

CONTAINS APPROXIMATELY 48,902 SQUARE FEET OR 1.12 ACRES, MORE OR LESS.

THE BASIS OF BEARINGS FOR THIS LEGAL DESCRIPTION IS THE PLAT OF "WYLEE HANGAR CONDOMINIUMS".

Parcel 3:

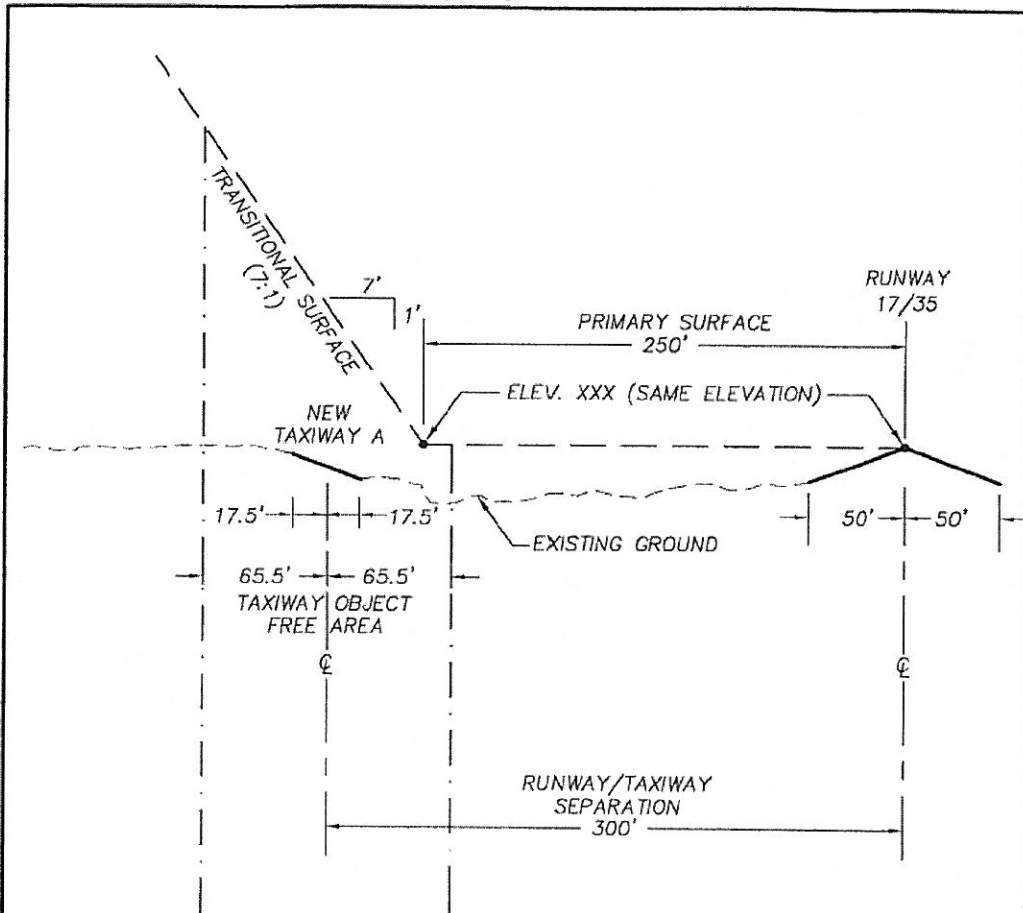
A TRACT OF LAND BEING A PORTION OF PARCEL 3 OF PARTITION PLAT 2006-58 RECORDED IN MARION COUNTY PLAT RECORDS AND LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 2, TOWNSHIP 4 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, CITY OF AURORA, MARION COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3, THENCE NORTH 89°47'39" EAST ALONG THE NORTH LINE OF SAID PARCEL, 65.36 FEET TO A POINT 365.50 FEET FROM THE CENTERLINE OF AURORA AIRPORT RUNWAY, WHEN MEASURED PERPENDICULAR THERETO; THENCE SOUTH 07°10'21" WEST, 417.99 FEET TO THE SOUTH LINE OF SAID PARCEL 3, BEING 365.50 FEET FROM THE CENTERLINE OF SAID RUNWAY CENTERLINE; THENCE ON SAID SOUTH LINE NORTH 82°51'44" WEST, 65.00 FEET; THENCE NORTH 07°11'56" EAST, 409.64 FEET TO THE POINT OF BEGINNING.

CONTAINS APPROXIMATELY 26,860 SQUARE FEET OR 0.62 ACRES, MORE OR LESS.

THE BASIS OF BEARINGS FOR THIS LEGAL DESCRIPTION IS THE PLAT OF "WYLEE HANGAR CONDOMINIUMS".

EXHIBIT B
Taxiway Object Free Area



FAA PART 77 CATEGORY C
PRIMARY SURFACE WIDTH
- 500' TOTAL
- 250' ONE SIDE

TAXIWAY WIDTH - 35'

AIRPLANE DESIGN GROUP - B-II
LOWER THAN 3/4 MILE VISIBILITY

REF: FEDERAL AVIATION REGULATIONS
PART 77: OBJECTS AFFECTING
NAVIGABLE AIRSPACE

FAA ADVISORY CIRCULAR
150/5300-13: AIRPORT DESIGN

OFA - OBJECT FREE AREA

DESIGNED BY:	MLB	CHECKED BY:	PLM
DRAWN BY:	MLB	APPROVED BY:	RLK
LAST EDITION:	4/03/07	PLOT DATE:	04/10/07
DATE	BY	REVISION	DESCRIPTION



OREGON DEPARTMENT OF AVIATION
AURORA PROPERTY ACQUISITION
**AURORA STATE AIRPORT TAXIWAY
OFA & TRANSITIONAL SURFACE**

AURORA OREGON

SCALE:	PROJECT NO.	DRAWING FILE NAME:	SHEET
NTS	032690	32690-airp-ax03	1 1

EXHIBIT C
Benefited Parcel

PARCELS 1, 2 AND 3, PARTITION PLAT NO. 2006-58, RECORDED JUNE 19, 2006, IN REEL 2663, PAGE 33, RECORDS FOR MARION COUNTY.

SAVE AND EXCEPT THE FOLLOWING:
PARCEL I:

A TRACT OF LAND BEING A PORTION OF PARCEL 1 OF PARTITION PLAT 2006-58 RECORDED IN MARION COUNTY PLAT RECORDS AND LOCATED IN THE NORTHEAST ONE-QUARTER OF SECTION 11, TOWNSHIP 4 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, CITY OF AURORA, MARION COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 1, THENCE NORTH 07°07'40" EAST, 260.93 FEET TO THE NORTHWEST CORNER OF SAID PARCEL; THENCE ALONG THE NORTH LINE OF SAID PARCEL SOUTH 82°23'49" EAST, 64.80 FEET TO A POINT 365.50 FEET FROM THE CENTERLINE OF AURORA AIRPORT RUNWAY, WHEN MEASURED PERPENDICULAR THERETO; THENCE SOUTH 07°10'21" WEST, 260.42 FEET TO THE SOUTH LINE OF SAID PARCEL 1, BEING 365.50 FEET FROM THE CENTERLINE OF SAID RUNWAY CENTERLINE; THENCE ON SAID SOUTH LINE NORTH 82°50'42" WEST, 64.59 FEET TO THE POINT OF BEGINNING.

PARCEL II:

A TRACT OF LAND BEING A PORTION OF PARCEL 2 OF PARTITION PLAT 2006-58 RECORDED IN MARION COUNTY PLAT RECORDS AND LOCATED IN THE NORTHEAST ONE-QUARTER OF SECTION 11, TOWNSHIP 4 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, CITY OF AURORA, MARION COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 2, THENCE NORTH 07°07'40" EAST, 445.63 FEET; THENCE NORTH 07°11'56" EAST, 306.32 FEET TO THE NORTHWEST CORNER OF SAID PARCEL; THENCE ALONG THE NORTH LINE OF SAID PARCEL SOUTH 82°51'44" EAST, 65.00 FEET TO A POINT 365.50 FEET FROM THE CENTERLINE OF AURORA AIRPORT RUNWAY, WHEN MEASURED PERPENDICULAR THERETO; THENCE SOUTH 07°10'21" WEST, 752.48 FEET TO THE SOUTH LINE OF SAID PARCEL 2, BEING 365.50 FEET FROM THE CENTERLINE OF SAID RUNWAY CENTERLINE; THENCE ON SAID SOUTHLINE NORTH 82°23'49' WEST, 64.80 FEET TO THE POINT OF BEGINNING.

PARCEL III:

A TRACT OF LAND BEING A PORTION OF PARCEL 3 OF PARTITION PLAT 2006-58 RECORDED IN MARION COUNTY PLAT RECORDS AND LOCATED IN THE SOUTHEAST ONE-QUARTER SECTION OF SECTION 2, TOWNSHIP 4 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, CITY OF AURORA, MARION COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3, THENCE NORTH 89°47'39" EAST ALONG THE NORTH LINE OF SAID PARCEL, 65.36 FEET TO A POINT 365.50 FEET FROM THE CENTERLINE OF AURORA AIRPORT RUNWAY, WHEN MEASURED PERPENDICULAR THERETO; THENCE SOUTH 07°10'21" WEST, 417.99 FEET TO THE SOUTH LINE OF SAID PARCEL 3, BEING 365.50 FEET FROM THE CENTERLINE OF SAID RUNWAY CENTERLINE; THENCE ON SAID SOUTH LINE NORTH 82°51'44" WEST, 65.00 FEET; THENCE NORTH 07°11'56" EAST, 409.64 FEET TO THE POINT OF BEGINNING.

EXHIBIT "C" BENEFITED PARCEL continued

A tract of land located in the northeast quarter of Section 11, Township 4 North, Range 1 West, Willamette Meridian, Marion County, Oregon, being more Particularly described a follows:

Beginning at the northwest corner of Parcel 1 of Partition Plat 98-0105 of Marion County Partition Plat records; thence following the north line of said Parcel 1, South 82 43 05 East a distance of 240.03 feet to the northeast corner of said Parcel 1; thence following the east line of said Parcel 1, South 00 08 01 West a distance of 158.06 feet to the southeast corner of said parcel 1 and being a point on the north right-of-way line of Keil Road NE, thence following the south line of said Parcel 1, South 89 48 45 West a distance of 261.41 feet to the southwest corner of said Parcel 1; thence continuing along the north right-of way line of Keil Road NE, South 89 49 29 West a distance of 328.54 feet to 5/8 iron rod with a yellow plastic cap marked 'Deveo Eng LS 2088' marking the most southerly southwest corner of that property described in reel 2037, page 118 of Marion County Deed records and being the southeast corner of that property described In Book 868, Page 298 of Marion County Deed Records, thence 07 07 45 East a distance of 385.31 feet to a 5/8 iron rod with a yellow plastic cap marked," Devio Eng LS 2088" Marking the northeast corner of said property described in Book 868, page 298, thence South 82 50 28 East a distance of 325.86 feet to a point on the west line of Parcel 2 of Partition Plat 98-0105; thence following the west line of said Parcel 2 South 07 07 48 West a distance of 152.46 feet to the point of Beginning having a area of 162.268 square feet 3.73 acres more or less.

REEL:2859

PAGE: 303

August 29, 2007, 11:37 am.

CONTROL #: 204513

State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: \$ 61.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.

REEL 3581 PAGE 83
MARION COUNTY
BILL BURGESS, COUNTY CLERK
02-10-2014 09:38 am.
Control Number 355454 \$ 446.00
Instrument 2014 00004077

AFTER RECORDING, RETURN TO, AND
PREPARED BY:

Michelle D. DaRosa
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, Oregon 97204

**DECLARATION SUBMITTING
SOUTHEND CORPORATE AIRPARK CONDOMINIUM
TO CONDOMINIUM OWNERSHIP**

DECLARANT

YELLOW GATE CORPORATE HANGARS LLC

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**DECLARATION SUBMITTING
SOUTHEND CORPORATE AIRPARK CONDOMINIUM
TO CONDOMINIUM OWNERSHIP**

THIS DECLARATION, pursuant to the provisions of the Oregon Condominium Act, is made and executed by **YELLOW GATE CORPORATE HANGARS LLC**, an Oregon limited liability company ("**Declarant**").

Declarant proposes to create a condominium to be known as Southend Corporate Airpark Condominium, which will be located in Marion County, Oregon. The purpose of this Declaration is to submit the property described in Article 2 below to the condominium form of ownership and use in the manner provided by the Oregon Condominium Act.

NOW, THEREFORE, Declarant does hereby declare and provide as follows:

Article 1

DEFINITIONS

When used in this Declaration the following terms shall have the following meanings:

1.1 "**Additional Property**" means the real property legally described in the attached Exhibit C.

1.2 "**Annexation Owner**" means TLM Holdings LLC, an Oregon limited liability company, and/or H. D. Aviation, Corp., an Oregon corporation, and their respective assignees of the annexation rights granted herein to each Annexation Owner.

1.3 "**Association**" means the association of unit owners established pursuant to Article 14 below.

1.4 "**Attached Unit**" means a unit that is attached to another unit, the boundaries of which will be as described in Section 4.3(b).

1.5 "**Aviation Laws**" means the ordinances, regulations and statutes of the Federal Aviation Administration, the Transportation Security Administration, and the Oregon Department of Aviation, to the extent the same affect the use and construction of the Condominium and access to the Aurora State Airport ("**Airport**").

1.6 "**Bylaws**" means the Bylaws of the Southend Corporate Airpark Condominium Owners Association adopted pursuant to Section 14.4 below as they may be amended from time to time.

1.7 "**Commercial Unit Expenses**" means that subset of common expenses as defined in Section 8.1(b).

1.8 “**Commercial Hangar Units**” means those units designated as such in the attached Exhibit B or in any supplemental declaration annexing property to the Condominium.

1.9 “**Commercial Units**” means Commercial Hangar Units and any other type of unit that may be created in any supplemental declaration annexing property to the Condominium, which permits the same use as the Commercial Hangar Units as set forth in the Bylaws.

1.10 “**Condominium**” means all of the property submitted to the condominium form of ownership by this Declaration plus any Additional Property annexed to the project pursuant to Article 15 below.

1.11 “**Declarant**” means Yellow Gate Corporate Hangars LLC, an Oregon limited liability company, and its successors and assigns.

1.12 “**Declaration**” means this Declaration as it may hereafter be amended and any supplemental declaration annexing property to the Condominium.

1.13 “**Freestanding Unit**” means a unit that is unattached to any other unit, the boundaries of which will be as described in Section 4.3(b).

1.14 “**General Expenses**” mean those common expenses as defined in Section 8.1(a).

1.15 “**Individual Expenses**” means those expenses as defined in Section 8.1(b).

1.16 “**Mortgage**” and “**Mortgagee**” mean, respectively, a recorded mortgage, trust deed or contract of sale that creates a lien against a unit, and the holder, beneficiary or vendor of such a mortgage, trust deed or contract of sale.

1.17 “**Plat**” means the plat of Southend Corporate Airpark Condominiums recorded simultaneously with the recording of this Declaration.

1.18 “**Specially Allocated Expenses**” means that subset of common expenses as defined in Section 8.1(b), which does not include General Expenses.

1.19 “**Shared Limited Common Element Expenses**” means that subset of common expenses as defined in Section 8.1(b).

1.20 “**Yellow Gate Hangar Units**” means those units designated as such in the attached Exhibit B or in any supplemental declaration annexing property to the Condominium.

1.21 “**Yellow Gate Hangar Expenses**” means that subset of common expenses as defined in Section 8.1(b).

1.22 **Incorporation by Reference.** Except as otherwise provided in this Declaration, each of the terms defined in ORS 100.005, a part of the Oregon Condominium Act, shall have the meaning set forth in that section.

Article 2

SUBMISSION OF PROPERTY TO CONDOMINIUM STATUTE

The property submitted to the Oregon Condominium Act by this Declaration includes the real property in Marion County, Oregon, which is owned and conveyed in fee simple by the Declarant, as legally described in the attached Exhibit A. The property submitted includes the land so described, all buildings, improvements and structures, all easements, and rights and appurtenances located on, belonging to, or used in connection with such land, including but not limited to all rights to use wells, well permits, and water rights or water permits, to the extent that they benefit the Condominium, the following appurtenant easements in which Declarant owns an easement interest:

- (a) Taxiway Easement Agreement, recorded December 7, 2005 at Reel 2577 Page 63, as amended by the Amendment to Taxiway Easement Agreement recorded December 7, 2005 at Reel 2577 Page 64, as amended by the Amendment to Taxiway Easement Agreement recorded February 2, 2007 at Reel 2769 Page 101;
- (b) (80 foot) Taxilane Easement Agreement, recorded August 26, 2009 at Reel 3098 Page 278;
- (c) Loop Road Easement Agreement, recorded November 1, 2005 at Reel 2560, Page 245, and amended by Amendment to Loop Road Roadway Easement Agreement and Declaration, recorded October 30, 2008 at Reel 3006, Page 119;
- (d) 100-foot East Taxiway Easement Agreement, recorded November 18, 2013 at Reel 3561 Page 233;
- (e) Shared Well Water Agreement, November 18, 2013 at Reel 3561 Page 234;
- (f) Fifteen Foot (15') Utility Easement Agreement November 18, 2013 at Reel 3561 Page 235;
- (g) Storm Sewer Easement, recorded November 18, 2013 at Reel 3561 Page 236;
- (h) North-South Utility Corridor Extension Easement recorded November 18, 2013 at Reel 3561 Page 237; and
- (i) Roadway Easement, recorded November 18, 2013 at Reel 3561 Page 238 (altogether, the "**Appurtenant Easements**").

Article 3

NAME OF CONDOMINIUM

The name by which the Condominium shall be known is "Southend Corporate Airpark Condominium."

Article 4

UNITS

4.1 **General Description of Buildings.** Stage 1 consists of two one-story buildings without basement, which are commonly known as Hangar Mike ('M' on the Plat) and Hangar November ('N' on the Plat). The buildings are of steel beam and siding construction on a concrete slab foundation and steel roofs.

4.2 **General Description, Location and Designation of Units.** Stage 1 contains 16 Attached Yellow Gate Hangar Units and no Freestanding or Attached Commercial Hangar Units. The area of each unit in square feet is shown on the Plat and the attached Exhibit B.

