, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a condominium unit owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by subsequent withdrawal therefrom. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. Majority Vote. Notwithstanding the provisions of ORS 91.500(15), the vote of fifty percent (50%) or more of the voting interests as defined in section 6, above, present in person or by proxy at a meeting at which a quorum is constituted shall be binding upon all voting interests for all purposes except where a higher percentage vote is required by the Declaration or by these Bylaws.

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

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;



- (f) Election of Directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

### ARTICLE III

#### BOARD OF DIRECTORS

1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons. All Directors, other than interim Directors appointed by Developer, shall be owners or co-owners of condominium units within the Project.

2. Interim Directors. Upon the filing of the declaration annexing the condominium property to the Project, the Developer shall appoint an interim Board of five (5) Directors, who shall serve until their successors have been elected as hereinafter provided.

3. Election and Term of Office. At the first annual meeting, to be held as set forth in Article II, Section 3, all Directors shall be elected to serve for one year terms.

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

5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the Directors, other than interim Directors, may be removed with or without cause by a majority vote of the voting interests present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

6. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws which may not be delegated to the Board of Directors. Except as hereinabove provided, the powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following:

(a) Operation, care, upkeep, maintenance and repair of the general and limited common elements, and designation of parking spaces which are general common elements as guest, resident or reserved parking.

(b) Determination of the amounts required for

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operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Collection of the common expenses and specific assessments from the condominium unit owners.

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

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

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

(g) Purchasing condominium units at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the owners.

(h) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of Directors), or otherwise dealing with condominium units acquired by the Association or its designee.

(i) Obtaining insurance or bonds pursuant to the provisions of these Bylaws.

(j) Making additions and improvements to, or alterations of, the common areas provided, however, that no such project may be undertaken by the Board if the total cost will exceed the amount of \$5,000.00 unless the holders of voting interests have enacted a resolution authorizing the project by a vote of the majority of such interests present in person or by proxy at a meeting at which a quorum is constituted. Assessments therefore shall be made in accordance with the Declaration and these Bylaws.

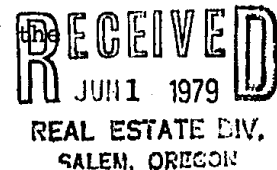
(k) Enforcement by legal means of the provisions of Oregon law, the Declaration, these Bylaws and any rules and regulations adopted hereunder.

(l) Collection of assessments pursuant to the Declaration and these Bylaws to be paid to the Association, which shall specifically, although not exclusively, include the right to enforce a lien against the property for such assessment.

(m) Receiving and resolving any complaints between unit owners.

(n) Upon the affirmative vote of all condominium unit owners, acting as agent of the unit owners in exchanging common property land of the same size and value with the Little Whale Cove Homeowners Association for development of common amenities available for use by all property owners in the Project pursuant to ORS 91.584 and 91.527.

7. Managing Agent or Manager. On behalf of



Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

8. Organizational Meeting. Within ten (10) days following the annual meeting of the Association or following any meeting at which an election of Directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the Directors at the meeting at which the election was held.

9. Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the chairman and must be called by the secretary at the written request of at least three (3) Directors. Notice of any special meeting shall be given to each Director, personally or by mail, telephone or telegraph at least fourteen (14) days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting.

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

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

12. Compensation. No Director shall receive any compensation from the Association for acting as such, except for out-of-pocket expenses, unless such compensation is approved by a majority vote of the holders of voting interests.

13. Liability and Indemnification of Directors, Manager or Managing Agent. The Directors, including interim Directors, shall not be liable to the Association or the condominium unit owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each Director and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the Board of Directors, manager or managing agent on behalf of the Association unless any such contract

shall have been made in bad faith or contrary to the provisions of the Declaration filed herewith or of these Bylaws. Each Director and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved, by reason of being or having been a Director, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the Director, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of his duties.

