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**DECLARATION SUBMITTING
DAYBREAK COHOUSING CONDOMINIUM
TO CONDOMINIUM OWNERSHIP**

Declarant: Daybreak Cohousing, LLC

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**DECLARATION SUBMITTING
DAYBREAK COHOUSING CONDOMINIUM
TO CONDOMINIUM OWNERSHIP**

THIS DECLARATION, to be effective upon its recording in Multnomah County, Oregon, pursuant to the provisions of the Oregon Condominium Act, is made and executed this 3rd day of June 2009, by Daybreak Cohousing, LLC, an Oregon limited liability company ("Declarant").

Declarant proposes to create a condominium located at 2525 N. Killingsworth St. in the City of Portland, Multnomah County, Oregon, to be known as Daybreak Cohousing Condominium (the "Condominium"). 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:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

1.1.1 "Act" means the Oregon Condominium Act, currently ORS 100.005 to 100.990, as amended from time to time.

1.1.2 "Association" means the association of Unit Owners established pursuant to Section 14 below.

1.1.3 "Association property" means any real property or interest in real property acquired, held, or possessed by the Association pursuant to ORS 100.405.

1.1.4 "Board" means the Board of Directors of the Association.

1.1.5 "Bylaws" means the Bylaws of the Association, as amended from time to time.

1.1.6 "Common elements" means all portions of the Condominium exclusive of the Units.

1.1.7 "Condominium" means all of that property submitted to the condominium form of ownership by this Declaration.

1.1.8 "Declaration" means this Declaration of Condominium Ownership and any amendments thereto.

1.1.9 "Eligible mortgage insurer or guarantor" means an insurer or governmental guarantor of a first mortgage on a unit who has requested notice of certain matters from the Association in accordance with Section 13.1 below.

1.1.10 "Eligible mortgage holder" means a holder of a first mortgage on a unit who has required notice of certain matters from the Association in accordance with Section 13.1 below, but shall not include a contract vendor.

1.1.12 "Mortgage" means a recorded mortgage, deed of trust or contract for the sale of real estate that creates a lien against a unit.

1.1.13 "Mortgagee" means a beneficiary of a mortgage or deed of trust, and a vendor under a contract for the sale of real estate.

1.1.14 "Unit owner" or "owner" means the owner or owners of a unit.

1.1.15 "Plans" means the plat for Daybreak Cohousing Condominium that is being recorded simultaneously with the recording of this Declaration.

1.1.16 "Rules and regulations" means those rules and regulations governing the use and enjoyment of the Condominium, as adopted by the board pursuant to the Bylaws.

1.1.17 "Turnover meeting" means the meeting at which Declarant relinquishes control of the administration of the Association pursuant to Section 100.210 of the Act.

1.1.18 "Units" means those parts of the Condominium labeled as such on the attached Exhibit B and comprised of the spaces enclosed by each of their respective boundaries as described in Section 4.3 of this Declaration.

1.1.19 Incorporation by Reference of Statutory Definitions. Except as otherwise provided in this Declaration, each of the terms defined in ORS 100.005 of the Act shall have the meaning set forth in that section.

1.2 Liberal Construction

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Oregon law.

1.3 No Fiduciary Standard

In no event shall Declarant be deemed to be a fiduciary of the unit owners or be held to a fiduciary standard with respect to activities hereunder. The foregoing language does not apply to fiduciary responsibilities officers or directors of the Association appointed may otherwise have.

1.4 Original Owner of Units

Declarant is the original owner of all units and will continue to be deemed the owner of each unit until conveyances or other documents changing the ownership of specifically described units are filed of record.

1.5 Captions and Exhibits

The captions given herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

2. PROPERTY SUBMITTED

The Property submitted to the provisions of the Oregon Condominium Act by this Declaration is held by Declarant and conveyed by Declarant in fee simple estate. The land submitted is located in the City of Portland, Multnomah County, Oregon, and is more particularly described in the attached Exhibit A. The property submitted includes the land so described, all buildings, improvements and structures, all easements, rights, and appurtenances located on, belonging to or used in connection with such land.

3. NAME OF CONDOMINIUM

The name by which the Condominium shall be known is "Daybreak Cohousing Condominium."

4. UNITS

4.1 General Description of Buildings.

The Condominium includes three buildings that surround a common courtyard. The buildings are of wood-frame construction with slab-on-grade concrete foundations and stemwalls; however, the easternmost building (Building C) includes a basement. Exterior walls have a rainscreen construction with cementitious siding. Roofs are TPO roof membrane over rigid insulation. The southwest building (Building B) is two stories and contains six units, which are numbered 101, 102, 103, 201, 202 and 203. The northwest building (Building A) is three stories and contains nine units, which are numbered 104, 105, 106, 204, 205, 206, 304, 305 and 306. The eastern building (Building C) is in two sections and contains a basement. The northeast section of Building C (Building C-North) is four stories and contains eleven units as well as the northern section of a shared general common element space called the "Common House." Building C-North contains units numbered 107, 109, 207, 209, 211, 307, 308, 309, 310, 311 and 312. The southeast section of Building C (Building C-South) is three stories and contains four units and the main section of the "Common House." Building C-South contains units numbered 213, 214, 313 and 314.

4.2 General Description, Location, and Designation of Units.

The Condominium contains a total of 30 units. In Building A, units 101, 102, 201 and 202 are three-bedroom flats, and units 103 and 203 are one-bedroom flats. Building B contains units 104, 105, 106, 204, 205 and 206, which are all two-bedroom flats. In Building C-North, units 107 and 109 are one-bedroom flats, unit 211 is a two-bedroom flat, units 109 and 209 are three-bedroom flats, and units 307, 308, 309, 310, 311 and 312 are two-story townhouse units with two bedrooms each. Building C-South contains units 213, 214, 314 and 315, which are all one-bedroom flats. The dimensions, designation and location of each unit and the "Common House" are shown on the Plans. The unit designations and square footage of each unit are included on the attached Exhibit B. The units are designated for residential use in accordance with Section 9 below.

4.3 Boundaries of Units.

Each unit shall be bounded by the interior surfaces of its perimeter walls, floors, ceilings, windows and window frames, exterior doors and door frames, and trim. Each unit includes all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of its finished surfaces, except those portions of the walls, floors or ceilings that materially contribute to the structural or shear capacity of the Condominium. In addition, each unit includes the following: (a) all spaces, nonbearing interior partitions, interior doors and all other fixtures and improvements within the boundaries of the unit; (b) the glazing and screening of windows and unit access doors; and (c) all outlets of utility service lines, including but not limited to power, light, gas, hot and cold water, heating, refrigeration, air conditioning and waste disposal, security, cable television and telephone, within the boundaries of the unit, but shall not include any part of such lines or ducts themselves. The designation and area in square feet of each unit are listed on Exhibit B and shown on the Plans.

5. GENERAL COMMON ELEMENTS

The general common elements shall consist of all parts 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, retaining walls, fences, and grounds, together with any rights or appurtenances related thereto.

5.2 The "Common House" area on the main floor and basement of Building C, the roof terrace on Building B, the exterior walkways and stairs, and the elevator and storage sheds.

5.3 Pipes, ducts, conduits, wires, and other utility and communications installations, in each case to where they enter a unit.

5.4 Roofs, foundations, bearing and shear walls, perimeter walls, beams, columns, supports, and girders to the interior surfaces thereof.

5.5 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 herein as part of a unit or a limited common element.

6. LIMITED COMMON ELEMENTS

The limited common elements are those common elements designated for the use of a certain unit to the exclusion of other units. The location of each limited common element is shown on the Plans. The following shall constitute limited common elements, the use of which shall be restricted to the assigned units:

6.1 The 30 storage spaces in the basement of the eastern building (Building C) are limited common elements designated as SS-# and assigned to each unit as described on the attached Exhibit B.

6.2 A designated amount of exterior sidewalk area adjacent to each unit, as shown on the Plans and labeled "LCE Walkway."

6.3 The exterior space outside of each ground floor unit at the perimeter of the property, as shown on the Plans and labeled "LCE Yard."

6.4 The exterior decks adjacent to Units 202, 203, 213 and 214 are limited common elements for the adjacent units, as shown on the Plans and labeled "LCE Deck." Units 213 and 214 are each assigned two decks.

7. ALLOCATION OF UNDIVIDED INTERESTS IN COMMON ELEMENTS

Each unit shall be entitled to a percentage undivided ownership interest in the common elements, as shown on the attached Exhibit B, which is determined by the ratio of the area of each unit plus the area of its assigned limited common elements to the total area of all units and limited common elements combined. Each unit owner'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.