4.3 **Boundaries of Units.**

(a) **Boundaries of Attached Units.** Each Attached Unit shall be bounded by the interior surfaces of its perimeter and bearing walls, slab foundation, roof, window frames, doors and door frames, trim and the exterior surface of window glazing. Where no boundary wall separates two Attached Units or a unit and a common element, the boundary shall be a vertical plane as shown on the Plat. The Attached Unit shall include all drywall, paint, finished flooring, if any, and any other materials constituting any part of the unit's finished surfaces, except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. All other portions of the walls, floors, or roofing shall be a part of the common elements. In addition, each Attached Unit shall include the following: (a) all spaces, nonbearing interior partitions (including dropped ceilings or ceilings constituting an interior partition that are below the roof of the unit), window glazing and screens, window frames, unit access doors and frames, aircraft and vehicle access doors, frames, and electric or hydraulic door openers and other related equipment, and interior doors and door frames, and all other fixtures and improvements within the boundaries of the unit; (b) all outlets of utility and communications service lines, including but not limited to power, light, gas, hot and cold water, heating, refrigeration, air conditioning, waste disposal, security, cable television and telephone, within the boundaries of the unit, but shall not include any part of such lines, pipes, or ducts themselves if they are shared with or serve other units or a common element; otherwise, all such lines and ducts serving only the unit shall be part of the unit; and (c) all interior security equipment, cameras, alarms, cabling, wi-fi and recording equipment that serve only the unit. Notwithstanding that they may be attached to or protrude into the common elements, window frames, door frames, canopies, awnings, signs and sign overhangs are part of the unit.

(b) **Boundaries of Freestanding Units.** Each Freestanding Unit shall be comprised of a single building, which is bounded by (i) the surface of the slab foundation of the

building, (ii) by the vertical exterior surfaces of the building's windows, perimeter, and bearing walls, and (iii) by the exterior surface of the roof of the building.

Each Freestanding Unit shall include all structural components of the building of which it is constructed, including girders, beams, joists, columns, and foundation, framing and siding, roofing sheeting and membrane, ceilings, windows and window frames, access and interior doors and door frames and trim, aircraft and vehicle access doors and frames, electric or hydraulic door openers, and other related equipment, except any common elements that are identified as such on the Plat. A Freestanding Unit shall include all finishing materials within the boundaries of the unit, including but not limited to, all drywall, paneling, tiles, dropped ceilings, paint, finished flooring and any other materials constituting any part of its finished surfaces. Freestanding Units shall also include all outlets of utility and communications service lines, conduits and pipes, including but not limited to power, light, gas, hot and cold water, heating, refrigeration, air conditioning, waste disposal, security, cable television and telephone, within the interior of the unit, but shall not include any part of such lines, pipes, or ducts themselves if they are shared with or serve other units or a common element, otherwise, all such lines and ducts serving only the unit shall be part of the unit; and all interior security equipment, cameras, alarms, cabling, wi-fi, and recording equipment that serve only the unit. Notwithstanding that they may protrude into the common elements, window frames, door frames, gutters and downspouts, roof overhangs, canopies, awnings, signs, and sign overhangs and the like on a Freestanding Unit building, are part of such unit.

Article 5

GENERAL COMMON ELEMENTS

The general common elements consist of all portions of the Condominium that are not part of a unit or a limited common element, including, but not limited to, the following:

5.1 The land, pathways, driveways, roadways, fences, grounds, landscaped areas, aircraft taxilanes, aircraft ramps, aircraft turnaround and staging areas, trash enclosures, and parking areas.

5.2 The fire suppression system and alarm system, riser rooms, and communication and water lines; security systems, including but not limited to server rooms, surveillance cameras, card reading system and security cards, and any other aspects or components of such life safety and security systems serving all units.

5.3 All septic tanks, water treatment equipment, if any, and sewer and water lines.

5.4 All other elements of the buildings and the Condominium necessary or convenient to their existence, maintenance and safety, or normally in common use, except as may be expressly designated in this Declaration as part of a unit or a limited common element.

Article 6

LIMITED COMMON ELEMENTS

The following shall constitute limited common elements, the use of which shall be restricted to the Yellow Gate Hangar Units based on the relative square footage of each Yellow Gate Hangar Unit compared to all Yellow Gate Hangar Units combined:

- (a) Septic tanks and lines serving only the Yellow Gate Hangar Units.
- (b) Security systems and equipment, including but not limited to surveillance cameras, servers, and communications lines, fire suppression lines, risers, and controllers, which serve only the Yellow Gate Hangar Units.
- (c) Pipes, ducts, conduits, wires and other utility and communications installations pertaining to the Yellow Gate Hangar Units (and not just a single unit).
- (d) Roofs, foundations, bearing and shear walls, perimeter walls, any common walls added to separate units at the boundary demised by a vertical plane designated on the Plat, beams, columns, and girders to the interior surfaces thereof pertaining to the Yellow Gate Hangar Units.
- (e) Utility room that is not part of a unit and which are marked as "LCE-Utility" on the Plat.

Article 7

ALLOCATION OF UNDIVIDED INTERESTS IN COMMON ELEMENTS

Each unit will be entitled to an undivided ownership interest in the common elements determined by the ratio by which the square footage of the particular unit bears to the total square footage of all units combined, as shown on the attached Exhibit B. Such allocation will change if additional stages are added to the Condominium as is more particularly described in Section 15.4 below. If units are ever consolidated or if a Commercial Hangar Unit or Yellow Gate Hangar Unit is ever subdivided, the percentage ownership interest in the common elements shall be allocated among the consolidated or subdivided units in the proportion by which the square footage in the individual unit bears to the total square footage of all of the affected units. Each unit's interest in the common elements shall be inseparable from the unit and any conveyance, encumbrance, judicial sale, or other transfer, voluntary or involuntary, of an undivided interest in the common elements shall be void unless the unit to which that interest is allocated is also transferred.

Article 8

COMMON PROFITS AND EXPENSES; VOTING

8.1 **Allocation of Common Profits and Expenses.** The common profits of the Condominium shall be allocated to the owner of each unit according to the ratio by which the square footage of the particular unit bears to the total square footage of all units combined. Except upon termination of the Condominium or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any such common profits shall be used solely

for the purpose of maintaining, repairing, and replacing the common elements or for other expenses or reserves of the Association.

(a) **Allocation of General Expenses.** Except as otherwise set forth below, the common expenses shared by all units of the Condominium are referred to herein as “**General Expenses**,” which shall be allocated to the owner of each unit according to the ratio by which the square footage of the particular unit bears to the total square footage of all units combined. The following expenses shall be General Expenses: (i) the cost of insuring, maintaining, repairing or replacing the general common elements, including without limitation the exterior of the building and roofing of general common element structures, the aircraft taxilanes, aircraft turnaround and staging areas, and vehicle parking areas and spaces, which are not designated as limited common elements, and the reserves for the same; (ii) the cost of exterior lighting and landscaping; (iii) the cost of professional management of the Association; (iv) the cost associated with maintenance of recorded easements appurtenant to the Condominium; and all other common expenses not specifically allocated in Section 8.1(b); and (v) common services for the Condominium such as security, alarm, trash and recycling disposal services.

(b) **Allocation of Specially Allocated Expenses.** As a subset of common expenses that does not include General Expenses, the following Specially Allocated Expenses shall be allocated as follows:

(1) **Yellow Gate Hangar Expenses.** Yellow Gate Hangar Expenses are expenses attributable only to the Yellow Gate Hangar Units, including: (i) the costs of maintaining, repairing or replacing and insuring the Yellow Gate Hangar Limited Common Elements and reserves for the same; (ii) the costs of maintaining, repairing or replacing the septic and water delivery system, including all elements of which serve only the Yellow Gate Hangar Units, and reserves for the same, and for any other utilities serving only the Yellow Gate Hangar Units with a common meter; and (iii) security and fire suppression equipment and other life safety equipment or services exclusively used by the Yellow Gate Hangar Units. Yellow Gate Hangar Expenses shall be shared among the Yellow Gate Hangar Units based on the ratio by which the square footage of the particular Yellow Gate Hangar Unit bears to the total square footage of all Yellow Gate Hangar Units combined as set forth in Exhibit B, except as otherwise provided below.

(2) **Commercial Unit Expenses.** Commercial Unit Expenses are expenses attributable only to the Commercial Units, including: (i) the costs of maintaining, repairing, and replacing the Commercial Limited Common Elements and reserves for the same; (ii) the costs of maintaining, repairing or replacing the central septic and water delivery system, including, all elements of which serve only the Commercial Units and reserves for the same, and any other utilities serving only the Commercial Units with a common meter; and (iii) security equipment, security and fire suppression equipment exclusively for the Commercial Units. Commercial Unit Expenses shall be shared among the Commercial Units based on the ratio by which the square footage of the particular Commercial Unit bears to the total square footage of all Commercial Units combined, as set forth in any supplemental declaration of the Condominium.

(3) **Individual Expenses.** Individual Expenses are maintenance, repair, or replacement expenses borne by the Association that only benefit certain individual units, including: (i) the costs of maintaining, repairing and replacing an individual Attached Units' skylights, if any; (ii) the costs of water and sewer according to the sub-meter(s) for an individual unit; (iii) any services for which an individual unit contracts separately with the Association; and (iv) any fees assessed by the Oregon Department of Aviation for ingress and egress of the aircraft to and from the Airport based in the owner's unit that is billed to the Association. Additionally, if the board of directors determines that a particular unit's use of any commonly billed utilities or services, including the utilization of common element parking spaces, is greater than the average of other unit owners' or that the use causes an increase in fire or other insurance premiums, the board may assess to such owner the cost attributable to such extra use as an Individual Expense. Individual Expenses shall be charged to the individual unit owner as individual assessments.

(4) **Shared Limited Common Element Expenses.** Shared Limited Common Element Expenses are expenses attributable only to the property insurance, maintenance, repair and replacement of limited common elements, pertaining to some but not all of the units, or to some but not all of a particular type of unit, which expenses are not Yellow Gate Hangar Expenses or Commercial Unit Expenses. Shared Limited Common Element Expenses shall be shared among the units to which such limited common element pertains, as set forth on the Plat or Declaration or any supplemental plat or Supplemental Declaration of the Condominium, based on the ratio by which the square footage of the particular unit bears to the total square footage of all units combined to which the particular limited common element pertains.

(5) **Shared Utility Expenses.** Shared Utility Expenses are those expenses incurred by the Association in respect of the costs for maintenance, repair and replacement of the wells, irrigation, fire suppression, water and septic system serving the Condominium. To the extent such expenses are not billed separately by a service provider as between the Yellow Gate Hangar Units and Commercial Units, or as between individual units, or to the extent that there are not individual sub-meters that would provide the information regarding individual usage of such utility services necessary to charge utility expenses based on actual use, the board of directors shall make a reasonable estimation of use as the basis for designation of such expenses as Yellow Gate Hangar Expenses, Commercial Unit Expenses, Shared Limited Common Element Expenses, or Individual Expenses, as the board reasonably determines.

The board of directors shall have the authority to reasonably categorize common expenses under one of the Specially Allocated Expenses.

In the event the board of directors makes what a unit owner or group of owners believes to be an inequitable assignment and allocation of such common expenses to a given unit owner or owners, or an inequitable categorization of a given expense, whether General Expenses or one of the Specially Allocated Expenses, or if a board of directors voting deadlock prevents the board from making an equitable allocation or categorization of the same, then, a unit owner or a group of unit owners affected by such categorization or allocation of expenses may give the board notice requesting review of such allocation or categorization and an opportunity to be heard. If

following such review and opportunity to be heard the issue is not resolved, the dispute resolution process described in Bylaws Article 10 shall apply, notwithstanding anything to the contrary therein.

8.2 **Allocation of Voting Rights.** Each owner of a unit shall be entitled to a vote in the affairs of the Association based on the unit's allocation of undivided interest in the common elements of the Condominium; provided, however, that Declarant shall have three times the voting rights otherwise allocable to each unit owned by Declarant until the earlier of (a) when Declarant has sold and conveyed to a person other than a successor declarant or Annexation Owner 75 percent or more of the total number of units that Declarant may submit to the Condominium, or (b) seven years after the date of the first conveyance of a unit to a person other than a successor declarant or Annexation Owner. The method of voting shall be as specified in the Bylaws.

Article 9

SERVICE OF PROCESS

The designated agent to receive service of process in cases provided in subsection (1) of ORS 100.550 will be named in the Condominium Information Report to be filed in accordance with ORS 100.250(1)(a).

Article 10

USE OF PROPERTY

Each unit is to be used for the purposes set forth below. Additional limitations on use of units and common elements are contained in the Bylaws and the rules and regulations adopted pursuant to the Bylaws. Each unit owner shall be bound by each of these documents. Additionally, unit owners shall comply with all applicable Aviation Laws regulating the use of the Condominium, alterations to the units, and access to the Airport from the Condominium.

10.1 **Yellow Gate Hangar Units.** Yellow Gate Hangar Units shall be used primarily for Yellow Gate Hangar Unit purposes as defined in the Bylaws.

10.2 **Commercial Hangar Units.** Commercial Hangar Units shall be used for Commercial Hangar Unit purposes as defined in the Bylaws.

Article 11

MAINTENANCE OF COMMON ELEMENTS

11.1 **Responsibility for Maintenance.** Except as otherwise provided in Section 8.1, the necessary work to maintain, repair or replace the common elements shall be the responsibility of the board of directors of the Association and shall be carried out as provided in the Bylaws. Subject to Section 7.3 of the Bylaws regarding damage or destruction by casualty, the cleaning, maintenance, repair and replacement of any part of a unit, or utilities or security, life safety and fire systems that serve only such unit, shall be the responsibility of the owner of

the unit. Each unit owner will maintain its unit and limited common elements pertaining solely to the unit in good condition and repair. Any limited common element that pertains to more than one unit shall be maintained by the Association, with the cost of such maintenance allocated to the units pursuant to Section 8.1.

11.2 **Mortgagee's Rights upon Failure to Maintain.** If the Mortgagee of any unit determines that the board of directors is not providing an adequate maintenance, repair and replacement program for the common elements, such Mortgagee, at its option, may give a notice to the board of directors by delivering it to the registered agent, setting forth the particular defect that the Mortgagee believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 90 days subsequent to receipt of such notice, then the Mortgagee, upon written notice to the registered agent that it is exercising its proxy rights, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each unit on which it holds a Mortgage on all business coming before such meeting. Such proxy rights shall continue until the defects listed on the notice are corrected.

Article 12

EASEMENTS

12.1 **In General.** Each unit has an easement in and through each other unit and the common elements for all support elements and utility, wiring, heat, plumbing, security and surveillance system equipment and communications from cabling, and service elements that were installed or constructed by Declarant prior to conveyance of the unit to an owner other than Declarant or a successor declarant, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium, including, without limitation, easements as required for the electrical wiring and plumbing for each unit and an easement to locate and maintain air conditioning compressors or other air handling or ventilation equipment and easements to locate and maintain ventilation, security and other equipment serving a unit on the exterior walls or roof of the unit (whether common elements or part of the unit), but not including communications or cellular towers. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common elements reserved by law. Each unit owner has an unrestricted right of ingress and egress to his or her unit for pedestrian, vehicular, and aircraft access. This right is perpetual and passes with the ownership of the unit. Each unit owner shall have, in common with all other unit owners, an easement for ingress and egress through the Yellow Gate Hangar Limited Common Elements and the Commercial Limited Common Elements, as the case may be, to the extent necessitated by an emergency.

12.2 **Encroachments.** Each unit and all common elements shall have an easement over all adjoining units and common elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching units and common elements so long as the encroachments shall exist, and the rights and obligations of owners shall not be altered in any way by the encroachment. This provision does not relieve a unit owner of liability in the case of willful

misconduct of the unit owner or relieve Declarant or any contractor, subcontractor or materialman from any liability as a result of failure to adhere to the Plat. The encroachments described in this Section 12.2 shall not be construed to be encumbrances affecting the marketability of title to any unit.

12.3 **Granting of Easements by Association.** Subject to the requirements of ORS 100.405(6), the Association may grant, execute, acknowledge and deliver on behalf of the unit owners leases, easements, rights-of-way, licenses and similar interests affecting the common elements and consent to vacation of roadways within and adjacent to the Condominium. Any such instrument shall be executed by the chairperson and secretary of the Association. The granting of any such interest in a limited common element must have the approval or consent of the owner or owners to which the use of the limited common element is reserved and the holders of any first Mortgage affecting such unit or units, except that if the limited common element is reserved for five or more units, then the provisions of ORS 100.405(8) shall apply.

12.4 **Right of Entry.** Upon request given to the unit owner and any occupant, any person authorized by the Association may enter any unit and any limited common element to perform necessary maintenance, repair or replacement of the common elements or any unit for which the Association has maintenance, repair or replacement responsibility under this Declaration, the Bylaws or by law, to make emergency repairs to the unit or common elements that are necessary for the public safety or to prevent damage to common elements or to another unit or to enforce this Declaration, the Bylaws or the Rules and Regulations. Requests for entry must be made in advance and for a reasonable time, except in the case of an emergency, when the right of entry is immediate. An emergency entry does not constitute a trespass or otherwise create a right of action in the owner of a unit.

12.5 **Easements for Declarant.** Declarant and Declarant's agents, successors and assigns, and each of the Annexation Owners for the benefit of any portion of the Additional Property owned by an Annexation Owner, respectively, shall have an easement over and upon the common elements as may be reasonably necessary for the purpose of constructing additional stages and completing or making repairs to existing structures or the purpose of carrying out sales and rental activities necessary or convenient for the sale or rental of units, including, without limitation, the right to use the units owned by Declarant or an Annexation Owner as model units and the right to use a unit as a sales office and for the purpose of discharging any other obligation of Declarant or exercising any other special Declarant right, whether arising under the Oregon Condominium Act or reserved in this Declaration or the Bylaws. For a period of 10 years following closing of the sale of the last unit by Declarant to a person other than a successor declarant, Declarant and each of the Annexation Owners, their members, managers and their successors, agents and designees shall have a right to inspect the common elements of the Condominium and the Association's records regarding inspections and maintenance of the Condominium. Such persons shall have the right to enter units for the purpose of performing such inspections, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner of the unit.