14. Fidelity Bonds. The Board of Directors may require that any or all officers or employees of the Association who handle or are responsible for Association funds shall furnish such fidelity bonds as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

15. Insurance. The Board of Directors shall obtain such liability insurance as the Board deems necessary to protect the Association, its officers or employees, and the condominium owners. In addition, the Board of Directors, as trustee for the condominium owners, shall obtain such casualty insurance as necessary to protect the entire project, including any additions thereto, as provided by the Declaration. The Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or condominium owners. The Board of Directors shall conduct an annual insurance review which shall include an appraisal of all improvements by a representative of the carrier writing the casualty policy. No condominium owner may engage in any activity which might jeopardize the insurance coverage described herein. Insurance policies obtained hereunder shall be master policies insuring the Association, its Officers and Directors, the manager or managing agent, if any, and all condominium owners, as their respective interests may appear, and shall include the following provisions, if possible:

(a) Casualty coverage shall include those risks covered by a standard fire insurance policy with extended coverage endorsement and shall be for the full replacement cost without deduction of depreciation.

(b) Such policy shall contain a waiver of the usual proration and waiver of any right of subrogation as against any co-insured and elimination of the usual "no other insurance" provisions.

(c) Such policy shall require the insurance company to give notice of cancellation to the insureds and any mortgagees covered by loss payable clauses.

(d) Such policy shall bear a mortgagee's clause or a loss-payable clause in favor of any mortgagee or lender requesting the same, but such clause shall not give the mortgagee or lender the right to preempt payment of the insurance proceeds to the Association or to control whether or not the damage is repaired. The insurer shall likewise waive its right to determine

whether the damage should be repaired, and loss adjustment and control of the proceeds of the policy should rest in the Association as trustee for the condominium unit owners.

(e) Liability coverage should cover any condominium owner for his acts or omissions in connection with the parcel or condominium unit and cover any liability arising out of such ownership, and should contain a severability of interests provision so as to cover one owner for his liability to another owner.

#### ARTICLE IV

##### OFFICERS

1. Designation. The principal officers of the Association shall be the Chairman, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint a Vice Chairman, an Assistant Treasurer, an Assistant Secretary, and such other officers as in their judgment may be necessary. The Chairman shall be a member of the Board of Directors, but the other officers need not be Directors or owners.

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

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

#### ARTICLE V

##### BUDGET, EXPENSES AND ASSESSMENTS

1. Budget. The Board of 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 overassessment, and assess the common expenses to each unit owner in the same proportion as his percentage interest in the common areas. The Board of Directors shall advise each owner in writing of the amount of common expenses payable by such owner, and furnish copies of each budget on which such common expenses are based to all parcel owners and, if requested, to their mortgagees.

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

- (a) Expenses of administration;
- (b) Expenses of maintenance, repair or replacement of common areas and private ways;

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- (c) Cost of insurance or bonds obtained in accordance with these Bylaws and the Declaration;
- (d) A general operating reserve;
- (e) Reserve or replacements and deferred maintenance;
- (f) Any charges allocated to the Association by the Association under the Declaration;
- (g) Any deficit in common expenses for any prior period;
- (h) In the event any additional units are annexed or common properties and units are annexed to existing units and common properties the Board of Directors shall assess all existing and newly annexed units for all expenses on the same prorata basis as is provided in these Bylaws and the Declaration; and
- (i) Any other items properly chargeable as an expense of the Association.

3. Assessment of Common Expenses. All owners shall be obliged to pay common expenses assessed to them by the Developer pursuant to the Declaration or the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration. The Developer shall be assessed as the owner of any unsold condominium unit owned by it, but such assessment shall be prorated to the date of sale. The Developer or Board of Directors on behalf of the Association, shall assess the common expenses against the condominium owners from time to time, and at least annually, and shall take prompt action to collect any common expense due which remains unpaid by him for more than thirty (30) days from the due date for its payment. Such assessment shall be in addition to any assessments imposed directly upon any parcel owner under the Declaration or these Bylaws. The Board may make an initial assessment to the first owner of each condominium unit for the purpose of establishing initial operating funds or reserves. If any additional property is annexed to the project, as provided in the Declaration, the first condominium owner, other than Developer, of each condominium unit in the property annexed shall pay the same initial assessment as paid by other condominium owners. The Board of Directors shall promptly prepare a new budget reflecting the addition to the Project and shall recompute any previous assessment covering any period after annexation.