8. COMMON PROFITS AND EXPENSES — VOTING

8.1 Allocation of Common Profits and Expenses.

The common profits and common expenses of the Condominium shall be allocated and charged to each unit according to the percentage of undivided ownership

interest that each unit has in the common elements, as shown on the attached Exhibit B. Except upon termination of the Condominium or as otherwise provided in the Bylaws with respect to damage, destruction or condemnation, any 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.

8.2 Allocation of Voting Rights.

If voting on an issue is required, each unit owner shall be entitled to one vote in the affairs of the Association for each unit owned, subject to the voting provisions set forth in the Bylaws. There will be only one vote per unit for any unit that is owned by more than one person. As described in the Bylaws, the Association will make decisions by consensus, and will only resort to voting or majority voting under the following circumstances: (a) the Bylaws, the Declaration, or the Oregon Condominium Act require voting by a certain percentage, or (b) a decision cannot be achieved by the consensus process described in the Bylaws. As used in this Declaration or in the Bylaws, "majority" or "majority of unit owners" shall mean the owners of more than fifty percent (50%) of the then-existing units of the Condominium unless specified otherwise.

9. USE OF PROPERTY

Each unit is to be used for residential purposes, as described in Section 9.3(a) of the Bylaws. In accordance with Section 33.205.030.C.2 of Portland's zoning code, the total number of individuals that reside in a unit may not exceed the number that is allowed for a household. Additional limitations on use are contained in the Bylaws and the rules and regulations adopted pursuant to the Bylaws. Each unit owner shall be bound by the terms, conditions, limitations and provisions contained in such documents.

10. SERVICE OF PROCESS

The designated agent to receive service of process as described in ORS 100.550(1) is named in the Condominium Information Report that has been filed with the Real Estate Agency in accordance with ORS 100.250(1)(a).

11. MAINTENANCE OF COMMON ELEMENTS

11.1 Responsibility for Maintenance.

The necessary work to inspect, maintain in good condition, repair or replace the common elements shall be the responsibility of the Association and shall be carried out as provided in the Bylaws.

11.2 Mortgagee's Rights upon Failure to Maintain.

If the mortgagee of any unit determines that the Board is not providing an adequate inspection, maintenance, repair, and replacement program for the common elements, such mortgagee, at its option, may deliver a notice to the registered agent of the Association, as required pursuant to ORS 100.550, setting forth the particular defect(s) that it believes exists in the maintenance, repair, and replacement program. If the specified defect(s) are not corrected within 90 days after 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 defect(s) described in the notice are corrected.

11.3 Rights of City of Portland upon Failure to Maintain.

The provisions of this Declaration and the Bylaws regarding the maintenance, repair and replacement of the common elements shall be deemed to be for the benefit of the City of Portland, as well as the unit owners, and the City of Portland may enforce such provisions by appropriate proceedings at law or in equity. Without limitation to the foregoing, the City of Portland may deliver a written notice to the board by delivering the same to the registered agent, setting forth the particular defect that it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 30 days after receipt of the notice, or, if such correction cannot reasonably be completed within such time, the Association fails within such time to commence and pursue the correction with reasonable diligence, then the City of Portland may take necessary curative action. In such event, the cost of correction by the City of Portland shall constitute a lien against each unit and its interest in the common elements based upon such unit's share of the common expenses as provided in this Declaration.

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, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium. In addition, each unit and all the common elements are specifically subject to easements as required for the electrical wiring and plumbing for each unit. 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. This right is perpetual and passes with the ownership of the unit.

12.2 Encroachments.

If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same, so long as the building stands shall exist. In the event any unit or adjoining common element shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the building shall stand. The encroachments described in this section shall not be construed to be encumbrances affecting the marketability of title to any unit.

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 other movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection as long as the physical boundaries of the units are in substantial accord with the description of those boundaries that appears in the Declaration. There shall be valid easements for the maintenance of the encroaching units and common elements so long as the encroachment shall exist, and the rights and obligations of unit 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 Plans. 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, deliver and record 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. No such interest may be granted with regard to a limited common element unless the owners and mortgagees of the units having the right to use such limited common element consent to and join in the instrument granting the interest.

12.4 Right of Entry.

In addition to the rights granted to the Association elsewhere in this Declaration, the Bylaws, or by the Oregon Condominium Act, the Board, acting on behalf of the Association, or a managing agent, manager, or any other person authorized by the Board, shall have the right to enter any unit and limited common element in the case of any emergency originating in or threatening such unit or other Condominium property, whether or not the owner is present at the time. Each owner shall also permit such persons to enter the owner's unit or limited common element for the purpose of performing installations, alterations, maintenance or repairs to any common element, and for the purpose of inspection to verify that the unit owner is complying with the restrictions and requirements described in this Declaration, the Bylaws, and/or the rules and regulations, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the owner.

12.5 Water Intrusion and Mold Inspection.

The Board, acting on behalf of the Association, may authorize entry into any owner's unit or units to conduct a periodic inspection for water intrusion into the unit and/or the appearance of mold or mildew within such unit. Such inspection shall be made by an agent of the Association appointed by the Board of Directors and shall occur at such time as is reasonably convenient to the owner (or owner's tenant) and the inspector. Nothing contained within this Section 12.5 is intended to modify the maintenance and repair obligations of any party as provided in the Bylaws and this Declaration.

12.5 Easements for Declarant.

Declarant and Declarant's agents, successors, and assigns shall have an easement over and upon the common elements as may be reasonably necessary for the purpose of: (i) planning, designing, developing, constructing, inspecting, maintaining or repairing structures on the property, to the extent Declarant is required or authorized to conduct such activities (a) pursuant to this Declaration, the Bylaws, or the Plans, (b) under contracts of sale with purchasers of units, (c) satisfying any warranty obligation of Declaration, (d) inspecting the Property for defects or to verify appropriate maintenance is being performed, or (e) under applicable law or regulations; and (ii) carrying out sales activities reasonably necessary for the sale of units, including, without limitation, the right to use the units owned by Declarant as model units and the right to use a unit owned by Declarant or a portion of the common elements as a sales office, until all units have been conveyed to persons other than Declarant; provided, however, that Declarant shall restore the portions of the property which it accesses or uses pursuant to this Section 12.5 to substantially the same condition that existed prior to such access or use (except to the extent Declarant has constructed improvements contemplated by this Section 12.6). For a period of 10 years following the recording of this Declaration, Declarant shall have a right to inspect the common elements of the Condominium. The right of entry and

inspection provided in this Section 12.5 shall not in any way obligate the Declarant or Declarant's agents, successors and assigns to make such an inspection, and the decision on whether to inspect units and the frequency of such inspections, if any, shall be solely within the discretion of the Declarant or its successors and assigns.

13. APPROVAL BY MORTGAGEES

13.1 Notice of Action.

Upon written request to the Association identifying the name and address of the holder, insurer or guarantor and the unit number or address of the unit on which it has (or insures or guarantees) the mortgage, any such Eligible Mortgage Holder or Eligible Mortgage Insurer or Guarantor shall be entitled to timely written notice of the following:

- (a) Any condemnation or casualty loss that affects a material portion of the Condominium or affects the unit securing its mortgage;
- (b) Any delinquency of 60 days in the payment of assessments or charges owed by an owner of any unit on which it holds an interest;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action that would require the consent of a specified percentage of eligible mortgage holders as required by this Section 13.

13.2 Termination and Amendment to Documents.

(a) The approval of eligible mortgage holders on units that have at least seventy-five percent (75%) of the voting rights of units subject to eligible mortgage holder mortgages shall be required in order to terminate the legal status of the project as a condominium for reasons other than substantial destruction or condemnation of the property.

(b) Except when a greater percentage is required by the Declaration or Bylaws, or a greater or lesser percentage is required by the Oregon Condominium Act, the consent of the owners of units holding at least seventy-five percent (75%) of the voting rights and the approval of eligible mortgage holders on units that have at least fifty-one percent (51%) of the voting rights of the units subject to eligible mortgage holder mortgages shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws that changes any of the provisions of such documents governing the following shall constitute a material change:

- (1) Voting rights;

- (2) Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or the priority of such liens;
- (3) Reduction in reserves for maintenance, repair and replacement of the common elements;
- (4) Responsibility for maintenance and repairs;
- (5) Reallocation of interests in the general or limited common elements, or rights to their use;
- (6) The boundaries of any unit;
- (7) Convertibility of units into common elements or of common elements into units;
- (8) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
- (9) Hazard or fidelity insurance requirements;
- (10) Imposition of any restrictions on the leasing of units;
- (11) Imposition of any restriction on the right of a unit owner to sell or transfer his or her unit;
- (12) Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than specified in this Declaration or the Bylaws;
- (13) Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
- (14) Any provisions that expressly benefit Eligible Mortgage Holders, Insurers or Guarantors.