12.6 **Declarant's Personal Property.** Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Condominium that has not been represented as property of the Association. Declarant and

each of the Annexation Owners reserves the right to remove from the Condominium (promptly after the sale and close of escrow of the last unit) any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

12.7 **Reservation of Easements for Future Development.** Declarant hereby reserves for the benefit of each and every portion of the real property described in Exhibit C (the “**Additional Property**”) owned now or later acquired by the Declarant, and Declarant hereby grants to each Annexation Owner, respectively, for the benefit of each and every portion of the Additional Property owned now or later acquired by such Annexation Owner: (a) a nonexclusive easement for ingress and egress over all roadways, taxilanes, and driveways within the Condominium, and over such portion of the vacant land as may be necessary to connect roads with such roadway and driveway system, (b) an easement for the maintenance and use of all existing utility lines and systems within the Condominium, including without limitation water, sewer, gas, electrical, telephone, security, alarm, communication and cable television systems, (c) an easement for the installation, maintenance and use of new taxilanes, and for utility lines and systems upon the general common element land of the Condominium, provided Declarant or Annexation Owner restores any damage to the general common elements resulting from such utility and system installation or maintenance, and (d) an easement for use of the common element facilities of the Condominium, provided that Declarant or Annexation Owner, as applicable, pays a pro rata share of the costs of operating and maintaining such easement areas based on the number of units in the benefited property divided by the total number of units in the benefited property and the Condominium combined. Such easements shall be for the benefit of and shall run with the land constituting the entire portion of the Additional Property owned by such parties, and each and every portion thereof, whether or not such property is ultimately annexed to the Condominium as provided in Article 15 below.

12.8 **Declaration of Shared Easements.** Stage 1 of the Condominium is a part of a single, integrated aviation project (the “**Project**”) comprised of Stage 1 of the Condominium and portions of the Additional Property. Until such time, if ever, that all of the Additional Property has been annexed to the Condominium pursuant to Article 15 of this Declaration, the Condominium and the remainder of the Project will share use of certain common utilities, roadways, taxilanes, security gates and gate houses, security card reading devices, and other Project common facilities and services, including those set forth in the Appurtenant Easements. The Condominium will be subject to and entitled to the benefit of the easements set forth in such Appurtenant Easements as if fully set forth herein. The maintenance costs associated with the Appurtenant Easements that serve only the Yellow Gate Hangar Units or Commercial Units, shall be Yellow Gate Hangar Expenses or Commercial Unit Expenses, respectively; all other maintenance costs associated with the Appurtenant Easements and any other easements benefitting or serving the Condominium shall be General Expenses.

Article 13

MORTGAGEES

13.1 **Approvals Required.** In addition to any other or greater approvals required by Oregon law, this Declaration or the Bylaws, the prior written approval of holders of first

Mortgages of units in the Condominium having two-thirds of the voting power of units subject to Mortgages must be obtained for the following:

- (a) Abandonment or termination of the Condominium regime.
- (b) Except as provided in Sections 15.2 and 16.1 any change in the pro rata interest or obligations of any individual unit for (a) the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining the pro rata share of ownership of each unit in the common elements.
- (c) Except as provided in Section 16.1 the partition or subdivision of any unit.
- (d) Abandonment, partition, subdivision, encumbrance, sale or transfer of 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 of 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 improvements, except as provided by statute in cases of substantial loss to the units and/or common elements of the Condominium Project.

13.2 **Requests for Approvals.** Except as otherwise provided in the Oregon Condominium Act, any Mortgagee who receives a written request for approval under Section 13.1 above and who fails to submit a negative response to the requesting party within 60 days after it receives written notice of the proposal identifying the property securing the Mortgage by legal description or address, identifying the Mortgage by loan number or recording information and delivered by certified or registered mail, return receipt requested, shall be deemed to have approved such request.

13.3 **Notice to First Mortgagees.** Any first Mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by the owner of the Mortgaged unit of any obligation under this Declaration, the rules and regulations or the Bylaws that is not cured within 60 days.

13.4 **Amendment of this Article.** This article may not be amended without the prior written consent of all holders of first Mortgages on units in the Condominium.

Article 14

ASSOCIATION OF UNIT OWNERS

14.1 **Organization.** Upon the recording of this Declaration an association of unit owners shall be organized to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. The name of this association shall be “**Southend Corporate Airpark Condominium Owners Association,**” and the Association shall be an Oregon nonprofit corporation.

14.2 **Membership; Board of Directors.** Each unit owner shall be a member of the Association. The affairs of the Association shall be governed by a board of directors as provided in the Bylaws.

14.3 **Powers and Duties.** The Association shall have such powers and duties as may be granted to it by the Oregon Condominium Act, including each of the powers set forth in ORS 100.405(4), together with such additional powers and duties afforded it by this Declaration or the Bylaws.

14.4 **Adoption of Bylaws, Declarant Control of Association.** Upon the execution and the recording of this Declaration, Declarant shall adopt Bylaws for the Association, which Bylaws are attached as Exhibit D. Declarant specifically reserves the right to control the Association by appointing the interim directors of the Association until the organizational and turnover meeting of the Association has been held and the unit owners have elected regular directors as provided in Sections 2.2 and 3.4 of the Bylaws. In addition, Declarant shall have the right to consent to any amendment to the Declaration or the Bylaws as provided in Section 18.2 below and Section 9.2 of the Bylaws, and a weighted vote in the Association as provided in Section 8.2 above.

Article 15

PLAN OF DEVELOPMENT

The Condominium may be developed in stages. By recording this Declaration, Declarant hereby submits Stage 1 to the Condominium form of ownership. Declarant reserves the right to add additional stages to the Condominium and to annex such additional stages by recording supplements to this Declaration pursuant to ORS 100.120, together with a plat of the stage being annexed bearing a completion certificate as required by ORS 100.120 and 100.115.

In respect of any portion of the Additional Property owned by an Annexation Owner, Declarant grants the right to add additional stages composed of such portion, at the Annexation Owner's expense and with written consent of Declarant, which consent shall not be unreasonably withheld or delayed, by recording supplements to this Declaration pursuant to ORS 100.120, together with a plat of the stage being annexed bearing a completion certificate as required by ORS 100.120 and 100.115.

15.1 **Maximum Number of Units.** If fully developed, the Condominium shall contain not more than 100 units.

15.2 **Termination Date.** No additional stage may be added more than seven years after the recording of this Declaration. The period may be extended not to exceed two years by an amendment adopted pursuant to Section 18.2.

15.3 **Additional Common Elements.** Declarant does not propose to include in future stages any common elements that would substantially increase the proportionate amount of the common expenses payable by owners of units in Stage 1.

15.4 **Allocation of Interests in Common Elements, Common Expenses and Profits, and Voting.** The allocation of undivided interests in the common elements, allocation of common expenses and profits, and allocation of voting of units in Stage 1 will change if additional stages are annexed to the Condominium. The method used for such allocation shall be determined as set forth in Article 7 and Article 8 of this Declaration. Declarant reserves the right to create additional types of units and corresponding types of shared expenses for such units in additional stages.

15.5 **Conditions to Annexation of Additional Property.** Annexation of any Additional Property shall include sufficient common element parking spaces to satisfy parking quotas required by ordinance or applicable conditional use permits affecting such property, or otherwise required by the local jurisdiction. All parking spaces in the Condominium shall be general common elements, which shall be open for the use by any unit owner in the Condominium and subject to the parking rules and regulations developed by the board of directors. Taxilanes or taxiways that will be useful only to certain units in the Condominium, given their location and proximity, shall be designated on the supplemental plat as a limited common element only pertaining to the units annexed pursuant to such supplemental plat.

15.6 **Legal Description of Additional Stages.** A legal description of the property on which the additional stages would be located is included in the attached Exhibit C.

Article 16

CHANGES TO UNITS

16.1 **Relocation or Elimination of Boundaries; Consolidation or Division of Units.** Subject to compliance with the provisions of this Article and the Oregon Condominium Act:

(a) the boundaries between adjoining Attached units may be relocated, or may be eliminated so as to consolidate two or more such units into one unit; and

(b) a Commercial Hangar Unit may be divided or subdivided by an owner, including Declarant, into a total of no more than four Commercial Hangar Units. A Yellow Gate Hangar Unit may be divided or subdivided by an owner, including Declarant, into a total of no more than two Yellow Gate Hangar Units.

16.2 **Proposed Amendment.** The owner or owners of the units to be changed as provided in Section 16.1 above shall submit to the board of directors of the Association a proposed amendment that shall (a) state the purposes of the amendment, (b) identify the units involved, (c) assign an identifying number to any new unit created, (d) reallocate the interest in the common elements and the use of any limited common elements, voting rights, common expense liability and the right to common profits on the basis of the relative square footage of the units, (e) provide a means of access for each unit to common elements in the case of division of units or conversion of units to common elements, (f) include words of conveyance in the case of a relocation or elimination of boundaries, and (g) include any additional provisions necessary to conform to any other provisions of this Declaration or the Bylaws.

16.3 **Approval of Board of Directors.** The board of directors shall approve the proposed amendment unless the board determines within 45 days that the amendment is inconsistent with this Declaration or the Bylaws or the change will impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium.

16.4 **Opinion of Engineer; Supervision.** The board of directors may require the owner or owners of the units to be changed to submit an opinion of a registered professional engineer as to whether the proposed change will impair the acoustic performance, structural integrity or fire, life, safety and mechanical systems of the Condominium or weaken support of any portion of the Condominium. The board of directors or any agent appointed by the board may supervise the work necessary to effect the change. Any expenses incurred under this section shall be charged to the owners requesting the change.

16.5 **Execution and Recording of Amendment and Plat.** The amendment shall be executed by the owner or owners and any Mortgagees of the affected units, certified by the chairperson and secretary of the Association and approved and recorded in accordance with the Oregon Condominium Act. In addition, a plat showing the change shall be recorded in accordance with the Act.

Article 17

RESTRICTIONS ON TRANSFER

No unit owner or lessee of a unit may sell, lease, assign, or otherwise transfer (“transfer”) a unit, a part of a unit or any interest in a unit, except by complying with the provisions of this Article 17.

17.1 **Background Check.** Prior to any transfer of an owner’s unit, the unit owner shall perform a background check of the prospective transferee.

17.2 **Restrictions on Transfer.** No unit owner shall sell, transfer, lease, or sublease his or her unit, a part of such unit or any interest in such unit, to any purchaser, tenant, or other transferee who is:

(a) currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation, and

(b) a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States Law, regulation, or Executive Order of the President of the United States,

(c) a person whose funds or other assets constitute property of, or are beneficially owned, directly or indirectly, by an Embargoed Person (as hereinafter defined),

(d) a person in which an Embargoed Person has any interest of any nature whatsoever (whether directly or indirectly),

17.3 **Restriction Definitions.** The term “**Embargoed Person**” means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that an investment in Seller by such person is prohibited by law or Seller is in violation of law by transferring the unit to such person. This Section shall not apply to any person to the extent that such person’s interest in the unit owner’s transferee is through a U.S. Publicly-Traded Entity. As used in this Declaration, “**U.S. Publicly-Traded Entity**” means an entity or organization (other than an individual) whose securities are listed on a national securities exchange, or quoted on an automated quotation system, in the United States, or a wholly-owned subsidiary of such an entity or organization.

Article 18

AMENDMENT

18.1 **How Proposed.** Amendments to the Declaration shall be proposed by either a majority of the board of directors or by unit owners representing 30 percent or more of the 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.

18.2 **Approval Required.** Except as may otherwise be provided in this Declaration or by the Oregon Condominium Act, this Declaration may be amended if the amendment is approved by unit owners representing 75 percent of the voting rights of the Condominium, without regard to any weighted vote otherwise allocable to units owned by Declarant. Declarant’s prior written consent shall also be required for a period of 10 years from the date of closing of the sale by Declarant of the last unit to a person other than a successor declarant or Annexation Owner. Except as provided in Article 15 and except as otherwise permitted by the Oregon Condominium Act, no amendment may change the size, location, allocation of undivided interest in the common elements, the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any unit unless the amendment has been approved by the owners and Mortgagees of the affected unit. Any amendment to this Declaration adversely and materially affecting the Commercial Hangar Units shall require the written consent of the owners of the Commercial Hangar Units.

18.3 **Regulatory Amendments.** Notwithstanding the provisions of Section 18.2 above, until the turnover meeting as described in the Bylaws has occurred, Declarant shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of the Federal Aviation Administration; the Rural Development or the Farm Service Agency of the United States Department of Agriculture; the Federal National Mortgage Association; the Government National Mortgage Association; any department, bureau, board, commission or agency of the United States or the state of Oregon; or any corporation wholly owned, directly or

indirectly by the United States or the state of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium.

18.4 **Recordation**. The amendment shall be effective upon recordation in the Deed Records of Marion County, Oregon, of the Declaration as amended or of the amendment thereto, certified to by the chairperson and secretary of the Association as being adopted in accordance with this Declaration and the provisions of the Oregon Condominium Act, and approved by the county assessor and the Real Estate Commissioner if such approvals are required by the Oregon Condominium Act.

Article 19

SEVERABILITY

Each provision of this Declaration and the Bylaws shall be deemed independent and severable, and the validity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision of this Declaration or the Bylaws.

Article 20

APPLICABILITY

Each unit owner, including Declarant or Annexation Owner, respectively, as to any unsold unit, shall be subject to all of the rights and duties assigned to unit owners under the terms of the Declaration and Bylaws. All present and future owners, tenants, subtenants and occupants of units, and all present and future employees, agents, visitors and licensees of unit owners, shall be subject to and comply with the provisions of this Declaration, the Bylaws, and all rules and regulations adopted thereunder, as they may be amended from time to time.

(Signature on following page)

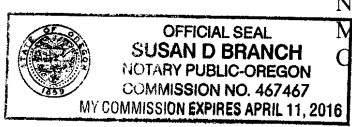
YELLOW GATE CORPORATE HANGARS LLC,
an Oregon limited liability company

By: *Ted L. Millar*
Name: TED L. MILLAR
Title: member

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this 9th day of January, 2014 by Ted L. Millar, member of Yellow Gate Corporate Hangars LLC, an Oregon limited liability company, on its behalf.

Susan D Branch
Notary Public for Oregon
My commission expires: 4-11-16
Commission No.: 467467



The foregoing Declaration is approved this 7 day of FEBRUARY, 2014.

**ASSESSOR AND TAX COLLECTOR
FOR MARION COUNTY**

By: *Gene Rohlf*

The foregoing Declaration is approved pursuant to ORS 100.110 this 30th day of January, 2014 and in accordance with ORS 100.110(8), this approval shall automatically expire if this Declaration is not recorded within one (1) year from this date.

OREGON REAL ESTATE COMMISSIONER

By: *Michelle Haney*

The foregoing Declaration is approved this 7th day of FEBRUARY, 2014.

TAX COLLECTOR FOR MARION COUNTY

By: *Rex Weisen*
REX WEISEN

EXHIBIT A

Legal Description Stage 1

Being Parcel 2 of Partition Plat 2008-103, situated in the N.E. $\frac{1}{4}$ of Section 2, Township 4 South, Range 1 West of the Willamette Meridian, Marion County, and the State of Oregon and more particularly described as follows:

Beginning at the initial point, which is a $\frac{3}{8}$ inch iron rod with a yellow plastic cap stamped "Chase, Jones & Associates", located at the northwest corner of said Parcel 2; thence South $07^{\circ}08'10''$ West, along the westerly line of said Parcel 2, a distance of 474.81 feet to the southwest corner of said Parcel 2; thence South $82^{\circ}51'30''$ East, along the South line of said Parcel 2, a distance of 240.04 feet; thence South $53^{\circ}38'27''$ East, along the South line of said Parcel 2, a distance of 148.11 feet to the southeast corner of said Parcel 2; thence North $00^{\circ}04'03''$ East, along the East line of said Parcel 2, a distance of 61.91 feet; thence North $00^{\circ}04'30''$ West, along the East line of said Parcel 2, a distance of 527.93 feet to the northeast corner of said Parcel 2; thence South $89^{\circ}47'53''$ West, along the north line of said Parcel 2, a distance of 297.85 feet to the initial point.

This tract contains 166,877 square feet or 3.83 acres more or less.

Exhibit A

74088126.9 0048861-00001

EXHIBIT B

Unit Square Footages and Undivided Interests

Unit	Type	Attached or Freestanding	Square Footage	Undivided Interest and Voting Rights	Share of Yellow Gate Hangar Expenses
M61	Yellow Gate Hangar	Attached	4237	4237/63378	4237/63378
M62	Yellow Gate Hangar	Attached	4278	4278/63378	4278/63378
M63	Yellow Gate Hangar	Attached	4278	4278/63378	4278/63378
M64	Yellow Gate Hangar	Attached	4278	4278/63378	4278/63378
M65	Yellow Gate Hangar	Attached	3880	3880/63378	3880/63378
M66	Yellow Gate Hangar	Attached	4126	4126/63378	4126/63378
M67	Yellow Gate Hangar	Attached	4278	4278/63378	4278/63378
M68	Yellow Gate Hangar	Attached	4278	4278/63378	4278/63378
M69	Yellow Gate Hangar	Attached	4278	4278/63378	4278/63378
M70	Yellow Gate Hangar	Attached	4237	4237/63378	4237/63378
N71	Yellow Gate Hangar	Attached	3153	3153/63378	3153/63378
N72	Yellow Gate Hangar	Attached	3198	3198/63378	3198/63378
N73	Yellow Gate Hangar	Attached	4264	4264/63378	4264/63378
N74	Yellow Gate Hangar	Attached	4264	4264/63378	4264/63378
N75	Yellow Gate Hangar	Attached	3198	3198/63378	3198/63378
N76	Yellow Gate Hangar	Attached	3153	3153/63378	3153/63378
			63378	1	1

NOTICE

THE SQUARE FOOTAGE AREAS STATED IN THIS DECLARATION AND THE PLAT ARE BASED ON THE BOUNDARIES OF THE UNITS AS DESCRIBED IN THIS DECLARATION AND MAY VARY FROM THE AREA OF UNITS CALCULATED FOR OTHER PURPOSES.