4. Default of Payment of Common Assessments and Fines. In the event of default by a parcel owner in paying a common assessment or fine provided under these Bylaws and the Declaration, such owner shall be obligated to pay interest at the rate of nine percent (9%) per annum on such assessment or fine from the due date thereof, together with all expenses including attorneys' fees incurred by the Association or Developer in any proceeding to collect such unpaid assessment or fines, or any appeal therefrom. It is understood that each assessment or fine levied pursuant to the Declaration or these Bylaws, including Association dues, shall be a separate, distinct and personal debt and obligation of the condominium unit owner against whom the assessment or fine is levied. Sale or transfer of the parcel shall not release

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such owner from the personal liability imposed. To the extent the amount not paid, together with interest, costs and attorneys' fees as herein provided shall become a lien on the condominium unit against which the sum is due upon recordation by Developer or Association of a notice of lien, an action to foreclose the lien may then be brought under Oregon law. Such liens shall be subordinate to the lien of any mortgage or trust deed upon such condominium unit which was made in good faith and for value and which was recorded prior to recordation of the notice of lien.

5. Foreclosure of Liens for Unpaid Common Expenses. In any suit brought by the Association to foreclose a lien on a condominium unit because of unpaid common expenses, the owner thereof shall be required to pay a reasonable rental for the use thereof 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 condominium unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the parcel or residential unit. A suit or action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing the liens securing the same.

6. Statement of Common Expenses. The Board of Directors shall promptly provide any condominium unit owner who makes a request in writing with a written statement of unpaid common expenses.

7. Special Assessments. In the event a condominium owner does not maintain the exterior of his or her condominium unit, including the grounds owned in fee by the owner surrounding the condominium structure, commensurate with the appearance of surrounding units, the Association may require the unit owner to perform such maintenance and/or restoration as may be necessary to upgrade the exterior and grounds of the unit to a condition commensurate with surrounding units. The decision as to the need for maintenance and/or restoration of a unit shall rest solely in the Board of Directors.

In the event a unit owner is unwilling to perform such maintenance and/or restoration of the exterior and grounds of his or her unit, the Association, or others employed by the Association, shall be entitled to enter upon the unit owner's property and perform the necessary maintenance and/or restoration at the unit owner's expense. Upon completion of the work, the Association shall specially assess the unit owner for costs incurred which shall bear interest on the itemized costs at one percent (1%) per month and said unit owner shall not be entitled to vote at any annual meeting or special meeting of the Association during such delinquency. All amounts specially assessed under this section shall constitute a lien upon the unit maintained or restored.

## ARTICLE VI

### RECORDS AND AUDITS

1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed

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such owner from the personal liability imposed. To the extent the amount not paid, together with interest, costs and attorneys' fees as herein provided shall become a lien on the condominium unit against which the sum is due upon recordation by Developer or Association of a notice of lien, an action to foreclose the lien may then be brought under Oregon law. Such liens shall be subordinate to the lien of any mortgage or trust deed upon such condominium unit which was made in good faith and for value and which was recorded prior to recordation of the notice of lien.

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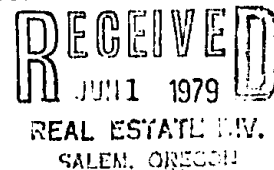
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#### ARTICLE VI

##### RECORDS AND AUDITS

1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed



records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of condominium unit owners entitled to vote at meetings of the Association.

2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and private ways, itemizing the maintenance and repair expenses thereof and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by owners at convenient hours of weekdays.

3. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each condominium unit. Such account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

4. Payment of Vouchers. The Manager or Treasurer shall pay all valid vouchers up to \$1,000. Bills or vouchers in excess of \$1,000 may be paid by signature of any officer.

5. Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all condominium unit owners and to their respective mortgagees who have requested the same promptly after the end of each fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners. At any time any owner may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

#### ARTICLE VII

##### MAINTENANCE AND USE OF LITTLE WHALE COVE

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

(a) Condominium Units. All maintenance of and repairs to any condominium 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 and painting which at any time may be necessary to maintain the good appearance and condition of his unit, subject to the provisions of the Declaration.

(b) Common Areas. All maintenance, repairs and replacements to the common areas, including limited

common areas shall be made by the Association and shall be charged to all the owners as a common expense.

2. Additions, Alterations or Improvements. All additions, alterations or improvements, whether of a condominium unit by the unit owner or of a common area or private way by the Association, must be approved as to design by the Architectural Committee.

3. Damage or Destruction by Casualty of LITTLE WHALE COVE Property.

(a) In the event of damage or destruction by casualty to common areas or limited common areas, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within fourteen (14) days of such damage or destruction, the Board of Directors or more than ten percent (10%) of those holding voting interests shall have requested a special meeting of the Association. Such special meeting must be held within sixty (60) days of the date of damage or destruction. At the time of such meeting, unless ninety percent (90%) of those holding voting interests, whether in person, by writing or by proxy, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt.