(c) An addition or amendment to the Declaration or Bylaws shall not be considered material for purposes of Section 13.2(b) if it is for the purpose of correcting technical errors, or for clarification only. Any Eligible Mortgage Holder who receives a written request to approve any termination, addition or amendment, and who does not deliver or post to the requesting party a negative response within 60 days after it receives proper notice of the proposal, shall be deemed to have approved such request, provided the notice was delivered by certified or registered mail, return receipt requested.

13.3 Additional Approvals.

In addition to any other approvals required by the Oregon Condominium Act, this Declaration or the Bylaws, the prior written approval of seventy-five percent (75%) of the

holders of first mortgages on units in the Condominium (based upon one vote for each first mortgage owned) or unit owners (other than Declarant) must be obtained for the following:

- (a) Abandonment or termination of the Condominium regime;
- (b) Any change in the pro rata interest or obligations of any individual unit for:
 - (i) the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or
 - (ii) determining the pro rata share of ownership of each unit in the common elements;
- (c) 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.

13.4 Notice to First Mortgagees of Defaults.

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.

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 "Daybreak Cohousing 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 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 and 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. Declarant specifically reserves the right to control the Association until the organizational and turnover meeting of the Association has been held as provided in Section 2.2 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 15.2 below and Section 11.2 of the Bylaws.

15. AMENDMENT

15.1 How proposed.

Amendments to the Declaration shall be proposed by either a majority of the Board of Directors or by unit owners holding fifty-one percent (51%) 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.

15.2 Approval Required.

Except as may otherwise be provided in this Declaration or by the Oregon Condominium Act, this Declaration may be amended if such amendment is approved by Owners holding at least seventy-five percent (75%) of the voting rights of the Condominium, and by Mortgagees to the extent required by Section 13. The consent of the Declarant shall be required for so long as Declarant owns a unit. Except as otherwise permitted by the Oregon Condominium Act, no amendment may change the size, location, allocation of undivided interest in the common elements, method for determining liability for common expenses, the method of determining the right to common profits, or the method of determining the voting rights of any unit unless such amendment has been approved by the Owners and Mortgagees of the affected unit. For a period of 10 years after the date of the turnover meeting, this Declaration, the Bylaws, and any rules and regulations may not be modified, added to, amended, or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses, or exemptions granted to Declarant or its designee, or otherwise so as to adversely affect Declarant or such designee, without Declarant's or such designees' prior written consent in each instance.

15.3 Recordation.

Amendments to this Declaration shall be effective upon recordation in the deed records of Multnomah County, Oregon of the Declaration as amended, or of the amendment thereto, certified 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 Oregon Real Estate Commissioner if such approvals are required by the Oregon Condominium Act.

16. SPECIAL DECLARANT RIGHTS

As more particularly provided in this Section 16, Declarant, for itself and any successor Declarant, has reserved the following special Declarant rights:

16.1 Completion of Improvements.

Declarant and its agents, employees, and contractors shall have the right to complete improvements and otherwise perform work that is: (i) authorized by this Declaration; (ii) indicated on the Plans; (iii) authorized by building permits; (iv) provided for under any unit sales agreement between Declarant and a unit purchaser; (v) necessary to satisfy any express or implied warranty obligation of Declarant; or (vi) otherwise authorized or required by law.

16.3 Termination of Declarant Rights.

Except as otherwise provided in this Declaration, the special Declarant rights set forth in this Section 16 shall continue for so long as (i) Declarant is completing improvements which are within or may be added to this Condominium or (ii) Declarant owns any units; provided, that Declarant may voluntarily terminate any or all of such rights at any time by recording an amendment to this Declaration, which amendment specifies which right is thereby terminated.

16.4 Declarant's Easements.

Declarant has a non-exclusive easement to, through, and over the common elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising special Declarant rights, whether arising under the Oregon Condominium Act or reserved in this Declaration. For a period of 10 years following the date of the turnover meeting described in Section 2.2 of the Bylaws, Declarant shall have a right to inspect the common elements of the Condominium.

16.6 Right of Review.

Upon reasonable advance notice to the board, Declarant shall have the perpetual right to review all inspection and maintenance records of the Association, including, without limitation, changes to the suggested maintenance schedule prepared by

Declarant, if any. In addition, upon request from Declarant, the board shall provide Declarant at Declarant's cost copies of all inspection reports, proposed plans for alterations and copies of all warranty claims. As provided in Section 9.2 of the Bylaws, the board shall provide Declarant with copies of submissions for alteration requests, advance notice of the board's inspections of such alterations, and an opportunity for Declarant, its contractors or agents to accompany the board's professional advisors on any such inspection.

17. ADMINISTRATIVE CONTROL

Except as otherwise provided in this Declaration or in the Bylaws, Declarant reserves control until the earlier to occur of the date that is three years after the date on which the first unit is conveyed or the date at which seventy-five percent (75%) of the units have been conveyed to persons other than the Declarant, during which time:

(a) Declarant may appoint and remove officers and members of the board;

(b) Declarant shall have the right to exercise all powers of the Association, the Board, or the Condominium officers under this Declaration, the Bylaws, and the Oregon Condominium Act, except that Declarant may not bind the Association to any management agreement, service contract, employment contract, or contract or lease (other than a ground lease) to which Declarant is a party, which is made prior to the turnover meeting unless the Association or the Board is granted therein a right of termination that is exercisable without cause or penalty upon not less than 30 days' written notice given to the other party not later than 60 days after the turnover meeting.

18. CASUALTY

18.1 Responsibility of Association.

The Association shall be responsible for repairing, reconstructing, or rebuilding all damage or destruction of the common elements by casualty and, to the extent of the Association's insurance coverage, all such damage or destruction to the other units. Each unit owner shall be responsible for the repairing, reconstructing, or rebuilding of his or her unit(s) to the extent not covered by the Association's insurance and to the extent of any deductible under the Association's insurance. The Association shall rebuild and restore the damaged or destroyed portions of the common elements, and, to the extent of the Association's insurance coverage, of the other units, so that the property is rebuilt and restored to substantially the same condition in which it existed prior to such damage or destruction, unless owners of at least seventy-five percent (75%) of the units and seventy-five percent (75%) of all first mortgagees of units agree that the property shall not be rebuilt or restored. The Association shall represent the owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association. Any such proceeds shall be payable to the Association to the extent of its interest therein. If the property is to be rebuilt and

restored and the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and restoration, the difference between the amount of such proceeds and such cost may be charged to all owners as a common expense. If the required number of owners of units and first mortgagees agree that the property shall not be rebuilt and restored, the property shall be considered removed from the provisions of the Oregon Condominium Act in accordance with ORS 100.605, and any proceeds resulting from such removal shall be distributed in accordance with ORS 100.615.

18.2 Responsibility of Owner.

If, due to the act or neglect of an owner, or of a member of his family, or his household pet, or a guest, servant, invitee, employee or other authorized occupant or visitor of such owner, damage is caused to the common elements, including garages, or to a unit owned by others, or maintenance, repairs, or replacements are required that would otherwise be a common expense, then such owner shall pay for such damage and such maintenance, repairs, and replacements as may be determined by the Association, to the extent not covered by the Association's insurance, including specifically the Association's insurance.

19. CONDEMNATION

19.1 Total Condemnation.

In the event of condemnation of the whole of the Condominium, the compensation to be paid to owners of units shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the owners of at least seventy-five percent (75%) of the units at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the owners of units in equitable proportions and payable to any mortgagee to the extent required to obtain a discharge of mortgage. Notwithstanding the award for the condemnation of the whole Condominium, the rights of each unit owner shall be separate to negotiate and finalize his personal compensation for improvements made to the unit or units, cost of moving, and other similar items personal to each owner.