Exhibit B

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EXHIBIT C

Future Stages

Tract 1:

A tract of land being in the northeast ¼ of Section 11 and the southeast ¼ of Section 2, Township 4 South, Range 1 West, Willamette Meridian, in the County of Marion, State of Oregon being more particularly described as follows:

Commencing at a ½ inch iron pipe at the northeast corner of Parcel 2 of Partition Plat 2008-103; thence South 0°04'30" East along the east line of said Parcel 3 a distance of 527.93; thence South 0°04'03" West along said east line 61.91 feet to the southeast corner thereof, said point also being the northeast corner of Parcel 1 of Partition Plat 2006-086 and the POINT OF BEGINNING of the herein described tract; thence South 0°04'03" West along the east line of said Parcel 1 a distance of 271.14 feet; thence South 89°54'33" East along the easterly north line of said Parcel 1 a distance of 60.00 feet to the easterly northeast corner of said Parcel 1; thence South 0°04'03" West along said east line of Parcel 1 a distance of 957.69 feet to the north line of Keil Road NE; thence South 89°49'41" West along the north line of said Keil Road NE 565.21 feet to the southwest corner of Parcel 1 of Partition Plat 1998-105; thence continuing along said north line of Keil Road NE South 89°49'41" West 328.55 feet to the southeast corner of that tract conveyed to ODOT in Reel 868, Page 298 and recorded July 15, 1991; thence North 7°07'45" East along the east line of said ODOT tract 385.30 feet to the northeast corner of said ODOT tract; thence North 82°50'28" West along the north line of said ODOT tract 135.43 feet, to the East line of that certain tract conveyed to the State of Oregon Recorded August 29, 2007 in Reel 2859 at Page 302; thence North 07°10'39" East along said East line, a distance of 1430.84 feet, to the north line of Parcel 3 of Partition Plat 2006-058, said point bears North 89°47'53" East 65.36 feet from the northwest corner of said Parcel 3 of Partition Plat 2006-58; thence North 89°47'53" East along the north line of said Parcel 3 a distance of 444.52 feet to the northwest corner of Parcel 2 of Partition Plat 2008-103; thence South 07°08'10" West along the west line of said Parcel 2 of Partition Plat 2008-103 a distance of 474.81 feet to the southwest corner thereof; thence South 82°51'30" East along the south line of said Parcel 2 of Partition Plat 2008-103 a distance of 240.04 feet; thence continuing along said south line South 53°38'27" East a distance of 148.11 feet to the POINT OF BEGINNING.

Tract 2:

A tract of land located in the northwest one-quarter of Section 12 and the northeast one-quarter of Section 11, Township 4 South, Range 1 West, Willamette Meridian, Marion County, Oregon, being more particularly described as follows:

Beginning at a ¾" aluminum disk marking the Section corner common to sections 1, 2, 11 and 12; thence following the north line of said Section 12, South 89°44'34" East a distance of 413.97 feet to the centerline of Airport Road (County Road No. 59); thence following said centerline, South 15°26'41" East a distance of 1062.34 feet; thence leaving said centerline, South 74°33'19"

Exhibit C

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West a distance of 199.58 feet; thence South $14^{\circ}17'37''$ East a distance of 245.57 feet to the centerline of Keil Road (County Road No. 429); thence following said centerline, South $89^{\circ}49'52''$ West a distance of 567.59 feet; thence South $89^{\circ}50'32''$ West a distance of 411.50 feet; thence leaving said centerline, North $00^{\circ}04'03''$ East a distance of 30.00 feet to a $\frac{3}{8}$ " iron rod with a yellow plastic cap marked "Wolf Surveying Inc." marking the southeast corner of Parcel 3 of Partition Plat No. 98-105; thence following the northerly right-of-way line of said Keil Road, North $89^{\circ}48'33''$ East a distance of 60.00 feet; thence North $00^{\circ}04'03''$ East a distance of 957.35 feet; thence North $89^{\circ}54'33''$ West a distance of 60.00 feet to a point on the east boundary of said Parcel 3; thence following the east boundary of said Parcel 3, North $00^{\circ}04'03''$ East a distance of 231.91 feet to a $\frac{3}{8}$ " iron rod with a yellow plastic cap marked "Dehass & Associates Inc." marking the northeast corner of Parcel 1 of Partition Plat No. 2001-088; thence following the east boundary of Parcel 2 of Partition Plat No. 2001-088, North $00^{\circ}04'03''$ East a distance of 101.23 feet to $\frac{1}{2}$ " iron pipe; thence following the north line of said Section 11, South $89^{\circ}51'44''$ East a distance of 412.50 feet to the Point of Beginning.

Tract 3:

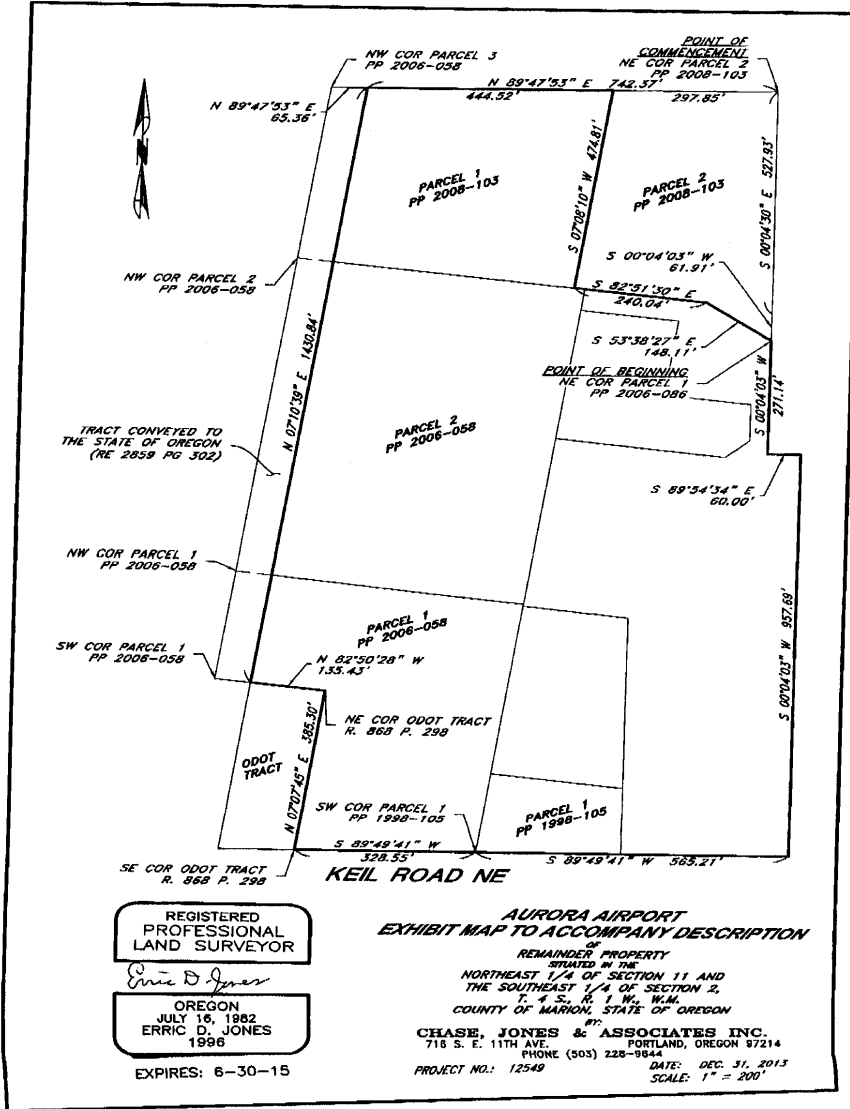
Beginning at the corner common to Sections 1, 2, 11 and 12 in Township 4 South, Range 1 West of the Willamette Meridian in Marion County, Oregon; thence West 412.5 feet to an iron pipe; thence North $0^{\circ}15'$ West 1068.0 feet to an iron pipe; thence North $77^{\circ}41'$ East 511.39 feet, more or less, to the center line of the County Road; thence South $15^{\circ}30'$ East along said center line 1222.50 feet, more or less, to the South line of Section 1; thence North $89^{\circ}50'$ West along said Section line 411.114 feet to a Point of Beginning.

Exhibit C

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Exhibit C

Depiction of Future Stage: Tract 1



REGISTERED
PROFESSIONAL
LAND SURVEYOR
Eric D. Jones
OREGON
JULY 16, 1982
ERRIC D. JONES
1998
EXPIRES: 6-30-15

AURORA AIRPORT
EXHIBIT MAP TO ACCOMPANY DESCRIPTION
OF
REMAINDER PROPERTY
SITUATED IN THE
NORTHEAST 1/4 OF SECTION 11 AND
THE SOUTHEAST 1/4 OF SECTION 2,
T. 4 S., R. 1 W., W.M.
COUNTY OF MARION, STATE OF OREGON
BY:
CHASE, JONES & ASSOCIATES INC.
718 S. E. 11TH AVE. PORTLAND, OREGON 97214
PHONE (503) 228-9844
PROJECT NO.: 12549 DATE: DEC. 31, 2013
SCALE: 1" = 200'

EXHIBIT D

BYLAWS

OF

SOUTHEND CORPORATE AIRPARK CONDOMINIUM OWNERS ASSOCIATION

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**BYLAWS OF
SOUTHEND CORPORATE AIRPARK CONDOMINIUM
OWNERS ASSOCIATION**

Article 1

PLAN OF CONDOMINIUM OWNERSHIP

1.1 **Name and Location.** These are the bylaws of the Southend Corporate Airpark Condominium Owners Association (the "**Association**"). Southend Corporate Airpark Condominium (the "**Condominium**") is located in Marion County, Oregon, and has been submitted to the Oregon Condominium Act by a declaration recorded simultaneously with these Bylaws and by supplemental declarations, if any, annexing property to the Condominium (collectively, the "**Declaration**"). The location of the Condominium is more specifically described in the Declaration.

1.2 **Principal Office.** The principal office of the Association shall be located at such address as may be designated by the board of directors from time to time.

1.3 **Purposes.** This Association is formed under the provisions of the Oregon Condominium Act to serve as the 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 Yellow Gate Corporate Hangars LLC, an Oregon limited liability company, and its successors and assigns (the "**Declarant**"), and the Association, itself, to the extent any of these own any unit or units of the Condominium. All unit owners shall notify the Association of the address and telephone number where such owner can be reached and shall keep such information current.

1.6 **Incorporation.** The Association shall be incorporated under the Oregon Non-Profit Corporation Law. The Articles of Incorporation of the Association shall be consistent with the Declaration and these Bylaws, and these Bylaws shall constitute the bylaws of the incorporated association.

1.7 **Definitions.** The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

Article 2

MEETINGS OF ASSOCIATION

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

2.2 **Turnover Meeting.** Within seven years after the date of conveyance of the first unit to a person other than a successor declarant, or within 90 days after Declarant has sold and conveyed to a person other than a successor declarant, 75 percent or more of the total number of units that Declarant and the Annexation Owners may submit to the Condominium, whichever is earlier, Declarant shall call the first meeting of the unit owners to organize the Association and to elect directors. If a quorum of the unit owners is present, the unit owners shall elect not fewer than the number of directors sufficient to constitute a quorum of the board of directors. Notice of such meeting shall be given to all owners as provided in Section 2.5. If Declarant fails to call the meeting, the meeting may be called and notice given by any unit owner or Mortgagee of a unit. The expense of giving notice shall be paid or reimbursed by the Association. At the meeting, Declarant shall deliver to the Association such information and documents as may be required by the Oregon Condominium Act. Nothing in this Section shall be construed as preventing Declarant from calling the organizational and turnover meeting prior to such date, or from calling informal, informational meetings of the unit owners.

2.3 **Annual Meetings.** The annual meetings of the Association shall be held on such date each year as may be established by the board of directors from time to time, or if the board does not establish such a date, then in the month of February at such hour and on such date as the chairperson may designate, or if the chairperson should fail to designate such date by the first day of February then on the last Tuesday in February. 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.

2.4 **Special Meetings.** Special meetings of the Association may be called by the chairperson or by a majority of the board of directors, and must be called by the chairperson or secretary upon receipt of a written request from unit owners owning at least 30 percent of the voting rights stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice of meeting.

2.5 **Notice of Meetings.** Notice of the annual meeting and all other meetings of the Association stating the time and place and the purpose or purposes for which the meeting is being called shall be given by the chairperson or secretary. Notice must be given in writing by mail or, to the extent permitted by law, by electronic mail, facsimile or other form of electronic communication acceptable to the board of directors not less than 10 days nor more than 50 days prior to the date of the meeting to each unit owner. If mailed, it shall be sent to the owner at his or her address as it appears on the books of the Association. A copy shall be sent to any first Mortgagee requesting such notice. Proof of such notice shall be given by the affidavit of the person giving the notice. For a period of 10 years following closing of the sale of the last unit by Declarant to a person other than a successor declarant, notices of meetings (including agendas) shall also be given to Declarant (or any designee of Declarant specified in any written notice to

the Association) in the same manner as given to unit owners, and Declarant or a representative of Declarant shall be entitled to attend such meetings. Notice of meeting may be waived by any 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.

2.6 **Voting.** Each owner of a unit shall have a vote equal to the unit's allocation of undivided interest in the common elements of the Condominium; provided, however, that Declarant shall have three times the voting rights otherwise allocable to each unit owned by Declarant until the earlier of (a) when Declarant has sold and conveyed to a person other than a successor declarant 75 percent or more of the total number of units that Declarant may submit to the Condominium, or (b) seven years after the date of the first conveyance of a unit to a person other than a successor declarant or a Declarant Member. Declarant shall be entitled to vote as the unit owner of any then existing unit retained by Declarant, and the board of directors shall be entitled to vote on behalf of any unit that has been acquired by or on behalf of the Association; provided, however, that the board shall not be entitled to vote such units in any election of directors.

2.7 **Casting of Votes and Consents.** The voting rights or consent of a unit owner may be cast in person at a meeting of the Association or, at the discretion of the board of directors, by proxy in accordance with paragraph (a) of this Section, by absentee ballot in accordance with paragraph (b) of this Section, by written ballot in accordance with paragraph (c) of this Section, or by any other method specified in the Declaration, these Bylaws or the Oregon Condominium Act, except as otherwise provided in Section 2.8 below.

(a) **Proxies.** A proxy must be dated and signed by the unit owner, is not valid if it is undated or purports to be revocable without notice, and terminates one year after its date unless the proxy specifies a shorter term. The board of directors may not require that a proxy be on a form prescribed by the board. A unit owner may not revoke a proxy given pursuant to this paragraph except by actual notice of revocation to the person presiding over a meeting of the Association or to the board if a vote is being conducted by written ballot in lieu of a meeting. A copy of a proxy in compliance with this paragraph provided to the Association by facsimile, electronic mail or other means of electronic communication utilized by the board is valid.

(b) **Absentee ballots.** An absentee ballot, if authorized by the board of directors, shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by absentee ballot shall include instructions for delivery of the completed absentee ballot, including the delivery location and instructions about whether the ballot may be canceled if the ballot has been delivered according to the instructions. An absentee ballot shall be counted as a unit owner present for the purpose of establishing a quorum. Even if an absentee ballot has been delivered to a unit owner, the unit owner may vote in person at a meeting if the unit owner has returned the absentee ballot and canceled the absentee ballot, if cancellation is permitted in the instructions given under this paragraph.

(c) **Ballot meetings.** At the discretion of the board of directors, any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting by written ballot to the extent and in the manner provided in ORS 100.425.

(d) **Electronic ballots.** To the extent authorized by the board of directors and permitted by the Oregon Condominium Act, any vote, approval or consent of a unit owner may be given by electronic ballot.

(e) **Mortgages.** A unit owner may pledge or assign such 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 such pledge or assignment to the board of directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.8 **Votes Involving Major Decisions.** For votes of the Association involving a Major Decision, 67 percent of the voting rights of the Association will be required to approve the Major Decision. Unit owners shall not be permitted to assign proxy voting discretion to any other person or entity on matters involving Major Decisions of the Association. The term "**Major Decision**" shall include the following:

(a) Any vote of the Association to terminate professional management pursuant to Section 3.7 below;

(b) Any vote of the Association to incur or commit the Association to incur legal fees in excess of \$10,000 for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$100,000 pursuant to Section 3.6(e) below;

(c) Any vote of the Association relating to the modification, closure, removal, elimination or discontinuance other than on a temporary basis of any aircraft taxilane, pursuant to Section 3.6(l) below;

(d) Any vote of the Association proposing to borrow of any sum of money in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association pursuant to Section 3.6(h) below; and

(e) Any vote of the Association to approve an amendment to these Bylaws.

2.9 **Fiduciaries and Joint Owners.** An attorney-in-fact, executor, administrator, guardian, conservator or trustee may vote or grant consent with respect to any unit owned or held in a fiduciary capacity, whether or not the specific right has been transferred to his or her name; provided, that such person shall satisfy the secretary that he or she is the attorney-in-fact, executor, administrator, guardian, conservator or trustee, holding the unit in a fiduciary capacity. Whenever any 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, in the absence of protest by a co-owner. In the event of disagreement among the co-owners, the vote of the unit shall be disregarded completely in determining the proportion of votes given with respect to such matter unless a valid court order establishes the authority of a co-owner to vote.

2.10 **Tenants and Contract Vendors.** Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the owner/landlord.

Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any recorded land sale contract on the unit.

2.11 **Quorum of Unit Owners.** At any meeting of the Association, members holding 20 percent of the voting rights, present in person, by proxy or by absentee ballot, if permitted by the board of directors, shall constitute a quorum. At any meeting of the Association where the members will be voting on decisions affecting only one category of unit or one class of director (Commercial or Yellow Gate Hangar), then members holding 20 percent of the voting rights of the respective class, present in person, by proxy or by absentee ballot (if permitted by the board of directors), shall constitute a quorum of that class or category. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes of the meeting 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 the subsequent withdrawal of a unit owner or owners. 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.

2.12 **Majority Vote.** The vote of the holders of more than 50 percent of the voting rights of the members with authority to make a given decision or to give their approval to an action of the Association, present in person or by proxy at a meeting at which a quorum is constituted, shall be binding on all unit owners for all purposes unless a higher percentage vote is required by law, by the Declaration, or by these Bylaws.