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

(c) To the extent that insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association shall distribute the proceeds among the condominium owners as their ownership interests may then appear.

4. Condemnation. In the event of a taking in condemnation by eminent domain of part or all of the common areas or private ways, the award made for such taking shall be payable to the Association. If seventy-five percent (75%) or more of the condominium unit owners duly and promptly approve the repair or restoration of such common elements, the Board of Directors shall arrange for the same, which shall be paid out of the proceeds of the award. In the event seventy-five percent (75%) or more of the condominium owners do not duly and promptly approve the repair and restoration of such common elements, the Board of Directors shall disburse the net proceeds of such award among the condominium owners as their ownership interests may then appear.

5. Restrictions and Requirements Respecting Use of Project Property.

(a) Residential Use. The use for which common areas, private ways and private areas may be put shall be determined by the Declaration.

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SALEM, OREGON

(b) Association Rules and Regulations. The Developer or 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 condominium units, common areas and private ways as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Project. Such action may be modified by vote of a majority of the voting interests, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation of rules and regulations will be under consideration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Secretary promptly to each condominium unit owner and shall be binding upon all owners and occupants of all units from the date of delivery.

6. Right of entry. A condominium unit owner or occupant shall grant the right of entry to the Board of Directors, managing agent, manager or any other person authorized by the Board of Directors in the case of any emergency originating in or threatening such unit or other Project property, whether or not the owner or occupant is present at the time. An owner or occupant shall also permit such persons to enter his condominium unit for the purpose of performing installations, alterations or repairs to any common area or private way, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner or occupant.

7. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted hereunder or the breach of any Bylaw contained herein or of any provision of the Declaration shall give the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these Bylaws and the Declaration:

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

(b) To enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

#### ARTICLE VIII

##### AMENDMENTS TO BYLAWS

1. How Proposed. Amendments to these Bylaws shall be proposed by either a majority of the Board of Directors or by twenty percent (20%) of the voting interests. Any proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

2. Adoption. A resolution adopting a proposed

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amendment may be proposed by either the Board of Directors or by the holder of a voting interest and may be approved at a meeting called for this purpose. Holders of voting interests not present at the meeting considering such amendment may express their approval in writing or by proxy. Such resolution must be approved by seventy-five percent (75%) of the voting interests.

3. Execution and Recording. An amendment shall not be effective until certified by the Chairman and Secretary of the Association and until recorded as required by law.

ARTICLE IX

MISCELLANEOUS

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

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

3. 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 these Bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

4. Adoption by Reference. The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

5. Conflicts. These Bylaws are intended to comply with the Oregon Unit Ownership Law, and the Declaration and Supplemental Declaration of Unit Ownership, Little Whale Cove Condominiums. In case of any irreconcilable conflict, such statutes and documents shall control over these Bylaws or any rules and regulations adopted hereunder.

STATE OF OREGON            )  
                                  )     ss.  
County of Multnomah    )

We, ROBERT E. MCHENRY and GARRY P. McMURRY, hereby certify that we are the duly elected, qualified and acting Chairman and Secretary, respectively, of LITTLE WHALE COVE CONDOMINIUM OWNERS ASSOCIATION, INC., and that the within and foregoing is a full, true and complete copy of the Bylaws of said Association, duly adopted on the 23 day of MAY, 1979, by ROBERT E. MCHENRY, the

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sole owner of all the units therein.

IN WITNESS WHEREOF, we have hereunto set our official signatures this 23 day of MAY, 1979.

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SALEM, OREGON

Robert E. McHenry  
Chairman

Garry P. McMurry  
Secretary

STATE OF OREGON )  
County of Multnomah ) ss.

The foregoing instrument was acknowledged before me this 23rd day of May, 1979 by ROBERT E. McHENRY, President, and GARRY P. McMURRY, Secretary of Little Whale Cove Condominium Owners Association, Inc., on behalf of the corporation.