19.2 Partial Condemnation.

In the event of a partial condemnation of the Condominium which includes some units and/or limited common elements, each owner whose unit or units or associated limited common elements are condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such unit or units or limited common elements shall be paid to such owner (or the mortgagee of that owner's unit). The Association shall negotiate compensation relating to any general common elements

(except as provided above). The cost, if any, of restoring the balance of the Condominium so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure and shall, unless the Condominium is terminated within 30 days after the receipt of such compensation in accordance with the Act, reconstruct the Condominium, using the funds received for such reconstruction. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

20. DISPUTE RESOLUTION

20.1 Required Procedure.

To the fullest extent allowed by law, if a dispute arises, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Condominium, the Oregon Condominium Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, or the rules and regulations, or which relate to the interpretation or breach of the Act, this Declaration or the Bylaws, the Articles of Incorporation of the Association, or the rules and regulations (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified in this Section 20. Except as otherwise required by the Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; (iii) actions by the Association pursuant to Section 7.8 of the Bylaws prior to summary abatement and removal of a structure or other condition that violates this Declaration, the Bylaws or any Rules and Regulations; (iv) actions for the appointment of a receiver pursuant to Section 5.7 of the Bylaws; (v) provisional remedies such as injunctions or the filing of a lis pendens, or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

20.2 Negotiated Resolution.

The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and to seek to resolve such claims, but if this is not

successful, all disputes shall be resolved in small claims court, by mediation or by binding arbitration as set forth in Sections 20.3, 20.4 and 20.5 below, as applicable.

20.3 Mediation.

Prior to mediation of any Claim, the Parties shall have endeavored to resolve disputes through the process set forth in Section 20.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration, including, without limitation, claims related to the design or construction of the Condominium that is not resolved by any repair by Declarant. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 20.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the Parties. All mediation shall be held in Multnomah County, Oregon and shall be in accordance with the rules of procedure of any dispute resolution program available in Multnomah County, Oregon that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a Party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

20.4 Small Claims.

All Claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties waive their right to a jury trial with respect to such claims.

20.5 Arbitration.

Prior to arbitration of any Claim, the Parties shall have endeavored to resolve disputes through the processes set forth in Section 20.2, 20.3 and 20.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by and pursuant to the then effective arbitration rules of the American Arbitration Association, or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Association. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

20.6 Claims Procedure.

An owner or the Association may not commence arbitration against Declarant or any contractor, subcontractor or supplier for construction defects unless the owner or

Association, as applicable, has given written notice of the claim and permitted them to view, inspect and respond to the claimed defect, as required by ORS 701.550 to 701.595.

20.7 Confidentiality.

The Parties shall keep all discussions of disputes, all settlements and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties unless compelled to do so by an order of a court of competent jurisdiction. The Parties agree in the event a Party breaches its confidentiality obligation that the other Party or Parties to the dispute shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance and each Party hereby waives any claim or defense that the other Party has an adequate remedy at law for any such breach and the Parties agree that the aggrieved Party shall not be required to post any bond or other security in connection with any such equitable relief.

20.8 No Attorneys' Fees.

Except as specifically provided for in this Declaration or the Bylaws, no Party in the arbitration, mediation or other proceeding shall be entitled to recover costs or attorneys' fees in connection therewith.

21. LEASING AND RENTALS

Unless otherwise authorized by the Board of Directors, no owner of a unit may lease or rent her/his unit, or any portion thereof, for a period of less than 30 days, except that an owner may collect rent or share expenses with housemates. All leases or rentals shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Bylaws of the Association, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. If the Board of Directors finds that a lessee or tenant has violated any provision of such documents or the rules and regulations adopted by the Board of Directors, the Board may require the Owner to terminate such lease agreement. No owner of a unit shall lease or rent her/his unit unless the lessees or tenants under the lease or rental agreement expressly assume the existing responsibilities for owners or other occupants of units pursuant to the rules and regulations adopted by the Board of Directors. A copy of any proposed lease agreement shall be delivered to the Board of Directors. Each unit owner is responsible for providing prospective lessees or tenants of the owner's unit with a copy of the current Declaration, Bylaws, and rules and regulations of the Association.

22. NO RESTRICTIONS ON ALIENATION

This Declaration and the Bylaws impose no restrictions on the alienation of any unit.

23. 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.

24. APPLICABILITY

Each unit owner, including Declarant 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.

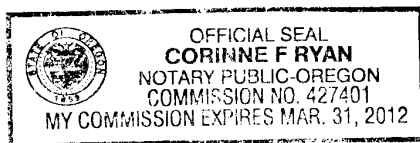
IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 3rd day of June 2009.

Daybreak Cohousing, LLC, an Oregon limited liability company

By: [Signature]
Terri Huggett, Member

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me on June 3, 2009 by Terri Huggett, authorized member of Daybreak Cohousing, LLC, an Oregon limited liability company, on behalf of the company.



[Signature: Corinne F. Ryan]
Notary Public for Oregon
My Commission Expires: 3-31-12

The foregoing Declaration is approved pursuant to ORS 100.110 this 23rd day of July, 2009 and in accordance with ORS 100.110(7), this approval shall automatically expire if this Declaration is not recorded within two (2) years from this date.

Oregon Real Estate Commissioner

By: [Signature: Laurie Skillman]
Laurie Skillman

[Signature] 8-5-09
County Assessor Date

County Tax Collector Date

EXHIBIT A

Legal Description of Property

LOTS 11, 12, 13, 14, 15, AND THE SOUTH 20.00 FEET OF LOT 10, EXCEPT THE SOUTH 2.00 FEET OF SAID LOTS 12 AND 13, BLOCK 4, WILLAMETTE, MULTNOMAH COUNTY PLAT RECORDS, SITUATED IN THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 1 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON, SAID LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INITIAL POINT, A 5/8" IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "W.B. WELLS & ASSOC. INC." FOUND AT THE SOUTHWEST CORNER OF LOT 4, DELAWARE PLACE, MULTNOMAH COUNTY PLAT RECORDS; THENCE, ALONG THE SOUTH LINE OF SAID LOT 4 AND THE NORTH LINE OF THAT TRACT OF LAND CONVEYED BY DEED TO DAYBREAK COHOUSING, LLC, DESCRIBED IN DOCUMENT NO, 2006-198432, MULTNOMAH COUNTY DEED RECORDS, SOUTH 89°56'13 " EAST, 100.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 4 AND THE NORTHEAST CORNER OF SAID DAYBREAK TRACT, BEING REFERENCED BY A FOUND 1/2" IRON PIPE WHICH BEARS NORTH 89°56'13" WEST, 0.13 FEET; THENCE, ALONG THE EAST LINE OF SAID LOTS 10, 11 AND 12 AND THE WEST RIGHT OF WAY LINE OF N. DELAWARE AVE., SOUTH 00°01'00" WEST, 118.30 FEET TO A 5/8" BY 30" IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "REPPETO & ASSOC. INC." SET AT A POINT ON THE NORTH RIGHT OF WAY LINE OF N. KILLINGSWORTH ST.; THENCE, ALONG SAID NORTH RIGHT OF WAY LINE, SOUTH 89°08'48" WEST, 200.25 FEET TO A 1-1/8" BRASS DISK STAMPED "REPPETO & ASSOC" SET IN CONCRETE AT A POINT ON THE WEST LINE OF SAID LOT 13; THENCE, ALONG THE WEST LINE OF SAID LOTS 13, 14 AND 15 AND THE EAST RIGHT OF WAY LINE OF N. WILBUR AVE., NORTH 00°01'07" WEST, 151.63 FEET TO THE NORTHWEST CORNER OF SAID LOT 15, BEING REFERENCED BY A FOUND BRASS SCREW WHICH BEARS SOUTH 88°57'12" WEST, 4.02 FEET; THENCE, ALONG THE NORTH LINE OF SAID LOT 15, SOUTH 89°57'52" EAST, 100.32 FEET TO THE NORTHEAST CORNER OF SAID LOT 15, BEING REFERENCED BY A FOUND 1/2" IRON PIPE WHICH BEARS NORTH 89°57'12" WEST, 2.28 FEET; THENCE, ALONG THE EAST LINE OF SAID LOT 15 AND THE WEST LINE OF LOTS 3 AND 4, SAID DELAWARE PLACE, SOUTH 00°01'00" WEST, 30.17 FEET TO THE INITIAL POINT.

CONTAINS 27,037 SQUARE FEET, MORE OR LESS.