2.13 **Continued Votes.** If at a meeting to consider action on a Major Decision, as defined in Section 2.8, insufficient votes are cast to approve the action, then the action shall be deemed rejected. The meeting or vote may not be continued in order to obtain additional votes. Any further voting on such matter must be taken at a new duly called meeting at which new votes must be cast in person or by proxy.

2.14 **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.

2.15 **Rules of Order.** Unless other rules of order are adopted by resolution of the Association or the board of directors, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

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 one to three interim directors or from three to seven regular directors, as provided in Sections 3.2 and 3.3 of this Article. All directors, other than interim directors appointed by Declarant, shall be owners or co-owners of units of the Condominium. For purposes of this Section, an officer, employee or agent of a corporation, a member, manager, employee or agent of a limited liability company, or a partner, employee or agent of a partnership may serve on the board if such corporation, limited liability company or partnership is an owner or co-owner of a unit. In addition, a trustee may serve on the board if the trustee holds legal title to a unit for the benefit of the owner of the beneficial interest in the unit; and an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for an owner of a unit, or an officer or employee of an entity if an entity is appointed, may serve on the board.

3.2 **Interim Directors.** Upon the recording of the Declaration submitting the Condominium to the Oregon Condominium Act Declarant shall appoint an interim board of one to three directors, who shall serve until replaced by Declarant or their successors have been elected by the unit owners as provided below.

3.3 **Election and Term of Office.** At the first organizational and turnover meeting called by Declarant pursuant to Section 2.2 of these Bylaws (the "**Turnover Meeting**"), the interim directors shall resign and successors shall be elected as follows. There shall be two classes of directors, Commercial Directors (who shall be owners of either Commercial Hangar Units or other types of unit(s) that may be established in any supplemental declaration the permitted use of which is the same as Commercial Hangar Units) and Yellow Gate Hangar Directors (who shall be owners of Yellow Gate Hangar Units). Three Yellow Gate Hangar Directors shall be elected by the Yellow Gate Hangar Unit owners based upon the voting rights assigned to such units, one to serve until the next annual meeting and two to serve until the second annual meeting after his or her election. If prior to the Turnover Meeting, Commercial Units have been annexed to the Condominium, then at the Turnover Meeting the Commercial Directors shall be elected by the Commercial Unit owners. If there are no Commercial Units in the Condominium at the time of the Turnover Meeting, then the first Commercial Directors shall be elected at the first Association annual meeting following annexation of Additional Property that includes at least one Commercial Unit. At the first election of Commercial Directors, (i) two, or (ii) one-third of the number of Commercial Units (whichever is greater subject to limitation as set forth below) Commercial Directors shall be elected by the Commercial Unit owners, a majority of which directors shall serve until the second annual meeting after his or her

election and the remainder to serve until the first annual meeting after his or her election. In both elections (of Yellow Gate Hangar Directors and of Commercial Directors) the directors receiving the greatest number of votes shall serve for the two-year term. In the event of a tie, the terms shall be determined by lottery. Thereafter, at the expiration of the initial term of office of each respective director, his or her successor shall be elected to serve for a term of two years, so that the term of less than half of the directors shall expire annually. Directors shall hold office until their respective successors have been elected by the unit owners. Election shall be by plurality of the members eligible to elect their respective class of directors. Notwithstanding anything to the contrary in this Section, the maximum number of Commercial Directors serving on the board shall be four. In the event that no Commercial Hangar Units have been annexed to the Condominium, the board of directors shall consist of three Yellow Gate Hangar Directors, all of whom shall be Yellow Gate Hangar Unit owners or co-owners, as defined in Section 3.1 above.

3.4 **Vacancies.** Vacancies in Commercial Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by the Commercial Unit owners. Vacancies in Yellow Gate Hangar 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 remaining Yellow Gate Hangar Directors. Each person so elected shall be a director 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. Vacancies shall be filled by the Yellow Gate Hangar or Commercial Unit owners, respectively, who elected the director. Vacancies in interim directors shall be filled by Declarant.

3.5 **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 unit owners present in person or by proxy by the Yellow Gate Hangar or Commercial Unit owners, respectively, who elected the director. A successor shall be so elected at that meeting to fill the vacancy thus created. The unit owners must vote on the removal of each director separately. The notice and agenda 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 that meeting and prior to the vote. A removed director shall remain a director until the vacancy has been filled.

3.6 **Powers and Duties.** The board of directors shall have all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties that by law or by the Declaration or by these Bylaws may not be delegated to the board by the unit owners; provided, however, that the board may not take any action that could unreasonably interfere with the sale, lease or other disposition of units owned by Declarant or that could abridge, modify, eliminate or otherwise affect any right, power, easement, privilege or benefit reserved for Declarant or that would impose any discriminatory charge or fee against Declarant, without the prior written consent of Declarant. The powers and duties to be exercised by the board shall include, but shall not be limited to the following:

(a) Operation, care, upkeep, maintenance, repair and replacement of the general and limited common elements and Association property, except those limited common elements to be maintained by the unit owners, as provided in the Declaration or these Bylaws.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Preparation and adoption of budgets, preparation, review and update of reserve studies and establishment of reserves, if any, and assessment and collection of the common expenses, all in accordance with the provisions of these Bylaws and the Declaration.

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

(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; provided, however, the board may not incur or commit the Association to incur legal fees in excess of \$5,000 for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$100,000 unless the unit owners have enacted a resolution authorizing the incurring of such fees or contract by a vote of 75 percent of the total voting rights of the Association. These limitations shall not be applicable to legal fees incurred in defending the Association and the board of directors from claims or litigation brought against them. The limitations set forth in this paragraph shall increase by 10 percent on each fifth anniversary of the recording of the Declaration.

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

(g) Preparation and distribution of annual financial statements in accordance with these Bylaws and annual preparation and filing of all required income tax returns or forms for the Association.

(h) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the common elements and Association property; provided, however, that (i) the consent of 75 percent of the voting rights shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that calendar year to cover the operation, care upkeep and maintenance of the common elements, and (ii) no lien to secure repayment of any sum borrowed may be created on any unit or its appurtenant interest in the common elements without the consent of the owner of such unit. If any sum borrowed by the board of directors on behalf of the Association pursuant to the authority contained in this paragraph is not repaid by the Association, a unit owner who pays to the creditor such proportion thereof equal to his interest in the common elements shall be entitled to obtain from the creditor a release of any judgment or other lien that the creditor shall have filed or shall have the right to file against such owner's unit.

(i) 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, and selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with units of the Condominium acquired by the Association or its designee on behalf of all the unit owners.

(j) Obtaining insurance pursuant to the provisions of these Bylaws and at least annually reviewing the insurance coverage of the Association.

(k) Making additions and improvements to, or alterations of, the common elements; provided, however, that no such project may be undertaken by the board of directors if the total cost will exceed \$20,000 unless the unit owners have enacted a resolution authorizing the project by a majority vote of the members, except that no such vote shall be required for work that is urgently needed for reasons of life, safety or structural integrity. This limitation shall not be applicable to maintenance, repairs or replacement undertaken pursuant to paragraph (a) above. The limitation set forth in this paragraph shall increase by \$1,000 on each anniversary of the recording of the Declaration.

(l) Modify, close, remove, eliminate or discontinue the use of a general common element facility or improvement or portion of the common element landscaping, except that modification, closure, removal, elimination or discontinuance other than on a temporary basis of any aircraft taxiway or ramp must be approved by at least a majority of the unit owners voting on such matter at a meeting or by written ballot held or conducted in accordance with these Bylaws.

(m) Designating one or more committees that, to the extent provided in the resolution designating the committee, shall have the powers of the board of directors in the management of the affairs of the Association. At least one member of each committee shall be a member of the board.

(n) Enforcement by legal means of the provisions of the Oregon Condominium Act, the Declaration, these Bylaws and any rules and regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce violations.

(o) Maintain a current mailing address for the Association, file an Annual Report and any amendment in accordance with ORS 100.250, and maintain and keep current the information required to enable the Association to comply with ORS 100.480(8).

(p) Subject to the restrictions in subsection (e) above, initiate or intervene in litigation or administrative proceedings (including mediation under Article 10 of these Bylaws) in the name of the Association, and without joining the individual unit owners, as permitted under ORS 100.405(4)(e) and (11); provided that no litigation or administrative proceeding may be initiated on a matter relating to or affecting the unit or interest of a unit owner unless the unit owner has consented in writing to such action after full disclosure of the potential cost, duration and possible outcomes of the proposed litigation or administrative proceeding. To the extent required by ORS 100.490, the board shall notify the 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 of directors to disclose any privileged communication between the Association and its counsel.

3.7 **Managing Agent or Manager.** On behalf of the Association, the board of directors shall employ or contract for a managing agent or a manager at a compensation to be established by the board. The board may delegate to the managing agent or manager such duties and powers as the board may authorize. In the absence of such appointment, the board shall act as manager. The managing agent shall have the right to contract with any unit owner, individually or collectively with other unit owners, for personal services for a particular unit or units.

3.8 **Contracts Entered into by Declarant or Interim Board.** Notwithstanding any other provision of these Bylaws, any management contracts, service contracts or employment contracts entered into by Declarant or the interim board on behalf of the Association shall have a term not in excess of three years. In addition, any such contract shall provide that it may be terminated without cause or penalty by the Association or board of directors upon not less than 30 days' notice to the other party given not later than 60 days after election of the permanent board at the organizational and turnover meeting described in Section 2.2 of these Bylaws. The limitations contained in this Section 3.8 shall not apply to those contracts referred to in ORS 100.485(2).

3.9 **Organizational Meeting.** Unless otherwise agreed by the board of directors, within 14 days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the board 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.

3.10 **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 may be called by the chairperson and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or, to the extent permitted by the Oregon Condominium Act, by electronic mail, facsimile or other form of electronic communication acceptable to the board at least seven days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. For a period of 10 years following closing of the sale of the last unit by Declarant to a person other than a successor declarant, notices of meetings (including agendas) shall also be given to Declarant in the same manner as given to the directors. Unless other rules of order are adopted by resolution of the Association or the board, all meetings of the board shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.11 **Open Meetings.** All meetings of the board of directors shall be open to unit owners and, for a period of 10 years following closing of the sale of the last unit by Declarant to a person other than a successor declarant, to Declarant or a representative of Declarant; except that, in the discretion of the board, the board may close the meeting to owners other than board members and meet in executive session to consult with legal counsel or to consider personnel matters, including salary negotiations and employee discipline, negotiation of contracts with third parties or collection of unpaid assessments. Except in the case of an emergency, the board shall vote in an open meeting whether to meet in executive session. If the board votes to meet in executive session, the presiding officer shall state the general nature of the action to be

considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion or decision to meet in the executive session shall be included in the minutes of the meeting, and any contract or action considered in executive session shall not become effective unless the board, following the executive session, reconvenes in open meeting and votes on the contract or action, which shall be reasonably identified in the open meeting and included in the minutes. The different classes of directors shall not hold separate meetings or separate executive sessions apart from the other class of directors.

Meetings of the board of directors may be conducted by telephonic communication or by other means of communication that allows all members of the board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting, except that if a majority of the units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each board's meeting shall be posted at a place or places on the property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and (ii) only emergency meetings of the board may be conducted by telephonic communication or such other means. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

3.12 **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 of notice by such director, unless 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 such meeting.

3.13 **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 general business, or in the case of business or decisions for which only one class of directors has authority to decide, a majority of that certain class of directors shall constitute a quorum for the transaction of class-specific business. The agreement of both classes of directors as set forth in Section 3.17 below shall constitute the decision of the board for matters of general business to be determined by the whole board. In any case, a majority of the members of a class of directors, e.g., Commercial Directors or Yellow Gate Hangar Directors, shall constitute a quorum for determinations to be made exclusively by such class of directors as set forth in Section 3.17 below. The vote of a majority of the voting rights of any given class of directors shall constitute the decision of that class of directors 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 that might have been transacted at the meeting originally called may be transacted without further notice to the directors.

3.14 **Voting.** A director who is present at a meeting of the board of directors at which action is taken on any Association matter is presumed to have assented to the action (to the extent that his or her class of directors had the authority to vote on such matter), unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest. When action is taken on any matter at a meeting of the board, the vote or

abstention of each director present must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings of the board, except that officers may be elected by secret ballot.

3.15 **Compensation.** No director shall receive any compensation from the Association for acting as director.

3.16 **Deadlock Resolution.** If the board of directors, or the Commercial or Yellow Gate Hangar Directors as to a decision to be made by only that certain class of directors, are respectively deadlocked on any matter properly before the board or such class of directors in accordance with these Bylaws, and the matter cannot be settled through direct discussions, the board or such class of directors shall resolve the matter by mediation within ten (10) business days following the date of the meeting. The mediation will be held in Clackamas or Marion County, Oregon by a mediator selected by the board. If the board cannot agree upon a mediator, then one shall be selected through the process provided by a recognized mediation service designated by the first director who notifies the others of the mediation service selected. Thereafter, if the matter cannot be resolved by mediation, the matter shall be resolved by arbitration as provided in Section 10.3 below.

3.17 **Determinations by Board of Directors.** All determinations of the permanent board of directors (as opposed to the interim board) are of three types: (i) those that affect only the Yellow Gate Hangar Units and Yellow Gate Hangar Limited Common Elements, and do not in any way affect directly or indirectly the Commercial Hangar Units or the Commercial Unit Limited Common Elements (“**Yellow Gate Hangar Decisions**”); (ii) those that affect only Commercial Hangar Units or the Commercial Unit Limited Common Elements, and do not in any way affect directly or indirectly the Yellow Gate Hangar Units or Yellow Gate Hangar Limited Common Elements (“**Commercial Hangar Decisions**”); and, (iii) all other decisions directly or indirectly affecting the Commercial Units, on the one hand, and Yellow Gate Hangar Units, on the other hand, or their respective limited common elements (“**General Board Decisions**”). General Board Decisions shall be made unanimously as between the two classes of directors, Commercial and Yellow Gate Hangar Directors. Yellow Gate Hangar Decisions and class voting for General Board Decisions shall be made by a majority of the Yellow Gate Hangar Directors. Commercial Hangar Decisions and class voting for General Board Decisions shall be made by a majority of the Commercial Directors. Any rules and regulations adopted by either the Yellow Gate Hangar Directors or Commercial Directors pursuant to Section 7.5(p) below may be modified or revoked only by the class of directors who originally adopted them. The vote of each class of directors for such General Board Decisions shall be made by a majority of the members of all such directors present at a meeting at which a quorum is present. To clarify, for purposes of this Section, any decision by the board that will affect or that may be reasonably expected to affect the operation of either the Commercial Units or the Yellow Gate Hangar Units, respectively, or any other new classification of unit type that Declarant may create pursuant to a supplemental declaration, or the business of the tenants or occupants of such type of unit, or the general appearance, quality or character of such units, or that may require the consent or approval of the holder of any mortgage (fee or leasehold) on a certain type of unit, shall be deemed to be a decision affecting that type of unit for purposes of authority of the class of directors to make such decisions or to take such actions. Approvals of annual operating budgets, reserve studies, and insurance policies shall be deemed General Board Decisions.

3.18 **Liability and Indemnification of Directors, Officers and Manager.** A member of the board of directors or an officer of the Association shall not be liable to the Association, any unit owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties as long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. A director appointed under Section 3.2 of these Bylaws and Section 14.4 of the Declaration, or acting under ORS 100.200, shall not be liable to the Association, any unit owner or any third party under ORS 65.357-65.361, ORS 100.417 or associated rules of common law for any damage, loss or prejudice suffered or claimed on account of any action or failure to act that represents the exercise of authority established in Section 14.4 of the Declaration and ORS 100.200, including any action or failure to act requested by Declarant or resulting from any prior or concurrent duty or loyalty owed by such director to Declarant; provided that nothing in this section limits the liability of Declarant for such actions or failure to act by a director. If any member of the board or any officer of the Association is threatened with or made a party to any proceeding because the individual was or is a director or officer of the Association, the Association shall defend the individual against such claims and indemnify the individual against liability and expenses incurred to the maximum extent permitted by law. The manager of the Association, and its officers and employees, shall not be liable to the Association, the unit owners or any third party on account of any action or failure to act in the performance of its duties as manager, except for acts of gross negligence or intentional acts. Prior to the organizational and turnover meeting described in Section 2.2, the manager shall not be liable to the Association, any unit owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act that represents the exercise of authority established in Section 14.4 of the Declaration and ORS 100.200, including any action or failure to act requested by Declarant or resulting from any prior or concurrent duty or loyalty owed by such director to Declarant; provided that nothing in this Section limits the liability of Declarant for such actions or failure to act by the manager. If the manager is threatened with or made a party to any proceeding, the Association shall defend the manager against such claims and indemnify the manager and its officers and employees from any such claims to the maximum extent permitted by law.

3.19 **Insurance.** The board of directors shall obtain the insurance required in Article 8 of these Bylaws. In addition, the board, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or unit owners. The board shall conduct an annual insurance review that, if appropriate, shall include an appraisal of all improvements contained in the Condominium.

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. The directors may appoint a vice chairperson, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The chairperson shall be a member of the board, but the other officers need not be directors or unit owners.

4.2 **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 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 such purpose.

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

4.4 **Chairperson.** The chairperson shall be the chief executive officer of the Association. He or she 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 that 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 as the chairperson may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 **Secretary.** The secretary shall keep or supervise the keeping of the minutes of all proceedings of the board of directors and the minutes of all meetings of the Association. He or she shall attend to the giving and serving of all notices to the unit owners and directors and other notices required by law. The secretary shall keep the records of the Association, except for those of the treasurer, and shall perform all other duties that are incidental 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, unless the directors have appointed another vice chairperson.

4.6 **Treasurer.** The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of required financial statements. He or she shall be responsible for overseeing 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 disburse or cause to be disbursed 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 to him or her by the board of directors.

4.7 **Execution of Instruments.** All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the board of directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairperson. All checks shall be signed by the manager or by the treasurer, or in the absence or disability of the treasurer, by the chairperson or any duly elected assistant treasurer.

4.8 **Compensation of Officers.** No officer who is a member of the board of directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the unit owners. The board may fix any compensation to be paid to any officers who are not also directors.