[Signature]  
Notary Public for Oregon  
My commission expires: 5/16/81

021812 ✓ MICROFILM

return to:  
McHenry Constructors, Inc.  
10626 S.W. Barber Blvd.  
Portland, Ore 97219

STATE OF OREGON  
County of Lincoln  
I, Alberta M. Bryant, County Clerk, do hereby certify that the within instrument was received for record and recorded in the record of 6240 of said county at Newport, Oregon.  
Date: June 6, 1979 A.M. 5:15 P.M.  
Book 101 Page 624  
WITNESS my hand and seal of said office affixed.  
ALBERTA M. BRYANT  
County Clerk  
By C. Burchett Deputy

pd check \$240.00



AMENDMENTS TO BYLAWS OF  
LITTLE WHALE COVE CONDOMINIUM  
OWNERS ASSOCIATION, INC.  
Adopted: October 11, 1980

AMENDMENT NO. 1

Article III, Section No. 7 is amended to read as follows:

7. Managing Agent or Manager.  
On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. Any agreement for management services, or any other contract providing for services to the Association, may not exceed three years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

AMENDMENT NO. 2

Article III, Section No. 14 of the Bylaws is amended to read as follows:

14. Fidelity Bonds. The Board of Directors shall require fidelity coverage against dishonest acts on the part of the directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Association. Such fidelity bonds or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which in no event shall be less than one and one-half times the insured's estimated annual operating expenses and reserves.

TRANSAMERICA TITLE INS. CO. ACCO 48-2202

AMENDMENT NO. 3

Article III, Section No. 15(B) is amended as follows:

B. By Association. The Board of Directors shall obtain such liability insurance as the Board deems necessary to protect the Association, its officers or employees, and the condominium owners. In addition, the Board of Directors, as trustee for the condominium owners, shall obtain such casualty insurance as necessary to protect the project, including any additions thereto, considering insurance coverages obtained by individual unit owners. Such coverage shall be for at least \$1,000,000.00 per occurrence, for personal injury and/or property damage. The Board of Directors shall conduct an annual insurance review which shall include an appraisal of all Association-insured improvements by a representative of the carrier writing the casualty policy. The Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or condominium owners. No condominium owner may engage in any activity which might jeopardize the insurance coverage described herein. Insurance policies obtained hereunder shall be master policies insuring the Association, its Officers and Directors, the manager or managing agent, if any, and all condominium owners, as their respective interests may appear, and shall include the following provisions, if possible:

\* \* \*

AMENDMENT NO. 4

Article V. Section No. 4 is amended to read as follows:

4. Default of Payment of Common Assessments and Fines. In the event of default by a parcel owner in paying a common assessment or fine provided under these Bylaws and the Declaration, such owner shall be

obligated to pay interest at the rate of nine percent (9%) per annum on such assessment or fine from the due date thereof, together with all expenses, including attorneys' fees incurred by the Association or Developer in any proceeding to collect such unpaid assessment or fines, or any appeal therefrom. It is understood that each assessment or fine levied pursuant to the Declaration or these Bylaws, including Association dues, shall be a separate, distinct and personal debt and obligation of the condominium unit owner against whom the assessment or fine is levied. Sale or transfer of the parcel shall not release such owner from the personal liability imposed. To the extent the amount not paid, together with interest, costs and attorneys' fees as herein provided shall become a lien on the condominium unit against which the sum is due upon recordation by Developer or Association of a notice of lien, an action to foreclose the lien may then be brought under Oregon law. Such liens shall be subordinate to the lien of any mortgagee or trust deed upon such condominium unit which was made in good faith and for value and which was recorded prior to recordation of the notice of lien.

Any first mortgagee who obtains title to a condominium unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee.

A first mortgagee, upon request, will be entitled to written notification from the Association of any default by a parcel owner in paying a common assessment or fine provided under these Bylaws and the Declaration which is not cured within sixty (60) days.

AMENDMENT NO. 5

The Bylaws are further amended by adding a new Article X as follows:

ARTICLE X

RESTRICTIONS ON THE ASSOCIATION

1. Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned), or owners (other than the sponsor, developer, or builder) of the individual condominium units have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the condominium project;

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

(c) partition or subdivide any condominium unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause);

(e) use hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such condominium property, except as provided by statute in case of substantial loss to the units and/or common elements of the condominium project.