EXHIBIT B

**Unit Designations, Storage Space LCE Assignments, and
Percentage Ownership of Common Elements,**

Unit Number	Unit Square Footage	Assigned Storage Space LCE #	Total Square Footage of Unit & LCEs	Percent Ownership of Common Elements
101	1,110	SS-101	1,313	4.40%
102	1,031	SS-102	1,267	4.24%
103	640	SS-103	866	2.90%
104	853	SS-104	1,220	4.09%
105	862	SS-105	1,231	4.12%
106	865	SS-106	1,238	4.15%
107	665	SS-107	1,127	3.78%
109	1,043	SS-109	1,505	5.04%
201	1,110	SS-201	1,196	4.01%
202	1,031	SS-202	1,150	3.85%
203	640	SS-203	747	2.50%
204	853	SS-204	909	3.04%
205	862	SS-205	918	3.07%
206	865	SS-206	922	3.09%
207	665	SS-207	718	2.40%
209	1,049	SS-209	1,111	3.72%
211	866	SS-211	924	3.10%
213	664	SS-213	916	3.07%

Unit Number	Unit Square Footage	Assigned Storage Space LCE #	Total Square Footage of Unit & LCEs	Percent Ownership of Common Elements
214	736	SS-214	894	2.99%
304	853	SS-304	909	3.05%
305	862	SS-305	918	3.08%
306	865	SS-306	923	3.09%
307	848	SS-307	907	3.04%
308	840	SS-308	898	3.01%
309	840	SS-309	898	3.01%
310	840	SS-310	898	3.01%
311	840	SS-311	898	3.01%
312	848	SS-312	907	3.04%
313	664	SS-313	725	2.43%
314	736	SS-314	798	2.67%
TOTAL	25,446		29,851	100.00%

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 the units calculated for other purposes.

EXHIBIT C
To Declaration Submitting
Daybreak Cohousing Condominium
to Condominium Ownership

BYLAWS
OF
DAYBREAK COHOUSING OWNERS ASSOCIATION

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**BYLAWS OF
DAYBREAK COHOUSING OWNERS ASSOCIATION**

RECITALS

Our Vision: Growing Community, Diversity and Ecology in an Urban Village.

We challenge and hold each other accountable to thrive and flourish by:

- Welcoming, honoring and sharing a diversity of experience, wisdom, heritage, beliefs and spiritual paths.
- Nurturing a rich and vibrant social fabric.
- Creating a true sense of belonging.
- Sharing, respecting and tending to each other's lives.
- Making conscious choices that honor our relationship to the earth.
- Developing a sense of community with the neighborhood.
- Learning and growing together.
- Providing the support and freedom to pursue our dreams.

1. PLAN OF CONDOMINIUM OWNERSHIP

1.1 Name and Location.

These are the bylaws of the Daybreak Cohousing Owners Association (the "Association"). Daybreak Cohousing Condominium ("Daybreak Cohousing") is located in the City of Portland, Multnomah County, Oregon, and has been submitted to the Oregon Condominium Act by a Declaration recorded simultaneously with these Bylaws (the "Declaration"). The location of Daybreak Cohousing 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 Daybreak Cohousing.

1.4 Applicability of Bylaws.

These Bylaws are applicable to Daybreak Cohousing and are expressly subject to the terms and provisions contained in the Declaration and in the Articles of Incorporation of the Association. The Association, all unit owners, and all persons using the Daybreak Cohousing 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 Daybreak Cohousing, including Daybreak Cohousing, LLC and its successors and assigns (the "Declarant"), and the Association itself, to the extent any of these own any unit or units of Daybreak Cohousing.

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 the Declaration shall be applicable to these Bylaws.

2. TURNOVER MEETING

2.1 Administrative Control.

Notwithstanding any other provisions of these Bylaws, until the turnover meeting, the Declarant shall have the powers and authorities reserved to the Declarant in Section 17 of the Declaration.

2.2 Turnover Meeting.

Within three 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 seventy-five percent (75%) or more of the units in Daybreak Cohousing, whichever is earlier, the Declarant shall call the first meeting of the unit owners to organize the Association and to elect directors. Notice of such meeting shall be given to all unit owners as provided in Section 4.4. If Declarant fails to call the meeting, the meeting may be called and notice given by any unit owner or mortgagee of a unit. At the turnover meeting, Declarant shall relinquish control of the administration of the Association to the unit owners, and the unit owners shall assume control; the unit owners shall elect a Board of Directors as set forth in these Bylaws; and the Declarant shall deliver to the Association the information and documents specified in ORS 100.210(5). Nothing in this Section shall be construed as preventing the Declarant from calling the organizational and turnover meeting prior to such date, or from calling informal, informational meetings of the unit owners.

3. PARTICIPATION AND DECISION-MAKING

3.1 Consensus.

Consensus is the method of decision-making at all levels of Association governance, except where otherwise required by the Oregon Condominium Act. Consensus decision-making is defined as a process in which all present must give consent or stand-aside before an action is taken. If agreed to by consensus at an Association meeting, decision-making can be delegated to a committee or an individual as appropriate. Adult residents of each unit physically present at a meeting may participate in consensus arising during the course of such meeting.

3.2 Determination of Membership in the Association.

Upon recordation of a conveyance or contract to convey a unit, each grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association (a "member") and shall remain a member of the Association until such time as such person's ownership ceases for any reason. At the discretion of the Board of Directors, other adult residents of the unit may be designated as members by submitting a request to the Board in writing. Members shall be charged with defining the will of the Association as a whole.

3.3 Responsibility of Membership.

Active members shall be responsible to participate in the administration and management of the Association and in the maintenance of Daybreak Cohousing common areas for a certain number of hours per month ("participation hours") as specified by the Board of Directors from time to time. Participation hours shall be regarded as part of the common expenses of the Association to the extent determined by the Board of Directors.

3.4 Types of Membership.

(a) **Active Members.** Each member of the Association shall be deemed an "active member" unless otherwise designated by the Association. Active members shall be charged with defining the will of the Association as a whole.

(b) **Inactive Members.** The status of "inactive member" may be granted to certain members who request in writing not to be involved in Association governance, including participating in consensus decision-making, voting as an active member, or serving as a Director of the Association. Granting or denying of inactive status shall be at the sole discretion of the Board of Directors. The terms of granting inactive member status shall be decided by the Board on a case-by-case basis. An inactive member may return to active member status at any time upon written notification to the Board. Inactive members may be specially assessed by the Board of Directors in lieu of providing participation hours.

3.5 Active Units

An "active unit" is a unit with at least one active member.

3.6 Voting at Meetings of the Association

Each member shall be entitled to participate in the decision-making for the Association. Consensus is the method of decision-making at all levels of Association governance, unless otherwise required by the Oregon Condominium Act. If voting is required by the Oregon Condominium Act, the Declaration or the Bylaws, each unit owner shall be entitled to one vote in the affairs of the Association for each unit owned by him/her if voting is required. Declarant shall have an equal role in decision-making, as specified in the Declaration, for so long as Declarant owns a unit.

3.7 Voting at meetings of the Board of Directors.

Decision-making at meetings of the Board of Directors shall be handled in the same manner as decision-making at meetings of the Association for conducting business.

3.8 Proxies.

There shall be no proxy voting except as described in Section 11.2 of the Declaration.

3.9 Fiduciaries.

An executor, administrator, guardian, or trustee shall be deemed a member with respect to any unit owned or held in such capacity, whether or not the unit shall have been transferred to her/his name; provided, that she/he shall satisfy the secretary that she/he is the executor, administrator, guardian, or trustee holding such unit in such capacity.

3.10 Quorum.

At any meeting of the Association, representation of seventy five percent (75%) of the active members shall constitute a quorum. At any meeting of the Board of Directors, seventy five percent (75%) of the Directors must be present to constitute a quorum. The subsequent joinder of a member or Director of a unit not otherwise represented, in the action taken at a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of any member or Director. If any meeting of members or Directors cannot be organized because of a lack of quorum, the members or Directors who are present in person may adjourn the meeting from time to time until a quorum is present.

3.11 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 unit owner. 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.

4. MEETINGS OF ASSOCIATION

4.1 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 January 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 January then on the last Tuesday in January. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

4.2 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 such officers upon receipt of a written request from at least twenty five percent (25%) of the members stating the purpose of the meeting. The notice of any special meeting shall state the purpose, time, and place of such meeting. No business shall be transacted at a special meeting except as stated in the notice provided.

4.3 Place of Meetings.

The Association shall hold meetings at such suitable place convenient to the members as may be designated by the Board of Directors from time to time.

4.4 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. Such notice shall be in writing, prominently posted in the common gathering space, and delivered or e-mailed to each member and to any first mortgagee requesting such notice. Proof of such mailed or e-mailed notices shall be given by affidavit of the person giving the notice. Notice of meeting may be waived by any member 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.

4.5 Order of Business.

The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll;
- (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.