Article 5

BUDGET, EXPENSES AND ASSESSMENTS

5.1 **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 over assessment and plus any underassessment, and assess the common expenses to each unit owner in the proportion set forth in the Declaration. Within 30 days after adopting the annual budget, the board of directors 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 General Expenses.** General Expenses shall include:

- (a) Expenses of administration, including management fees.
- (b) Expenses of operation, maintenance, repair or replacement of common elements, any other portions of the Condominium required to be maintained by the Association pursuant to the Declaration or these Bylaws, and any Association property.
- (c) Cost of insurance or bonds for or in respect of general common elements, the board of directors, or the administration of the Association, which is obtained in accordance with these Bylaws. To clarify, the cost of property insurance covering only Yellow Gate Hangar Limited Common Elements or only Commercial Limited Common Elements shall be shared by those respective units as Specially Allocated Expenses pursuant to Section 8.2 of the Declaration.
- (d) A general operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.
- (e) Reserves (if established by the board of directors) for replacements, repairs and maintenance of common elements for which the Association has the responsibility to maintain.
- (f) Costs, if any, associated with appurtenant easements benefitting the Condominium.
- (g) Any deficit in common expenses for any prior period.
- (h) Utilities and services for the common elements and other utilities and services with a common meter or commonly billed, such as trash collection, fire and safety or security monitoring for the Condominium, or water and sewer, including well maintenance costs, if any. If the board of directors determines that a particular unit's use of such services is greater

than the average of other unit owners', the board may assess such owner for the cost attributable to such extra use.

(i) Any other items properly chargeable as an expense of the Association, which is not allocated as a Specially Allocated Expense.

If the board of directors determines that a particular unit's use results in an increase in the premiums for one or more of the Association's insurance policies, or that a particular unit's use or a class of units' use of common elements or services provided by the Association is greater than the average of other units or type of units, the board may assess to such unit owner(s) the cost attributable to the extra use or impact as an Individual Expense or other Specially Allocated Expense, in its reasonable judgment, in accordance with Section 8 of the Declaration. A unit owner or a group of unit owners affected by such categorization or allocation of expenses may give the board of directors notice requesting review of such allocation or categorization and an opportunity to be heard. If following such review and opportunity to be heard the issue is not resolved, the dispute resolution process described in Article 10 shall apply, notwithstanding anything to the contrary therein.

5.3 Assessment of Common Expenses.

(a) **Obligation to pay.** 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. No unit owner by the owner's own action may claim exemption from liability for contribution toward common expenses by waiver by the owner of use or 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 or Declarant to the unit owner. If the board determines that any loss or cost incurred by the Association is the fault of one or more unit owners, the Association may assess the amount of the loss or cost exclusively against the units of the responsible owners. Declarant shall be assessed as the unit owner of any unsold unit, but such assessments shall be prorated to the date of sale of the unit. The board, on behalf of the Association, 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 that remains unpaid for more than 30 days from the due date for its payment. The board may elect to round assessments to the nearest dollar.

(b) **Commencement of regular operating expense assessments.** Regular monthly assessments for common operating expenses for units in the first stage of the Condominium shall commence upon closing of the first sale of a unit in such stage of the Condominium and for subsequent stages shall commence for all units in such stage upon recording of the applicable Supplemental Declaration.

(c) **Commencement of assessment for replacement reserves.** If established by the board of directors, regular monthly assessments for replacement reserves as described in Section 5.5 for all units in the Condominium shall commence upon the closing of the sale or transfer of the first unit in the Condominium to a person other than the Declarant or upon the

establishment of a reserve fund by the board of directors, in its discretion. Such reserve assessments shall commence with respect to subsequent stages upon recording of the applicable supplemental declaration for such stage. Declarant may elect to defer payment of such reserve assessments to the Association for each unit owned by Declarant until the closing of the sale of such unit, but not beyond the date of the turnover meeting referred to in Section 2.2 above, or if no turnover meeting is held, the date on which the owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owing from Declarant for all reserve assessments.

(d) **Annexation of additional stages.** If additional units are annexed to the Condominium, the board of directors shall promptly prepare a new budget reflecting the addition to the Condominium and shall recompute any previous assessment covering any period after the closing of the sale of the first unit in the new stage.

5.4 **Special or Extraordinary Assessments.**

(a) **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 same, which may be treated as capital contributions by the unit owners, and the proceeds of which shall be used only for the specific capital improvements described in the resolution. The Association shall not assess units owned by Declarant for additional capital improvements to the Condominium without the written consent of Declarant as long as Declarant owns more than 20 percent of the units then submitted to the Condominium or as long as the time specified in the Declaration for annexing additional stages has not expired.

(b) **Other special or extraordinary assessments.** If the board of directors determines that the assessments established upon adoption of the budget as provided in Section 5.1 above 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 against those units to which such expenses are allocable. Such assessment shall be allocated to each unit in the same proportion set forth in the Declaration 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.

Any special or extraordinary assessment assessed by the board of directors shall be made in accordance with the allocation of assessments for General Expenses or Specially Allocated Expenses, as the case may be as set forth in Article 8 of the Declaration, and shall be subject to the dispute resolution process set forth therein.

5.5 **Replacement Reserves.**

(a) **Establishment of account.** In its discretion, the board of directors may conduct an initial reserve study as described in paragraph (c) of this Section and establish a reserve account to fund major maintenance, repair or replacement of those common elements all or a part of which will normally require replacement in more than one and less than 30 years, and

for exterior painting if the common elements include exterior painted surfaces. The reserve account need not include those items that can reasonably be funded from the general budget or other funds of the Association or for common elements for which maintenance and replacement are the responsibility of one or more, but less than all, unit owners under the provisions of the Declaration or these Bylaws.

(b) **Funding of account.** If established by the board of directors, the reserve account shall be funded by assessments against the individual units for the purposes for which the reserve account is being established, which sums shall be included in the regular monthly assessment for the unit. The reserve account shall be established in the name of the Association, which shall be responsible for administering the account and for making periodic payments into the account. The board of directors or the unit owners may not vote to eliminate funding the reserve account unless the board determines that the reserve account will be adequately funded for the following year, except that after the Turnover Meeting the board, with the approval of 75 percent of the voting power of the unit owners, may, on an annual basis, elect not to fund the reserve fund for the following year.

(c) **Reserve studies.** The board of directors annually shall conduct a reserve study or review and update an existing study to determine the reserve account requirements for the items described in paragraph (a) of this Section and may adjust the amount of payments in accordance with the study or review and may provide for other reserve items that the board, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall:

- (1) Identify all items for which reserves are or will be established;
- (2) Include, the estimated remaining useful life of each item as of the date of the reserve study; and
- (3) Include for each item, as applicable, an estimated cost of maintenance and repair and replacement at the end of the item's useful life.

(d) **Use of reserve funds.** The reserve account shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. After the organizational and turnover meeting described in Section 2.2, however, the board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses if the board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. No later than the adoption of the budget for the following year, the board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

(e) **Sale of units.** Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of units. Sellers of the units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement.

(f) **Investment of reserve account.** Nothing in this Section shall prohibit prudent investment of the reserve account; provided that any investment of the reserve account is made in compliance with the Oregon Condominium Act.

5.6 **Default in Payment of Assessments.**

(a) **Interest.** 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, such unit owner shall be obligated to pay interest at the rate of 12 percent 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.

(b) **Late charges and expenses.** The defaulting unit owner shall pay a late charge for any assessment not paid within 10 days of its due date in the amount of five percent of the delinquent payment, or such other reasonable late charge or administrative fee, or both, as may be established by the board of directors from time to time by resolution that is delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing address designated by the unit owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted, and at trial or any appeal or petition for review therefrom).

(c) **Acceleration.** If the assessment is not paid within 30 days of its due date, the board of directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable and may terminate the right to receive utility services paid for out of assessments or the right of access to and use of service facilities of the Condominium until assessments have been brought current.

(d) **Enforcement.** The board of directors shall have the right to recover for the Association such assessments, together with such charges, interest and expense of the proceeding, including attorneys' fees, by an action brought against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Condominium Act. Each unit owner assigns to the Association all rents, revenues, income, issues and profits from the unit to secure such obligations.

(e) **Notices to first Mortgagees.** The board of directors shall notify the holder of any first Mortgage upon a unit of any default not cured within 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 them.

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, 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.** To the extent provided by the Oregon Condominium Act, any lien of the Association against a unit for assessments shall be subordinate to tax and assessment liens and any first Mortgage of record. Unless otherwise provided in the Oregon Condominium Act, if the purchaser or Mortgagee of a unit obtains title to the unit as a result of foreclosure of a first Mortgage, such purchaser or Mortgagee, its successors and assigns, shall only be liable for a maximum of six months of the assessments that are chargeable to such unit and that became due prior to the acquisition of title to the unit by such purchaser or Mortgagee. Any additional unpaid share of assessments shall be a common expense and be 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 therefor. However, upon request of an owner or an owner's agent, for the benefit of a prospective purchaser, the board of directors shall make and deliver a statement of the unpaid assessments against the prospective grantor or the unit effective through a date specified in the statement, and the grantee in that case shall not be liable for any unpaid assessments against the grantor not included in the written statement.

Article 6

RECORDS AND AUDITS

6.1 **General Records.** The board of directors and the manager, if any, shall keep detailed records of the actions of the board and the 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. All documents, information and records delivered to the Association by Declarant pursuant to ORS 100.210 and other records of the Association shall be kept within the State of Oregon for the time periods specified in ORS 100.480.

6.2 **Financial Records and Accounts.** The board of directors or its designee shall keep within the State of Oregon financial records sufficient for proper accounting purposes and as required by the Oregon Condominium Act. All assessments shall be deposited and maintained in the name of the Association in one or more separate federally insured accounts, including certificates of deposit, at a financial institution as defined in ORS 706.008, other than an extranational institution. Such funds may be used to purchase obligations of the United States government. 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 on the account and the balance due on the assessments.

6.4 **Payment of Vouchers.** The treasurer or manager shall pay all vouchers for all budgeted items and for any nonbudgeted items up to \$3,000 signed by the chairperson, managing agent, manager or other person authorized by the board of directors. Any voucher for nonbudgeted items in excess of \$3,000 (or such other amount as may be established by the board) shall require the authorization of the chairperson. Any checks written on reserve accounts must be signed by a 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 it within 90 days after the end of each fiscal year. Commencing with the fiscal year following the turnover meeting, if the annual assessments exceed \$75,000 for the year, then the board shall cause such financial statements to be reviewed within 180 days after the end of the fiscal year by an independent certified public accountant licensed in Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, or if the annual assessments are \$75,000 or less, shall cause such review within 180 days after receipt of a petition requesting such review signed by owners holding at least a majority of the voting rights. The board need not cause such a review to be performed if so directed by an affirmative vote of unit owners holding at least 60 percent of the voting rights, not including votes of Declarant with respect to units owned by Declarant. 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 the statement is not otherwise available.

6.6 **Notice of Sale, Mortgage, Rental or Lease.** Upon the sale, mortgage, rental or lease of any unit, such 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.** Except as otherwise provided in ORS 100.480, during normal business hours or under other reasonable circumstances, the Association shall make reasonably available for examination and, upon written request, available for duplication, by unit owners, lenders and holders, insurers or guarantors of any first Mortgage that make the request in good faith for a proper purpose, 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. The Association also shall be required to make available to prospective purchasers current copies of the Declaration, Bylaws, other rules governing the Condominium, and the most recent annual audited financial statement, if such is prepared. The Association, within 10 business days after receipt of a written request by a unit owner, shall furnish copies of such documents to the requesting unit owner. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The board of directors, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of such documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.

6.8 **Statement of Assessments Due.** The Association shall provide, within 10 business days of receipt of a written request from an owner, a written statement that provides: (a) the amount of assessments due from the owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, and late payment charges; (b) the percentage rate at which interest accrues on assessments that are not paid when due; and (c) the percentage rate used to calculate the charges for late payment or the amount of a fixed rate charge for late payment. The Association is not required to comply with this Section if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due.

Article 7

MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

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

(a) **Units.** All maintenance of and repairs to any unit shall be made by the owner of the unit, who shall keep the unit in good order, condition and repair. Owners of Attached Units shall do all repairs, maintenance, or painting to the interior of the unit that at any time may be necessary to maintain the good appearance and condition of the unit. For Freestanding Units, the unit owner's maintenance responsibility extends to all structural features that are part of the Freestanding Unit, including the painting, staining, maintenance, repair and timely replacement of the interior and all structural features of the unit, including the exterior walls and the roofing system. Each unit owner, regardless of the type of unit, shall be responsible for the maintenance, repair, and replacement of windows, glazing and window frames, access doors and frames, aircraft access doors and framing, automatic door openers and ancillary equipment; heating and air conditioning fixtures and ducting serving only the owner's unit and located in within the boundaries of the unit; any plumbing, telephones, water heaters, fans, vents, lighting fixtures, electrical outlets, which serve only the Owner's unit; any cabinetry, appliances and accessories, and any interior partitions or other structures that may be constructed within the boundaries of the unit or connected with the owner's unit, including those constructed by the unit owner within the boundaries of the unit. The Association, however, may repair or replace, at the Association's expense, portions of units to the extent reasonably necessary for the

preservation of the general appearance of the Condominium as a first-class aviation center or of the common elements in good condition and working order, if a unit owner fails to do so after written notice to such unit owner.

(b) **Common elements.** Except as otherwise provided in Section 11.1 of the Declaration, all maintenance, repairs and replacements to the general and limited common elements and to Association property and other General Expenses shall be made by the Association and shall be charged to all the unit owners as a common expense. The expense of maintaining, repairing and replacing the Yellow Gate Hangar Limited Common elements and services used only by the Yellow Gate Hangar Units, and other Yellow Gate Hangar Expenses, if any, shall be charged as a common expense only to the Yellow Gate Hangar Units. The expense of maintaining, repairing and replacing the Commercial Unit Limited Common Elements and services used only by the Commercial Units, and other Commercial Expenses, if any, shall be charged as a common expense only to the Commercial Units. Each unit owner, however, shall maintain the limited common element pertaining solely to such unit in a neat and well maintained condition and keep the limited common elements that pertain solely to the owner's unit in a safe, neat, clean and sanitary condition.

(c) **Skylights and roof-mounted equipment.** All maintenance, repairs and replacements of any roof-mounted heating or cooling, or ventilation fixtures, or security equipment, and appurtenant lines and equipment, which are outside the boundaries of an Attached Unit shall be performed by the Association. All maintenance, repairs and replacements (except for interior cleaning) of the skylights to an Attached Unit and appurtenant roofing features outside the boundaries of such Attached Unit shall be performed by the Association. The expense of maintaining, repairing and replacing an individual Attached Unit's roof-mounted ventilation fixtures or skylights, or other equipment, shall be charged to the respective Attached Unit that such heating or cooling, ventilation, or security fixtures or skylight or equipment serves solely, as an Individual Expense.

7.2 **Additions, Alterations or Improvements.**

(a) A unit owner may make any improvements or alterations to such owner's unit that do not impair the water tightness, acoustic performance, structural integrity, or fire, life, safety and mechanical systems of the Condominium or lessen the support of any portion of the Condominium, reduce its value, impair any easement or increase the common expenses; provided, however, if such alterations affect the exterior of a unit, they shall be subject to any architectural design guidelines adopted by the board. An Attached Unit owner is expressly prohibited from drilling into or attaching anything to the common elements, including without limitation, signs or satellite dishes, or to windows or window frames and from making any penetration into the building envelope or cement slab foundation without prior written consent from the board of directors. Any alterations, including change in paint color, roofing materials, or cladding exterior materials, that a Freestanding Unit owner wishes to make to the exterior of his or her Freestanding Unit, must first obtain prior written consent from the board. The board of directors may adopt architectural design review guidelines regarding such architectural review. The board shall approve the proposed alteration unless it determines within 30 days that the proposed change will impair the structural integrity, or the fire, life, security, safety or mechanical systems of the Freestanding Unit or the Condominium, or is not in harmony with the

architectural design and appearance of the Condominium as a first-class aviation center. A unit owner may not submit a unit to condominium ownership without the prior approval of the board and, up until the Turnover Meeting, the Declarant.

(b) Each unit owner shall be responsible for providing proper notice through the Oregon Department of Aviation to the Federal Aviation Administration of any proposed construction or alteration to be performed by unit owner, in conformity with Federal Aviation Regulations, Part 77.

(c) After acquiring an adjoining unit or an adjoining part of an adjoining unit, a unit owner may submit a written request to the board of directors for permission to remove or alter any intervening partition or to create apertures therein, even if the partition in whole or in part is a common element. The board shall approve the change unless it determines within 45 days that the proposed change will impair the structural integrity or the fire, life, security, safety or mechanical systems of the Condominium or lessen the support of any portion of the Condominium. The board may require the unit owner, at the owner's own expense, to submit an opinion of a registered architect or registered professional engineer that the proposed change will not impair the structural integrity or mechanical systems of the Condominium or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

(d) A unit owner may not change the appearance of the common elements without the prior written permission of the board of directors. A unit owner may not change the appearance of the exterior of the owner's unit, whether Freestanding or Attached, including the installation of any exterior canopy or awning except as authorized by the board of directors in advance, except that the owner of a unit may install or change such unit's entry doors or windows, aircraft and vehicle access doors, provided that such installations and changes meet the Association's written architectural design and color guidelines. Except as set forth in Section 7.5(g) below, no person shall install wiring for electrical installation, surveillance cameras, television antennas or satellite dishes, cell towers, machines or air conditioning units or similar devices or equipment on the exterior of the Condominium (including any Freestanding Unit) or cause them to protrude through the walls or the roof of the Condominium (including any Freestanding Unit) except as authorized by the board in advance.

(e) Any owner performing any additions, alterations or improvements shall be liable for any damages caused by or resulting from such work and neither the Association or its directors, officers or managers nor Declarant or its design professionals, contractors and subcontractors and their consultants, including, without limitation, all of their officers, members, managers, directors, employees, agents and brokers, shall have any liability therefor, and the owner shall indemnify such persons and entities from and against any claims by unit owners or other persons or entities for loss or damage resulting from such work. All additions, alterations or improvements shall be performed in compliance with all applicable laws, codes and ordinances.