\*\*\*\*\*

CERTIFICATION OF BYLAWS AS AMENDED

The undersigned, ROY J. BUTLER AND SUE BERGSTROM, the duly elected, qualified and acting Chairman and Secretary-Treasurer, respectively, of LITTLE WHALE COVE CONDOMINIUM OWNERS ASSOCIATION, INC., an Oregon non-profit corporation, hereby certify that the foregoing is a full, true and accurate copy of the Amendments to the Bylaws of said Association, duly adopted by the members of the Association in accordance with the Bylaws of the Association at a meeting of the members of the Association duly and regularly called and held on the 11th day of October, 1980.

Roy J. Butler  
Chairman

Sue A. Bergstrom  
Secretary-Treasurer

STATE OF OREGON )  
County of Multnomah ) ss.

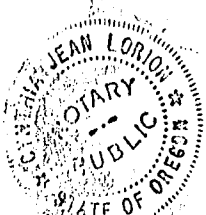
The foregoing instrument was acknowledged before me this 4th day of March, 1981 by ROY J. BUTLER, Chairman, of Little Whale Cove Condominium Owners Association, Inc., on behalf of the corporation.



Judith A. Ramblin  
Notary Public for Oregon  
My commission expires: 6-15-84

STATE OF OREGON )  
County of Washington ) ss.

The foregoing instrument was acknowledged before me this 2nd day of March, 1981 by SUE BERGSTROM, Secretary-Treasurer, of Little Whale Cove Condominium Owners Association, Inc., on behalf of the corporation.



Cynthia Jean Lorion  
Notary Public for Oregon  
My commission expires: 8/6/84

MICROFILM

After recording: ✓

Vincent P. Cacciottoli, Attorney at Law  
c/o Rankin, McMurry, Osburn, VavRosky & Doherty  
1600 Benj. Franklin Plaza  
1 S. W. Columbia  
Portland, Oregon 97258

STATE OF OREGON } ss  
County of Lincoln }  
I, Alberta M. Bryant, County Clerk, in and for said county, do hereby certify  
that the within instrument was received for record and recorded in the  
record of Deeds  
of said county at Newport, Oregon  
Date Mar 24, 1981 AM 1  
P.M. 3:10  
Book 122 Page 1768  
WITNESS my hand and seal of said office attested  
ALBERTA M. BRYANT, County Clerk  
By Ruth Jenkins Deputy

Ph check 97.50 T.A.

D 43221-

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AMENDMENTS TO BYLAWS OF  
LITTLE WHALE COVE CONDOMINIUM  
OWNERS ASSOCIATION, INC.  
Adopted: October 2, 1982

AMENDMENT NO. 1

Article III, Section No. 3, is amended to read as follows:

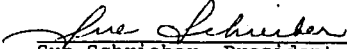
3. Election and Term of Office. At the first annual meeting, to be held as set forth in Article II, Section 3, all directors shall be elected to serve for three (3) year terms, provided that at the first annual meeting after the effective date of this amendment, two board members shall be elected for a term of one year, two board members shall be elected for a term of two years, and one board member shall be elected for a term of three years, and that at the first subsequent annual meeting two board members shall be elected for a three year term, and at the second annual meeting thereafter two board members shall be elected for a term of three years, and at the third subsequent annual meeting one board member shall be elected for a term of three years, and that said elections are to be held annually and sequentially in the manner above described. The effective date of this amendment is October 1, 1982.

AMENDMENT NO. 2

Article II, Section No. 9, is amended to read as follows:

9. Quorum of Unit Owners. At any meeting of the Association twenty percent (20%) of the voting interest as defined in Section VI above present in person or by proxy shall constitute a quorum. A subsequent joinder of a condominium unit owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting it can not be broken by subsequent withdrawal therefrom. If any meeting of members can not be organized because of a lack of quorum the members who are present either in person or by proxy may adjourn the meeting from time to time until a quorum is present.

Dated this 2nd day of October, 1982.

  
Sue Schrieber, President

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D 60400

Return to:  
Edward Nienbahn  
8265 S.W. Power Ct  
Portland 97225

STATE OF OREGON )  
 County of Lincoln )

I, Alberto M. Bryant, County Clerk, in and for said county, do hereby certify that the within instrument was received for record, and recorded in the record of \_\_\_\_\_ of said county at Newport, Oregon.

Date Nov 2 1982 AM  
 Book 136 Page 1642

WITNESS my hand and seal of said office at \_\_\_\_\_  
 ALBERTO M. BRYANT, County Clerk  
 By am Bryant Deputy  
 P.C. 4.0