5. BOARD OF DIRECTORS

5.1 Number and Qualifications.

The affairs of the Association shall be governed by a Board of Directors, each of whom shall represent one active unit of Daybreak Cohousing. Unless a Director has been removed, the number of Directors shall be equal to the number of units of Daybreak Cohousing, and all Directors shall be unit owners or co-owners of units of Daybreak Cohousing or a member who resides in a unit. For purposes of this section, the officers of any corporate owner and partners of any partnership shall be considered co-owners of any units owned by such corporation or partnership.

5.2 Election and Term of Office.

At the turnover meeting called by the Declarant, pursuant to Section 2.2 of these Bylaws, one representative designated in writing from each active unit shall be deemed elected as Directors of the Board of Directors. A Director shall hold office until:

- (a) The unit she/he represents is no longer owned by the unit owner(s) who designated such Director,
- (b) The unit owner(s) who designated such Director designates in writing a replacement for such Director, or
- (c) The Director is removed by the Board.

5.3 Vacancies.

Vacancies in the Board of Directors caused by the change of ownership of a unit shall be filled by one of the new unit owner(s) or member(s) who reside in the unit. Vacancies in the Board of Directors caused by the removal of a Director may be filled by a co-owner of the same unit or member who resides in the unit so long as a consensus of the remaining Board members agree to the appointment to the Board of Directors. In the absence of an acceptable appointment, a vacancy caused by the removal of a Director shall not be filled until ownership of the unit he/she represented changes or the Board of Directors, by a majority vote, provides an alternative remedy.

5.4 Removal of Directors

Any Director may be removed, with or without cause, by a consensus vote of all members of the Board of Directors present at any regular or special meeting of the Board. The

notice of any such meeting shall state that such removal is to be considered and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

5.5 Power and Duties.

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

- (a) Operation, care, upkeep, maintenance, repair and replacement of the common elements, and Association property.
- (b) Determination of the amounts required for the 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 assessment and collection of the common expenses, all in accordance with the provisions of these Bylaws.
- (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 they may be required for the proper administration of the Association and for the preparation of any required tax return.
- (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) Purchasing Units of the condominium project at foreclosure of other judicial sales in the name of the Association, or its designee, on behalf of all unit owners as provided in these Bylaws.
- (i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with units of Daybreak Cohousing acquired by the Association or its designee on behalf of all the unit owners.
- (j) Obtaining insurance or bonds pursuant to the provisions of the Bylaws and at least annually review 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 if the total cost will

exceed the amount of five hundred dollars (\$500.00), unless the unit owners have enacted a resolution authorizing the project by a consensus of the unit owners present at a meeting at which a quorum is constituted, except that no such vote shall be required for work that is urgently needed for life, safety or structural integrity reasons. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to paragraph (a) above.

(l) Modify, close, remove, eliminate or discontinue the use of a common element facility or improvement or portion of the common element landscaping, except that modification, closure, removal, elimination or discontinuance must be approved by a consensus of the unit owners at a meeting or by written ballot held or conducted in accordance with these Bylaws.

(m) Designating one or more committees which, 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 of Directors.

(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 for the Association to comply with ORS 100.480(7).

(p) Subject to the restrictions in subsection (e) above, initiate or intervene in litigation or administrative proceedings (including mediation under Section 12 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 outcomes of the proposed litigation or administrative proceeding.

(q) Establish, periodically update, and implement a maintenance plan that identifies those components of the common elements requiring periodic maintenance, including a maintenance manual defining how and when such maintenance should be performed and setting forth the estimated cost of such maintenance.

5.6 Managing Agent or Manager.

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

5.7 Regular and Special Meetings.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Special meetings of the Board of Directors may be called by the chair and must be called by the secretary at the written request of at least twenty-five percent (25%) of the directors. Notice of any special meeting shall be given to each director, personally or by mail, e-mail, or telephone at least seven days prior to the day named for such meeting and shall state the time, place and purpose of such meeting. Notice of meetings of the Board of Directors shall be posted in the common house or other central location on the property at least three days prior to the meeting or shall be provided by a method otherwise reasonably calculated to inform Association members of such meetings. Any unit owners may attend a Board meeting, except that, in the discretion of the Board, the following matters may be considered in executive session:

- (a) Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters;
- (b) Personnel matters, including salary negotiations and employee discipline; and
- (c) The negotiation of contracts with third parties.

Except in the case of an emergency, the Board of Directors shall consensus vote in an open meeting whether to meet in executive session. If the Board of Directors consensus votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to unit owners.

5.8 Waiver of Notice.

Any Director may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver by him/her of notice of the time and place thereof, except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or conveyed. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.9 Compensation.

No Director shall receive any compensation from the Association for acting as such, but shall be reimbursed for any reasonable out-of-pocket expenses.

5.10 Liability and Indemnification of Directors, Officers, Manager or Managing Agent.

To the fullest extent authorized by law and the Articles, the personal liability of each Director to the Association or its unit owners for monetary damages for conduct as a Director shall be eliminated. Each Director and officer and the manager or managing agent, if any, shall

be indemnified and held harmless by the Association, to the fullest extent permitted by law, from and against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon such person in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof. The foregoing rights of indemnification shall be in addition to and not exclusive of any and all other rights conferred on such persons under any agreement, vote of the owners, or otherwise.

5.11 Fidelity Bonds.

The Board of Directors may require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds may be paid by the Association.

5.12 Insurance.

The Board of Directors shall obtain the insurance and fidelity bonds required in Section 10 of these Bylaws. In addition, the Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association or unit owners.

6. OFFICERS

6.1 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 chairperson shall be a member of the Board of Directors, but the other officers need not be Directors or unit owners.

6.2 Election of Officers.

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

6.3 Removal of Officers.

Upon the consensus vote of the Directors in attendance at a duly called meeting with a quorum in attendance, 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 of Directors called for such purpose.

6.4 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.

6.5 Secretary.

The secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. 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 incident to the office of secretary of an association and as may be required by the directors or the chairperson. In addition, the secretary shall act as vice chairperson, taking the place of the chairperson and performing the chairperson's duties whenever the chairperson is absent or unable to act, unless the directors have appointed another vice chairperson.

6.6 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 money 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.

6.7 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 treasurer, or in the absence or disability of the treasurer, by the chairperson or any duly elected assistant treasurer, or by the manager.

6.8 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 of Directors may fix any compensation to be paid to any officers who are not also directors.

7. BUDGET, EXPENSES AND ASSESSMENTS

7.1 Budget

The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous overassessment and plus any underassessment, and assess the common expenses to each unit owner in the proportion set forth in the Declaration. The budget shall provide for a reserve fund in accordance with Section 7.5 below and shall take into account the maintenance plan adopted pursuant to Section 5.5(q) above. Within 30 days after adopting the annual budget, the Board of Directors shall provide a summary of the budget to all unit owners, and shall advise each unit owner of the amount of common expenses payable by him or her. If the Board of Directors fails to adopt an annual budget, the last adopted budget shall continue in effect.

7.2 Determination of Common Expenses.

Common expenses shall include:

- (a) Expenses of administration, including management fees.
- (b) Expenses of maintenance, repair or replacement of common elements, any other portions of Daybreak Cohousing required to be maintained by the Association pursuant to the Declaration or these Bylaws, and any Association property.
- (c) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (d) A general operating reserve, including an amount sufficient to cover the deductible under the property damage insurance policy.
- (e) Reserve for replacements, repairs and maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Utilities and services for the common elements and other utilities and services with a common meter or commonly billed, such as trash collection, water, and sewer.
- (h) Any other items properly chargeable as an expense of the Association.

7.3 Assessment of Common Expenses.

(a) Obligation to Pay.

All unit owners shall be obligated to pay the common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 7.5 of these Bylaws. Assessments may not be waived due to limited use or nonuse of common elements, or by nonuse or 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.

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 of Directors, 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) Working Capital Fund.

At the time of closing of the initial sale of each unit to a person other than a successor declarant and thereafter on any subsequent sale of a unit, the purchaser shall make a contribution to the working capital of the Association equal to two months' regular association assessments for the Unit, which sums shall be held in a segregated working capital fund established in the name of the Association. At the time of the turnover meeting, the Declarant shall pay such contribution for all unsold units; provided, however, that Declarant shall be reimbursed for such sums paid for unsold units from each purchaser upon the sale of those units. Such contribution shall be in addition to the regular monthly common expense assessment and shall not be considered as an advance payment of regular assessments. The working capital fund shall be transferred to the Association for deposit into a segregated fund at the time of the organizational and turnover meeting. Declarant may not use the working capital fund to defray any of Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association. After the turnover meeting, the Board of Directors, at its discretion, may use working capital funds for regular operating expenses, extraordinary items of maintenance, repair or replacement or capital additions, or may deposit all or a portion of such funds into the reserve account.