(f) The owner of a unit shall have access to building systems and common areas as necessary or convenient for the build-out, use and maintenance of the units, including, without limitation, heating or cooling, or ventilation equipment and shafts, fans and filters, and

the right to run utility lines through the common elements at the owner's expense, with prior written consent of the board of directors, provided such lines do not interfere with the use of such spaces for the purposes for which they were intended.

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 and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of Condominium property, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within 14 days of such damage or destruction, the board of directors or unit owners holding more than 10 percent of the voting rights shall have requested a special meeting of the Association. Such special meeting must be held within 60 days of the date of damage or destruction. At the time of such meeting, unless unit owners holding 90 percent of the voting rights, 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.

(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 the units. Each unit owner shall be responsible for the cost of such repairing, reconstructing or rebuilding of his or her unit that is not covered by the Association's insurance and to the extent of any deductible under the Association's insurance.

(c) If, due to the act or neglect of a unit owner, or of a member of the owner's family or household pet or of a guest or other occupant or visitor of such unit owner, damage shall be caused to the common elements or to a unit owned by others, or maintenance, repairs or replacements shall be required that would otherwise be a common expense, then such unit owner shall pay for the damage and the maintenance, repairs and replacements as may be determined by the Association, to the extent not fully covered by the Association's insurance.

(d) If any portion of the insurance proceeds paid to the Association is not used 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.** 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. 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 his 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 provided in this Section 7.4.

(a) **Complete taking.** If the entire Condominium property is taken, or if unit owners holding 90 percent of the voting rights agree that such a substantial portion of the Condominium has been taken as to make the project obsolete, then the property shall be deemed removed from unit ownership. In such event, 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.

(b) **Partial taking.** If less than the entire Condominium property is taken and the property is not determined to be obsolete as provided in paragraph (a) above, then as soon as practicable the board of directors shall, reasonably and in good faith, allocate the award among the units in accordance with the reduction in the value of each unit and its interest in the common elements, compared to the total reduction in value of all units and their interest in the common elements. If any unit owner or Mortgagee objects to the allocation determined by the board of directors, the matter shall be submitted to arbitration in accordance with Article 10 below. The cost of such determination shall be paid out of the proceeds of the condemnation. Any portion of the award allocated to a unit owner under this paragraph 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 such 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 such 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:

(a) **Yellow Gate Hangar Unit use.** The Yellow Gate Hangar Units shall be used only for the storage and maintenance of aircraft. Ancillary to the storage and maintenance of aircraft, vehicles, equipment, or tools may be stored in the Unit so long as the vehicles and equipment are used by the unit owner or the owner of an aircraft based in the Yellow Gate Hangar unit, and further, so long as the primary use of the Unit is storage and maintenance of aircraft. The only aircraft maintenance work permitted to be performed in a Yellow Gate Hangar Unit shall be done on aircraft based in the unit, and the unit shall not be used for maintenance for aircraft not based in the unit. Except for bookkeeping, record keeping, and other activities closely associated with the storage, maintenance, and operation of private aircraft, no other commercial or industrial use of the Yellow Gate Hangar Units is permitted.

(b) **Commercial Hangar Unit use.** The Commercial Units shall be used only for the sale, storage, assembling, and general maintenance of aircraft, for office uses ancillary to

such activities, and for parking passenger vehicles of the unit owner, and the guests, customers, tenants, and employees of the unit owner. Commercial Hangar Unit owners shall also have the right to store their customers' aircraft in their unit(s). For purposes of this Section 7.5 "unit owner's customers" shall mean those parties for whom the unit owner manages or maintains their aircraft. Additionally, to the extent such use is a necessary part of a Commercial Hangar Unit owner's ongoing day-to-day business activities, Commercial Hangar Units may be used for the temporary overnight lodging of aircraft crews to comply with applicable Federal Aviation Administration regulations.

(c) **Conditional residential use of Commercial Hangar Units and Yellow Gate Hangar Units.** Notwithstanding anything to the contrary herein, a Commercial Hangar Unit or a Yellow Gate Hangar Unit, or a portion thereof, may be used as a caretaker residence to the extent allowed by applicable ordinances, and provided that the unit owner has properly obtained any conditional use permit required under applicable law for such use of the owner's unit, as well as the prior written consent of Declarant, or following turnover, the board of directors. In no case, however, will there be more than a total of five caretaker residences in the Condominium.

(d) **Use of common elements.** The common elements shall be used for the furnishing of services and facilities for which they are reasonably intended, for the enjoyment of the units, for the staging, taxiing, and for ingress and egress of aircraft and passenger vehicles. Other than incidental crossings by pedestrians or vehicles, no taxilane shall be used for anything other than the staging and movement of aircraft, in accordance with applicable FAA regulations. The use, operation, and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner. Unit owners shall take such steps to ensure that the performance of all aircraft maintenance work and operation shall not damage the common elements of the Condominium.

(e) **Offensive or unlawful activities.** Only uses permitted under applicable zoning ordinances are permitted in the Condominium. No noxious or offensive activities shall be carried on in any unit nor shall anything be done in or placed upon any unit or common element that interferes with or jeopardizes the enjoyment of other units or the common elements or which is a source of annoyance to occupants. No painting (other than of walls) shall be done in the unit, except in commercial painting booths in compliance with all applicable air quality and OSHA standards. No storage of any flammables is permitted in any unit except in fire department approved containers or in the tank of an aircraft stored in a unit. No open flame welding, grinding, metal polishing or related activities shall be conducted in a unit.

(f) **Animals.** No animals or fowls shall be raised, kept, or permitted within the Condominium or any part thereof, except a reasonable number of domestic pets kept within a unit or a designated dog run area. Pets shall not be left overnight alone in a unit and shall not be permitted to run at large, nor shall pets be kept, bred, or raised for commercial purposes. Any inconvenience, damage or unpleasantness caused by a pet shall be the responsibility of the owner thereof, and the owner shall be responsible for cleanup and removal of wastes of the owner's animal. All pets shall be kept under reasonable control at all times and shall be securely carried or kept on a leash while outside a unit or dog run. Each owner and occupant, contractor, guest, customer, or employee of a unit owner shall be responsible for seeing that his or her pets do not

endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the owners and occupants of other units. The board of directors, after notice and a hearing, may require the permanent removal of any animal that the board determines to be a danger to the health and safety of anyone in the Condominium, or otherwise to be a nuisance within the Condominium. The board may find that an animal is a nuisance if the animal or its owner continues to violate these Bylaws or the rules regulating pets after receipt by the owner of a written demand from the board to comply with these Bylaws or the rules or regulations established by the board.

(g) **Electrical usage.** No electrical device creating an overload of standard circuits may be used without permission from the board of directors. Misuse or abuse of appliances or fixtures within a unit that affects other units or the common elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the owner who caused such damage. Total electrical usage in any unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

(h) **Exterior lighting or noisemaking devices and antennas.** Except with the consent of the board of directors of the Association, no exterior lighting or noisemaking devices (other than those that are a standard part of a security system) shall be installed or maintained on any unit. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations, including any Aviation Laws, and if removed within 30 days after the celebrated holiday. A unit owner may install antennas, satellite receiver, or transmission dishes, and other communication or security devices serving the owner's unit (but only on the portion of the roof of the Condominium covering the owner's unit) without board approval, provided such installation is in compliance with applicable law, including Aviation Law, and does not require any structural alterations, cause any structural damage, or cause roof leaks. The owner installing any such device shall indemnify and hold harmless the Association, Declarant, the architectural and engineering consultants, the original contractor or subcontractor and each other unit owner and unit lessee from any damage, loss, or liability resulting from such installation.

(i) **Parking of vehicles in common element areas.** Except with the consent of the board of directors of the Association, no vehicle in an extreme state of disrepair, no tractor trailer, trailer, truck camper, boat or boat trailer, or other recreational vehicle or truck rated as more than one two tons shall be parked on any portion of the Condominium, except within units or in areas designated for such purpose by the board of directors if the board elects to do so. A vehicle shall be deemed in an "extreme state of disrepair" when the board reasonably determines that its presence offends the occupants of the Condominium due to its appearance or continued inoperability. The Association, by rule, may regulate the length of time vehicles may be parked in driveways, general common element parking spaces, and aircraft taxilanes. The Condominium includes general common element parking spaces that are available for use by a handicapped person and to the extent required by law, the board may designate additional spaces for such use. The parking spaces designated as general common elements are intended for use of automobiles and motorcycles of unit owners, employees, tenants, flight crews, customers, and guests. The board may designate certain parking areas for temporary overnight parking. The board may make such rules necessary to govern the use of any general common element parking areas and driveways by which all unit owners and other users shall be bound, including but not

limited to speed limits and the maximum time a vehicle may be parked in the common element parking spaces. No unit owner may use any parking spaces in the Condominium for vehicle or equipment storage.

(j) **Signs.** To the extent permitted by applicable laws and codes, and subject to a unit owner obtaining the necessary permits and the board of director's prior written approval, a Freestanding Unit owner shall have the right to place signs bearing unit owner's name or logo as well as those names and logos of aircraft it is licensed to sell or maintain on the common elements exterior walls or roof of the owner's unit; likewise Freestanding Unit owners shall have the right to place signs on the exterior of the owner's unit. No sign or billboard of any kind shall be displayed elsewhere on the common elements, except project signs or directories installed by the Association. All electricity to illuminate signs installed on the exterior of the owner's unit shall be the responsibility of the unit owner. Ownership of and responsibility to maintain signs installed on any common element will remain with the unit owner who installed them. Declarant, however, may erect and maintain such signs and other advertising devices or structure as it may deem necessary or proper in connection with the conduct of its operations for the development, improvement and sale of the Condominium units. The board shall not withhold consent for an exterior sign for a unit, provided such sign complies with all applicable governmental regulations and any rules or regulations adopted by the board that governs signs.

(k) **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, recycling materials, machine or aircraft parts, or other waste. No garbage, trash, recycling materials or other waste shall be kept or maintained on any part of the property, except in sanitary containers in the designated areas.

(l) **Insurance.** Nothing shall be done or kept in any unit or in 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 his or her unit or in the common elements that will result in cancellation of insurance on any unit or any part of the common elements. If any use shall lead to an increase in fire or other insurance premiums otherwise payable on the insurance obtained by the board of directors pursuant to Article 8 of these Bylaws, or insurance procured by an individual unit owner, the party causing such increase shall be liable for payment of the same to the board of directors or individual unit owner, as the case may be. The party so charged with increasing the premium cost shall have the right to contest the validity of such increase. A levy made against such unit owner for such increase in premiums may be enforced by the board by adding the levy to the common charges allocable to such unit owner.

(m) **Aircraft and vehicle access doors.** All vehicle and aircraft access doors shall remain closed after regular business hours except to permit the entrance and exit of vehicles or aircraft.

(n) **Smoking.** Smoking is not allowed anywhere within the units or common elements of the Condominium.

(o) **Hazardous substances.** No unit owner shall generate, transport, transfer or store any hazardous substances in, on, above, to or from the Condominium or adjacent public

air field, including but not limited to, state and federally defined hazardous substances. Unit owners are permitted, in the ordinary course of their business, to use and store the following in the unit: flammables and lubricants, all of which must be in compliance with all applicable law and regulations, in permissible quantities, containers, and given adequate ventilation. No diesel, gasoline, propane, natural gas, or aircraft fuel shall be stored in a unit in containers larger than 5 gallons or other amount designated by the board, except in the tank of an aircraft that is stored in the unit or the tank of equipment handling machines operated in the unit. In the event of a leak, spill, or release of a hazardous substance in, on, or above a unit or any common element of the Condominium, the unit owner will immediately notify the Association and the proper authorities and will undertake all emergency response necessary to contain, clean up, and remove the hazardous substance and within a reasonable time investigate, remediate, or otherwise take action necessary or appropriate to insure that any contamination by the hazardous substance is eliminated. The unit owner shall provide certification acceptable to the board of directors that all such contamination has been eliminated.

(p) **Prohibited uses.** By way of clarification, but in no way limiting the permissible uses of the units set forth in this Section 7.5, the following activities in and uses of units in the Condominium are not permitted:

(1) Storing fuels in larger than 5 gallon containers; dispensing or selling fuels, or fueling aircraft, vehicles, or any other machine; and

(2) Mortuary or crematorium, machine shop or manufacturing except for aircraft; automotive or bicycle repair businesses; adult book and/or video store; movie production; amusement center; betting parlor; bingo parlor; bowling alley, carnival; check cashing services; electronic, mechanical games or amusement arcade; facility primarily devoted to training or education; flea market; tattoo or body piercing parlor, fortune telling, palm reading or other business relating to the occult; gambling establishment; gym, health or aerobic club, spa or studio; illegal, offensive, noisy or dangerous trade; massage parlor; novelty shop or store; nude or partially nude entertainment; pet grooming or boarding; pornographic shop or store or production; sale or storage of firearms and/or ammunition; thrift shop; sale, growing, or storage of drugs or drug paraphernalia; self-service laundry; skating rink, store or shop engaged primarily in the sale of used products; veterinarian's services.

(3) No use of a building in the Condominium, or other structure or facility, that results in violation of the airport imaginary surfaces regulations, as defined in the Federal Aviation Regulations, Part 77 (or a regulation that replaces Part 77).

Notwithstanding anything to the contrary, if the portion of the Additional Property utilized as a fixed base operator as of the date the Declaration is recorded, including commercial fueling services for aircraft, is ever annexed as a unit to the Condominium, neither sub-paragraph (p)(1) above nor the 5-gallon sized maximum sized container in sub-paragraph (o) shall apply to such unit. If the existing fixed base operator ceases to offer commercial fuel services for aircraft, the Declarant, and following turnover, the board of directors, shall have the authority to authorize one alternative fixed base operator in the Project to provide fuel to the unit owners and aircraft based at the Condominium with fueling services; the same may approve such use in no more than one unit at a time in the Condominium.

(q) **Association rules and regulations.** In addition, the full 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 deem necessary or appropriate in order to insure the peaceful and orderly use and enjoyment of the Condominium property, including, without limitation, establishment of reasonable administrative fees. Any rules or regulations concerning only the Commercial Units shall be adopted, modified or revoked only by the Commercial Directors; any rules or regulations concerning only the Yellow Gate Hangar Units shall be adopted, modified or revoked only by the Yellow Gate Hangar Directors. Rules or regulations concerning the Commercial Units and the Yellow Gate Hangar Units must be approved by the full board of Directors. Any action by the board to adopt, modify or revoke a rule or regulation may be overruled by a vote of not less than 75 percent of the voting rights eligible to elect the directors who adopted the rule or regulation to be overruled, whether the Commercial or Yellow Gate Hangar Directors or the full board pursuant to this Section, which voting rights are present, in person or by proxy, at any meeting, the notice of which shall have stated that such adoption, 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 unit owner and shall be binding on all unit owners and occupants of all units from the date of delivery.

7.6 **Movement and Staging of Aircraft.** Unit owners, their tenants, guests, customers, employees and contractors, shall take care to move and stage aircraft in common element areas so as not to block or impede the movement of other aircraft over the common elements and shall comply with all Aviation Laws and with the , and shall not engage in any activity that would negatively affect the Association's or any unit owner's rights of ingress and egress to the public use area of the Aurora State Airport. The board of directors may adopt rules and regulations regarding the use of common element areas for staging and moving aircraft.

7.7 **Security Services.** The Association may provide patrolling of the common elements, and monitoring of the Condominium common element areas and repair of the common element security, surveillance, and alarm systems, and may enter an agreement with a security or alarm company for such purposes, the cost of which will be a common expense. The Association shall provide each unit owner with a certain number of "proximity" security cards assigned to the owner's unit for access to the Condominium, which shall belong to the Association and shall only be for the use of the unit owner, and the unit owner's tenants, guests, employees, contractors, agents and family members ("**Owner Parties**"). The name of each card holder shall be filed with the Association by each unit owner, which list must be kept current. The Association reserves the right to fine any Owner Party or to revoke any such security cards, in the event of card misuse, unauthorized copying or distribution to any party other than an Owner Party permitted herein without notice to the Association, in accordance with rules and regulations that the Association may adopt. **Neither the Association, Declarant nor any managing agent shall be considered insurers or guarantors of security or safety within the Condominium, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security or safety measures undertaken. No representation or warranty is made that any system or measure, including any mechanism or system for limiting access to the Condominium, cannot be compromised or circumvented, nor that any such system or measure undertaken will in all cases prevent**

loss or provide the detection or protection for which it is designed or intended. Each unit owner and Owner Party acknowledges and agrees that the Association, the board of directors and any managing agent are not insurers and that each Person using the Condominium assumes all risks for personal injury and loss or damage to property resulting from acts of third parties.

7.8 **Leasing and Rental of Units**. The following shall apply to all leases, subleases, and rentals of units.

(a) Any owner who wishes to lease or rent his or her unit must meet each of the following requirements, and the lease or rental agreement will be subject to these requirements whether or not they are included within the lease or rental agreement:

(1) all leases and rentals must be in writing;

(2) all such leases and rentals shall be subject in all respects to provisions of the Declaration, these Bylaws, and all rules and regulations adopted by the board;

(3) all owners who lease or rent their units shall promptly notify the Association in writing of the names of all tenants and members of tenants' family and employees occupying such units and shall provide the Association with a complete copy of the lease or rental agreement.

(b) Any failure of a tenant to comply with the Declaration, Bylaws, and Association rules and regulations, shall be a default under the lease or rental agreement, regardless of whether the lease or rental agreement so provides. In the event of any such default, the owner immediately shall take all actions to cure the default including, if necessary, eviction of the tenant.

(c) If any tenant is in violation of the provisions of the Declaration, Bylaws, or rules and regulations of the Association, the Association may bring an action in its own name and/or in the name of the owner to have the tenant evicted or to recover damages, or both. If the court finds that the tenant is violating, or has violated any of the provisions of the Declaration, these Bylaws or the rules and regulations of the Association, the court may find the tenant guilty of unlawful detainer notwithstanding the fact that the owner is not the plaintiff in the action or that the tenant is not otherwise in violation of tenant's lease. The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies that the Association may have. If permitted by present or future law, the Association may recover all its costs, including court costs and reasonable attorneys' fees incurred in prosecuting the unlawful detainer action.

(d) The Association shall give the tenant and the owner notice in writing of the nature of the violation, and 20 days from the mailing of the notice in which to cure the violation before the Association may file for eviction.