(c) Commencement of Regular Operating Expense Assessments.

Regular monthly assessments for common operating expenses shall commence upon closing of the first sale of a unit in Daybreak Cohousing.

(d) Commencement of Assessment for Replacement Reserves.

Regular monthly assessments for replacement reserves as described in Section 7.5 for all units in Daybreak Cohousing shall commence upon the closing of the sale of the first unit in Daybreak Cohousing. 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 the unit 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.

7.4 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 the Declarant for additional capital improvements to Daybreak Cohousing without the written consent of Declarant as long as Declarant owns more than one unit.

(b) Other Special or Extraordinary Assessments.

In the event the Board of Directors determines that the assessments established upon adoption of the budget as provided in Section 7.1 above will be insufficient to pay the common expenses, or the Board of Directors determines that additional funds will be needed to meet unexpected or unbudgeted common expenses, the Board may levy an additional special or extraordinary assessment. 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 of Directors.

7.5 Replacement Reserves.

(a) Establishment of Account.

The Declarant shall conduct a reserve study as required by the Oregon Condominium Act and described in paragraph 7.5(c) and establish a reserve account for replacement of those common elements all or a part of which will normally require replacement in more than one and less than 30 years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 5.5(q) and for exterior painting if the common elements include exterior painted surfaces. The reserve account need not include those items that could reasonably be funded from operating assessments.

(b) Funding of Account.

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, except as otherwise provided in Section 7.4(b). The reserve account shall be established in the name of the Association.

(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 of Directors, 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 include:

- (1) Identification of all items for which reserves are to be established;
- (2) The estimated remaining useful life of each item as of the date of the reserve study;

(3) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life;

(4) An update of the Maintenance Plan based upon the advice of competent experts or consultants; and

(5) A 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

(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. In addition to the authority of the Board of Directors under paragraph 7.5(c), after the turnover meeting, the Association may, on an annual basis, elect to increase, decrease, or curtail deposits to the reserve account described in paragraph 7.5(b) by a consensus vote of the unit owners.

(e) Sale of Units.

Nothing in this Section shall prohibit prudent investment of the reserve account. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers of units. Sellers of the units, however, may treat their outstanding share of the reserve account as a separate item in any sales agreement.

7.6 Default in Payment of Assessments.

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 (including, but not limited to, reserve assessments or any other special assessments), such unit owner shall be obligated to pay interest on such assessments from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses. No interest or late charges will be assessed if payment is made within 30 days after the due date. Otherwise, delinquent payments of assessments shall bear interest from the due date at a rate of twelve percent (12%) per annum. The Board of Directors may also adopt rules establishing and imposing charges for late payments of assessments. Establishment of any such late charges must be by 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 addresses designated by the unit owners in writing. The Board of Directors shall have the right and duty to recover for the Association such overdue assessments, together with such charges, interest and expense of the proceeding, including attorneys' fees, by bringing legal action against such unit owner or by foreclosure of the lien upon the unit granted by the Oregon Condominium Act.

7.7 Foreclosure of Liens for Unpaid Assessments.

In any suit brought by the Association to foreclose a lien on a unit because of unpaid assessments, the unit owner shall be required to pay a reasonable rental for the use of the unit

during the pendency of the suit, and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the unit. A suit or action to recover a money judgment for unpaid assessments shall be maintainable without foreclosing the liens securing the same.

7.8 Statement of Assessments.

The Board of Directors shall advise each unit owner in writing of the amount of assessments payable by such unit 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 of Directors shall promptly provide any unit owner who makes a request in writing with a written statement of the unit owner's unpaid assessments.

7.9 Priority of Lien; First Mortgages

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

7.10 Liability of Subsequent Purchaser for Unpaid Assessments.

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 a unit owner or a unit 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.

8. RECORDS AND AUDITS

8.1 General Records.

The Board of Directors and the manager, if any, shall keep detailed records of the actions of the Board of Directors and the manager or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association, Board of Directors and the manager. The Board of Directors shall maintain a list of unit 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 the 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.

8.2 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 in a separate bank account, located in the State of Oregon, in the name of the Association. All expenses of the Association shall be paid from the Association's bank account.

8.3 Assessment Roll.

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

8.4 Payment of Vouchers.

The treasurer or manager shall pay all vouchers for all budgeted items and for any non-budgeted items up to \$500 signed by the chairperson, managing agent, manager or other person authorized by the board of directors. Any voucher for non-budgeted items in excess of \$500 shall require the authorization of the chairperson. Any checks written on reserve accounts must be signed by a member of the Board of Directors.

8.5 Reports and Audits.

An annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the Board of Directors to all unit owners and to all mortgagees of units who have requested the same within 90 days after the end of each fiscal year. Upon written request, any holder, insurer or guarantor of a first mortgage shall be entitled to a copy of the annual financial statement for the immediately preceding fiscal year.

8.6 Notice of Sale, Mortgage, Rental or Lease.

Immediately 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.

8.7 Availability of Records.

Except as otherwise provided in ORS 100.480(5)(b), 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 Daybreak Cohousing, amendments or supplements to such documents, and the books, records, financial statements and current operating budget of the Association. 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.

8.8 Statement of Assessments Due.

Within 10 business days of receipt of a written request from a unit owner, or unit owner's agent for the benefit of a prospective purchaser of such owner's unit(s), the Association shall provide a written statement that provides: (a) the amount of assessments due from the unit 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 unit owner and the litigation is pending when the statement would otherwise be due.

9. MAINTENANCE AND USE OF CONDOMINIUM PROPERTY

9.1 Maintenance and Repair.

Except as otherwise provided in Section 18 of the Declaration for damage or destruction caused by casualty:

(a) Units and limited common elements.

All maintenance of and repairs to any unit and limited common elements that pertain to such unit shall be made by the unit owner of such unit, who shall keep the same in good order, condition and repair and shall do all redecorating, painting and staining that at any time may be necessary to maintain the good appearance and condition of the unit and limited common elements. Each unit owner shall keep the limited common elements that pertain to such owner's unit in a safe, neat, clean and sanitary condition. In addition, each unit owner shall be responsible for the maintenance, repair, or replacement of attached decks, deck roofs, foundations, attached awnings and trellises, window glass, interior doors, any plumbing, heating or air conditioning fixtures, telephones, water heaters, fans, vents, lighting fixtures and lamps, electrical outlets, blinds, garbage disposals, fireplaces, refrigerators, dishwashers, ranges, or other appliances and accessories that may be in or connected with such owner's unit. The Association, however, may repair or replace, at the Association's expense, portions of units or

limited common elements to the extent reasonably necessary for the preservation of the common elements in good condition and working order.

(b) Common Elements.

All maintenance, repairs and replacements to the common elements and to Association property shall be made by the Association and shall be charged to all the unit owners as a common expense.

9.2 Additions, Alterations or Improvements.

(a) After providing written notification to the Board of Directors and giving the Board 30 days to review the request, a unit owner may make any improvement or alteration to his/her unit that does not impair the structural integrity or mechanical systems of Daybreak Cohousing or lessen the support of any portion of Daybreak Cohousing. A unit owner shall make no repair or alteration or perform any other work on his/her unit which would jeopardize the soundness or safety of the property, or reduce the value thereof or impair any easement or hereditament unless the written consent of all unit owners affected is obtained.

(b) A unit owner may not change the appearance of the common elements or the exterior appearance of a unit without the prior written approval of the Board of Directors.

9.3 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) Residential Use.

Except as expressly permitted in these Bylaws or the Declaration, or as otherwise permitted by Board approval (with such conditions as the Board may establish), each unit shall be occupied and used only as a private residence in accordance with Sections 33.205.030.C.2 and 33.910 of the Portland zoning code and for no other purpose. Nothing contained in the Declaration or Bylaws shall preclude an owner from having a "home office" from which the owner conducts some of his or her business affairs provided such home office complies with the standards and restrictions for a home office in the Portland zoning code. Nothing contained in this Section 9.3(a) shall prevent the Declarant or Declarant's successors and assigns from completing the units and the building they are in, maintaining units as models for display purposes, and otherwise maintaining construction or sales offices displays and signs.

(b) Use of Common Elements.

The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of the units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

(c) Nuisances and Unlawful Activities.

No nuisances or 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 residents. No unlawful use shall be made of Daybreak Cohousing nor any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. Unit owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other unit owners, occupants, guests, or invitees, or directed at the manager, its agents or employees, or vendors.

(d) Windows, Decks, and Outside Walls.