(e) Each owner shall provide a copy of the Declaration, these Bylaws and all rules and regulations of the Association to each tenant of his or her unit. By becoming a tenant, each tenant agrees to be bound by the Declaration, these Bylaws and the rules and regulations of

the Association, and recognizes and accepts the right and power of the Association to evict a tenant for any violation by the tenant of the Declaration, these Bylaws, and rules and regulations of the Association.

7.9 **Abatement and Enjoining of Violations.** The violation of any provision of the Declaration or these Bylaws, of 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 written notice and an opportunity to be heard:

(a) 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, and the board of directors shall not thereby be deemed guilty of any manner of trespass; provided, however, that 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 based on a resolution adopted by the board of directors that is delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing address designated by the owner of each unit in writing; or

(d) to terminate the right to receive utility services paid for out of assessments or the right of access to and use of service facilities of the Condominium until the correction of the violation has occurred.

The offending unit owner shall be liable to the Association for a reasonable administrative fee as established by the board of directors and all costs and attorneys' fees incurred by the Association, whether or not legal proceedings are instituted and including attorneys' fees at trial, in arbitration or 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 fines so levied. Such sums shall be assessed against the offending unit as an assessment and enforced as provided in Article 5. In addition, any aggrieved unit owner may bring an action against such other unit owner or the Association to recover damages or to enjoin, abate, or remedy such 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 insurance:

(a) **Property damage insurance.**

(1) 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 deem desirable.

(2) The amount of the coverage shall be for not less than 100 percent of the current replacement cost of the Attached Units and common elements (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable maximum deductible.

(3) 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, together with all fixtures, improvements and alterations composing a part of each Attached Unit.

(4) 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) that is commonly accepted by institutional mortgage investors in Oregon.

(b) **Liability insurance.**

(1) The Association shall maintain comprehensive general liability insurance coverage insuring Declarant, the Association, the board of directors, and the unit owners and the manager, 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. Such policy or policies may exclude 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 and/or use of the part of the property as to which such unit owner has the exclusive use or occupancy.

(2) Limits of liability under such insurance shall not be less than \$1,000,000 on a combined single limit basis.

(3) 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 his, her or their action against another named insured.

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

(d) **Fidelity insurance.**

(1) 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. If the Association has retained a manager, such manager shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

(2) The total amount of fidelity insurance coverage required shall be based on the best business judgment of the board of directors.

(3) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based on 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.

(e) **Directors' and officers' liability insurance.** The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than \$1,000,000 subject to a reasonable deductible, which deductible shall be the responsibility of the Association. Such insurance shall cover both interim and regular directors and shall include coverage for claims brought by the Association, unit owners and/or third parties, including, without limitation, claims arising out of construction defects or failure to maintain adequate reserves. Directors and officers will be accepting such positions in reliance upon such insurance protection being maintained by the Association. Therefore, in the event the Association fails to carry such insurance or amends these Bylaws to delete or reduce these insurance requirements, the Association and unit owners shall be deemed to have released such claims and deemed to have covenanted not to sue or prosecute any claims against its current or former directors or officers that would have been insured under such a policy.

(f) **Insurance by unit owners.** The Association has no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for (i) damage to a unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by these Bylaws or held by the Association); or (ii) for any damage or loss to the owner's or tenant's personal property, including any aircraft. Owners must purchase insurance policies insuring their units and appurtenant limited common elements, (Freestanding Unit owners shall carry property insurance policies for their units comparable to the insurance described in Section 8.1(a)(1)), which policies shall also cover the deductible amount under the Association's policies, and the unit owner's own personal property, including aircraft. Additionally each unit owner shall maintain a hangar keeper's policy if aircraft not belonging to the unit owner is stored, repaired, or maintained in such owner's unit, for any loss or damage. Proof of such insurance coverage must be provided to the Association by the unit owner at least annually, or more frequently as the Association may require. Tenants must be responsible under their leases for insuring their own personal property, including aircraft, for any loss or damage. The Association shall notify all owners of the amount of the deductible under

the Association policies. To the extent reasonably practicable, the Association shall give at least 30 days' notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all units must procure and maintain comprehensive liability policies having combined limits in amounts reasonably set by the board of directors no more often than every three years. Such insurance must provide coverage for, without limitation, the negligent acts of the owner and tenant and their guests or other occupants of the unit for damage to the general and limited common elements and other units and the personal property of others located therein.

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

(a) All policies shall be written with the State of Oregon or a company that is licensed to do business in the State of Oregon and that falls into a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports – International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims – paying ability in Standard and Poor's International Confidential Rating Service.

(b) Notwithstanding the provisions of Section 8.1 above, 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.

(c) 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, a provision that the insurance is not prejudiced by any act or neglect of individual unit owners that is not in the control of such owners collectively, and a provision that the policy is primary in the event that the unit owner has other insurance covering the same loss.

(d) For purposes of this article, insurance policies are unacceptable if (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against the Association or unit owners, or (ii) 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, or (iii) policy includes any limiting clauses (other than insurance conditions) that could prevent the owners from collecting insurance proceeds.

(e) 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 that is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each unit owner and Mortgagee upon request.

(f) All policies required by this article shall contain a waiver of subrogation as to claims against Declarant and its members and managers, and their respective employees, representatives, offices, directors, managers and members.

(g) 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 30 days after the purchase of such insurance.

8.3 Optional Provisions. The board of directors shall make every effort to secure insurance policies that provide for the following:

(a) To the extent appropriate and available at 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, comprehensive automobile liability insurance, and an endorsement patterned after "use and occupancy" insurance providing relief from monthly assessments while a unit is uninhabitable due to a covered loss.

(b) 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).

(c) Flood Insurance, if the Condominium is in a Special Flood Hazard Area.

(d) 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.

Article 9

AMENDMENTS TO BYLAWS

9.1 **How Proposed.** Amendments to the Bylaws shall be proposed by either a majority of the board of directors or by unit owners holding 30 percent of the 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.

9.2 **Adoption.** A resolution adopting a proposed amendment may be proposed by either the board of directors or by the unit owners and 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 in writing or by proxy. Any resolution must be approved by unit owners holding a majority of the voting rights and by Mortgagees to the extent required by the Declaration, except that (a) any provision of these Bylaws that is also contained in the Declaration must be approved by the same voting requirement for amendment of such provision of the Declaration, and (b) any amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy units, or limitations on the rental or leasing of units must be approved by unit owners holding 75 percent of the voting rights. Declarant's consent shall also be required for a period of 10 years from the date of closing of the sale of the last unit by Declarant to a person other than a successor declarant or Declarant Member. Any amendment to these Bylaws adversely and materially affecting the Commercial Units shall require the written consent of a majority of the owners of the Commercial Units; any amendment to these Bylaws adversely and materially affecting the Yellow Gate Hangar Units shall require the written consent of a majority of the owners of the Yellow Gate Hangar Units.

9.3 **Regulatory Amendments.** Notwithstanding the provisions of Section 9.2 above, until the turnover meeting as described in Section 2.2 has occurred, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of the Rural Development or the Farm Service Agency of the United States Department of Agriculture; the Federal National Mortgage Association; the Government National Mortgage Association; the Federal Home Mortgage Loan Corporation; any department, bureau, board, commission or agency of the United States or the State of Oregon; or any corporation wholly owned, directly or indirectly by the United States or the State of Oregon that insures, guarantees or provides financing for a condominium or units in a condominium.

9.4 **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 adopted within five years after the recording of the initial Bylaws shall be approved by the Oregon Real Estate Commissioner to the extent required by the Oregon Condominium Act.

Article 10

DISPUTE RESOLUTION

10.1 **Claims Other Than for Defective or Negligent Construction or Condition.** The following provisions of this Section 10.1 shall apply to any claim, controversy or dispute by or among Declarant (including members, officers, directors, shareholders and affiliates of Declarant), the Association, the manager or one or more unit owners, or any of them, arising out of or related to the Declaration, these Bylaws or the Condominium, other than claims relating to defective or negligent construction or condition as provided in Section 10.2 below:

(a) **Mediation.**

(1) Except as otherwise provided in this Section 10.1(a), before initiating litigation, arbitration or an administrative proceeding in which the Association and an owner have an adversarial relationship, the party that intends to initiate litigation, arbitration or an administrative proceeding shall offer to use any dispute resolution program available within Marion County, Oregon, that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

(2) If the party receiving the offer does not accept the offer within 10 days after receipt by written notice hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party, the initiating party may commence the litigation, arbitration or the administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

(3) If a qualified dispute resolution program exists within Marion County, Oregon, and an offer to use the program is not made as required under paragraph (1) of this Section 10.1(a), litigation, arbitration or an administrative proceeding may be stayed for 30 days upon a motion of the noninitiating party. If the litigation, arbitration or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

(4) Unless a stay has been granted under paragraph (3) of this Section 10.1(a), if the dispute resolution process is not completed within 30 days after receipt of the initial offer, the initiating party may commence litigation, arbitration or an administrative proceeding without regard to whether the dispute resolution is completed.

(5) Once made, the decision of the court, arbitrator or administrative body arising from litigation, arbitration or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

(6) The requirements of this Section 10.1(a) do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation, arbitration or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

(b) **Arbitration.** Any such claim, controversy or dispute shall be first subject to mediation as provided in Section 10.1(a) above or otherwise, and, if not timely settled by mediation, resolved by arbitration in accordance with this Section 10.3 below. The decision and award of the arbitrator shall be final, binding and nonappealable.

(c) **Excluded matters.** Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Section 10.1 (but shall be subject to the applicable provisions of Section 10.1(d) below): (i) actions relating to the collection of fees, assessments, fines and other charges imposed or levied by the Association (other than disputes as

to the validity or amount of such fees, assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (ii) actions to enforce any order, decision or award rendered by arbitration pursuant to Section 10.3. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Section 10.1.

(d) **Costs and attorneys' fees.** The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the nonprevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. In any suit or action brought by the Association to foreclose its lien or to collect delinquent assessments or in any suit or action brought by Declarant, the Association or any owner or class of owners to enforce compliance with the terms and provisions of the Oregon Condominium Act, the Declaration or these Bylaws, including all amendments and supplements thereto or any rules or regulations adopted by the Association, the prevailing party shall be entitled to recover reasonable attorney fees and costs and disbursements therein and in any appeal therefrom. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

10.2 **Claims for Negligent or Defective Construction or Condition.** The following alternative dispute resolution procedures shall apply to any claim by the Association or any unit owner against Declarant, an Annexation Owner, or their members or managers, or any contractor, subcontractor, supplier, consultant or design professional of every tier performing any work or services in connection with the Condominium, and their agents, brokers, successors, employees, representatives, officers, directors, managers and members, and any of their insurers and reinsurers, related to the design, construction or condition of the Condominium, including, but not limited to, claims for defective or negligent construction or design or failure to disclose a defective condition.

(a) **Initial dispute resolution procedures.** In the event of a claim for a construction defect governed by ORS 701.560 to 701.595, the parties shall first comply with the provisions contained therein. In the event the claim is not for a construction defect governed by such provisions, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis on which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 10.2(a) shall be a condition precedent to mediation, arbitration or litigation of any such claims.

(b) **Mediation.** If the initial dispute resolution proceedings under Section 10.2(a) do not resolve the claims, the parties shall then engage in mediation to resolve the claims. The fees of any mediator and the costs of mediation shall be divided and paid equally by the

parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. Completion of the mediation process under this section shall be a condition precedent to the filing of any arbitration or litigation proceedings or any claims relating to the matter with the Oregon Construction Contractors Board, and the Association and unit owners waive any right to file any such claims if the Association and unit owners have not fully complied with this Section 10.2(b). The mediation shall be conducted in accordance with the following procedures:

(1) Within 60 days after completion of the proceedings under Section 10.2(a) and delivery of a demand for mediation by one of the parties to the other parties, the parties shall agree on a neutral mediator. If the parties are unable to agree on a mediator within that period, upon application of any party, the presiding judge of the Circuit Court of Marion County, Oregon, shall designate the mediator.

(2) Within 60 days after delivery of the demand for mediation, the parties shall exchange with each other all inspection and consultant's reports in their possession pertaining to the claims.

(3) The parties shall have 90 days after exchanging reports in which to perform additional inspections. Any additional reports resulting from such inspections shall be furnished to the other parties prior to mediation.

(4) The mediation shall be conducted after completing parts (1) through (3) above, but within 180 days following delivery of the demand for mediation. The mediator may elect to adjourn the mediation to additional sessions if the mediator determines that further sessions would be beneficial in resolving the disputes.

(5) Each party shall send to the mediation a representative with authority to settle the dispute and will attempt in good faith to resolve all disputes in the mediation.

(6) Any settlement agreed on in mediation shall be documented and executed within 60 days following completion of the mediation.

(c) **Arbitration.** All claims that have not been resolved by mediation shall be resolved by arbitration in accordance with Section 10.3 below. The decision and award of the arbitrator shall be final, binding and nonappealable.

(d) **Third parties.** Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration. Notwithstanding the provisions of Section 10.2(c) above, if any claim involves a claim by either party against a third party who is not required to and does not voluntarily agree to submit such claim to arbitration, then either party may elect to have the claim and the third party claim determined by a court of law in a consolidated proceeding, rather than by arbitration. In such case, the parties waive trial by jury and agree that the matter shall be determined by a judge sitting without a jury.

(e) **Attorneys' fees.** Except to the extent otherwise provided by law, in the event of any claim determined by arbitration or by a court of law under Sections 10.2(c) or 10.2(d) above, each party shall bear its own costs, including, without limitation, filing fees,

attorney's fees, investigation expenses, consultant's fees and expert's fees. The other costs of arbitration and other court costs shall be divided and paid equally by the parties. To the extent permitted by law, statutory attorney's fees under the Unlawful Trade Practices Act or any other applicable statute are hereby waived.

(f) **Confidentiality**. The parties shall keep all discussions of disputes, settlements and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties other than their attorneys and consultants, unless compelled to do so by an order of a court of competent jurisdiction. In the event of a breach of this confidentiality obligation, the other party shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance, and the breaching party waives any claim or defense that the other party has an adequate remedy at law for any such breach, and such party shall not be required to post any bond or other security in connection with any such equitable relief.

(g) **Time periods within which claims must be asserted**. Any claims under this Section 10.2, including, without limitation allegations of property damage or personal injury claims arising out of fungus, spores, or mold, any water intrusion or dampness, or otherwise, regardless of the legal theory or basis of alleged causation, including but not limited to, negligence, professional errors or omissions, strict liability or breach of contract, must be commenced under Section 10.2(a) above within 90 days after the date the Association or the unit owner knew or reasonably should have known of facts sufficient to put them on notice of the claim, **or if earlier**, with respect to the unit and related limited common elements, by no later than the first anniversary of the closing date of the sale of the unit to the first purchaser or, with respect to the general common elements, within 90 days after the date of the turnover meeting as described in Section 2.2 of these Bylaws. Any arbitration or litigation based upon such claims must be instituted within 90 days after completion of the mediation proceedings under Section 10.2(b), or if shorter, the applicable statute of limitations. Any and all such claims not brought within these time periods will be deemed time barred, regardless of when the Association or unit owners actually discovered the alleged basis for the claim.

10.3 **Arbitration**. Any arbitration under these Bylaws shall be conducted in Clackamas or Marion County, or such other location as may be agreed upon by the parties, pursuant to the arbitration statutes of the State of Oregon and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action ("lis pendens").

(a) **Selection of arbitrator**. The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties. The arbitrator selected shall be neutral and unbiased, except to the extent that the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree on the arbitrator within 30 days after a party's demand for arbitration, upon application of any party, the presiding judge of the Circuit Court of Marion County, Oregon shall designate the arbitrator.

(b) **Consolidated arbitration**. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration.

Notwithstanding the provisions of Section 10.2(c), if any claim, controversy or dispute involves a claim by either party against a third party who is not required to and does not voluntarily agree to submit such claim to arbitration, then either party may elect to have the matter determined by a court of law in a consolidated proceeding, rather than by arbitration. In such case, the parties hereby waive trial by jury and agree that the matter shall be determined by a judge sitting without a jury.

(c) **Discovery.** The parties to the arbitration shall be entitled to the same discovery that would be available to them in an action in Marion County Circuit Court. The arbitrator shall have all of the authority of the court incidental to such discovery, including without limitation authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition, and to impose appropriate sanctions, including, without limitation, award against a party for failure to comply with any order.

(d) **Evidence.** The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence as the arbitrator deems necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, unless any of the parties is absent, in default or has waived its right to be present.

10.4 **Survival.** The mediation and arbitration agreements set forth in this Article 10 shall survive the transfer by any party of its interest or involvement in the Condominium and any unit therein and the termination of the Declaration or these Bylaws.

Article 11

MISCELLANEOUS

11.1 **Notices.** All notices to the Association or to the board of directors shall be sent care of the manager, or if there is no manager, to the principal office of the Association or to such other address as the board of directors 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. In the discretion of the board, any notice, information or other written material required to be given to a unit owner or director under the Declaration or these Bylaws or pursuant to the Oregon Condominium Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the board, except for the following notices: failure to pay an assessment; foreclosure of an association lien under ORS 100.405; an action the Association may take against a unit owner; or an offer to use the dispute resolution program under ORS 100.405. A unit owner or director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the board to provide notice in any other manner permitted under the Declaration or these Bylaws or the Oregon Condominium Act.

11.2 **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, regardless of the number of violations or breaches thereof which may occur.

11.3 **Action Without a Meeting.** Any action that the Oregon Condominium Act, the Declaration or these Bylaws require or permit the owners or directors to take at a meeting or ballot meeting may be taken without a meeting or ballot meeting if a consent in writing setting forth the action so taken is signed by all 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 these Bylaws. As used in these Bylaws, 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 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 document shall control over these Bylaws or any rules and regulations adopted hereunder.

YELLOW GATE CORPORATE HANGARS LLC,
an Oregon limited liability company

By: _____
Name: _____
Title: _____

REEL: 3581

PAGE: 83

February 10, 2014, 09:38 am.

CONTROL #: 355454

State of Oregon
County of Marion

I hereby certify that the attached
instrument was received and duly
recorded by me in Marion County
records:

FEE: \$ 446.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.