In order to preserve the attractive appearance of the Condominium the Board of Directors of the Association may adopt rules regulating the nature of items that may be placed in or on windows, decks, and the outside walls so as to be visible from other units, the common elements, or outside Daybreak Cohousing.

(e) Parking of Vehicles.

No vehicle in an extreme state of disrepair, trailer, truck camper, motorcycle, boat or boat trailer, or other recreational vehicle or truck rated as one ton or more shall be parked on any portion of Daybreak Cohousing. A vehicle shall be deemed in an "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends the occupants of Daybreak Cohousing due to its appearance or continued inoperability.

(f) 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 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.

(c) 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 unit 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.

(d) Association Rules and Regulations.

In addition, the Board of Directors from time to time may, by consensus, 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 assure the peaceful and orderly use and enjoyment of the Daybreak Cohousing property, including, without limitation, establishment of reasonable administrative fees, such as fees for new owner set-up

and owner's packet, move-in and move-out fees, etc. 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 upon all unit owners and occupants of all units from the date of delivery.

9.4 Leasing and Rental of Units.

(a) Any unit 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) The unit may not be rented for transient or hotel purposes, and all leases and rentals shall be for a term of not less than 30 days;
- (3) At no time shall more than twenty percent (20%) of units in Daybreak Cohousing be rented or occupied by non-owner occupants. Units owned by Declarant are exempt from this restriction and are not included in percentage of unit calculation
- (4) The lease or rental must be for the entire unit and not merely parts of the unit, unless the unit owner remains in occupancy;
- (5) 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;
- (6) All unit owners who lease or rent their units shall promptly notify the Association in writing of the names and contact information for all tenants and occupants of the leased unit, and shall provide the Association with a complete copy of the lease or rental agreement. All unit owners leasing their unit shall notify the Association of the address and telephone number where such owner can be reached;
- (7) Neither Board approval nor written leases are required for any unit owner to collect rent or share expenses with housemates.

(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 unit 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 unit owner to have the tenant evicted and/or to recover damages. 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 unit owner is not the plaintiff in the action and/or 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 which 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 unit 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 unit 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.

(f) In order to insure that the limitation on the number of units that can be leased is not exceeded, unit owners who intend to rent or grant occupancy rights to their units shall provide 30 days' written notice to the Board of their intentions. Each such unit owner may proceed to rent or grant occupancy to non-owner occupants for his or her unit unless such owner is provided written notice of the Board's refusal to allow such rental due to the twenty percent (20%) limitation created by this Section 9.4. In the event of such Board refusal, the requesting unit owner shall not rent or grant occupancy to any person until the Board notifies him or her that such rental or occupancy would not violate the limitation on non-owner occupied units. The Board shall maintain a list of unit owners who requested and were denied the ability to rent their units, and shall promptly notify each unit owner on such list as it becomes permissible to rent such owner's unit.

9.5 Failure to Follow Maintenance Plan.

If the Association fails to follow the maintenance and inspection requirements contained in the maintenance plan described in Section 5.5(q) above, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors and subcontractors and their consultants, including without limitation, all of their officers, members, directors, employees, agents, brokers and affiliates, for loss or damage to the extent the same results from such failure to follow the maintenance plan, and shall indemnify such persons and entities from and against claims by unit owners or other persons or entities for loss or damage resulting from such failure.

9.6 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 upon 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 unit 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 recreational and service facilities of Daybreak Cohousing 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 Section 5.

10. INSURANCE

10.1 Types of Insurance.

Each unit owner shall be responsible for obtaining, at his or her own expense, insurance covering his or her unit and property not insured under Section 10.1(a) and against his or her liability not covered under Section 10.1(b). 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.

The Association shall maintain a policy or policies of insurance covering loss or damage to common elements from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association may deem desirable.

(b) Liability Insurance.

(1) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, 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. There may be excluded from such policy or policies coverage of a unit owner (other than as a member of the Association or Board of Directors) 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 one million dollars (\$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.

The Association may elect to 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.

(e) Directors' and Officers' Liability Insurance.

The Association shall maintain a policy of directors' and officers' liability insurance with coverage in an amount acceptable to the Board of Directors.

10.2 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 licensed to do business in the State of Oregon and holding a policyholder's rating of "A" or better, and a financial size rating of at least class 10 or better by the Best's Insurance Reports current at the time the insurance is written or prior to the initial meeting of the Association, with a company acceptable to the Declarant.

(b) All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the Unit Owners, or upon demand of any Mortgagees, to an insurance trustee acceptable to the Association and Mortgagees of Units.

(c) Each unit owner shall be required to notify the Board of Directors of all improvements made by the unit owner to his/her unit, the value of which is in excess of five thousand dollars (\$5,000.00). Nothing in this paragraph shall permit an unit owner to make

improvements without first obtaining the approval of the Board of Directors if required by Section 9.2 of these Bylaws.

(d) Any unit owner who obtains individual insurance policies covering any portion of the property other than his/her 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.

10.3 Optional Provisions.

The Board of Directors shall make every effort to secure insurance policies that will 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) 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.

11. AMENDMENTS TO BYLAWS

11.1 How Proposed.

Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or unit owners holding fifty-one percent (51%) 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.

11.2 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. 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 seventy-five percent (75%) of the voting rights. Declarant's consent shall also be required so long as Declarant owns at least one unit in Daybreak Cohousing.

11.3 Execution and Recording.

An amendment shall not be effective until certified by the chairperson and secretary of the Association as being adopted in accordance with these Bylaws and the provisions of the Oregon Condominium Act and recorded as required by law. Any amendment adopted within five (5) 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.

12. DISPUTE RESOLUTION

12.1 By Less than All Owners.

If any action is brought by one or more but less than all unit owners on behalf of the Association and recovery is obtained, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; provided, however, that if such action is brought against all of the unit owners or against the Board of Directors, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the unit owners, the plaintiff's expenses, including counsel's fees, shall not be charged to or borne by the other unit owners, as a common expense or otherwise.

12.2 Complaints Against.

Complaints brought against the Association, the Board of Directors or the officers, employees, or agents thereof, in their respective capacities as such, shall be directed to the Board of Directors, which shall promptly give written notice thereof to the unit owners and any mortgagees who have requested notice thereof and shall be defended by the Board of Directors, and the unit owners and mortgagees shall have no right to participate other than through the Board of Directors in such defense. One or more unit owners shall have the right to enjoin, abate, or remedy by appropriate legal proceedings any failure by the Association or the Board of Directors to comply with the provisions of the Declaration, these Bylaws, or any rule or regulation. Complaints against one or more, but less than all of the unit owners, shall be directed to such unit owners, who shall promptly give written notice thereof to the Board of Directors and to the mortgagees having an interest in such units, and shall be defended by such unit owners.

12.3 Mediation.

Prior to initiating litigation, arbitration or an administrative proceeding in which the Association and a unit owner have an adversarial relationship, all claims shall first follow any procedures of the Association and second be submitted to mediation within Multnomah County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur due

to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

12.4 Limitations on Actions.

Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend or commit to expend in excess of \$2,500 for attorneys' fees and costs for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$20,000 unless first approved by at least seventy-five percent (75%) of the outstanding votes of the unit owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or these Bylaws, for actions initiated by the Association during Declarant's period of administrative control pursuant to Section 17 of the Declaration; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 7.7 of these Bylaws; actions to summarily abate and remove a structure or condition that violates the Declaration or these Bylaws; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

12.5 No Attorneys' Fees.

Except as specifically provided for in the Declaration or these Bylaws, no party in an arbitration, mediation or other proceeding shall be entitled to recover costs and attorneys' fees in connection therewith.

12.6 Suits Against Declarant.

Declarant shall have the right to be present at any meeting of the Association during which the Board of Directors or the unit owners vote on whether to initiate legal action against Declarant. The Board of Directors shall provide Declarant with at least 10 days' written notice of the time and place of any such meeting.

12.7 Initial Dispute Resolution Procedures.

In the event of a claim by the Association or any unit owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the requirements of ORS 701.550 to 701.595, and the provisions of Section 20 of the Declaration. In the event the claim is not for a construction defect, 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 upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.7 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

13. MISCELLANEOUS

13.1 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 unit owner from time to time, in writing, to the Board of Directors, or, if no address has been designated, then to the owner's unit.

13.2 Waiver.

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

13.3 Action Without a Meeting.

Any action that the Oregon Condominium Act, the Declaration or these Bylaws require or permit the unit 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 of the unit owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the unit owners or directors, shall be filed in the records of minutes of the Association.

13.4 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.

13.5 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.

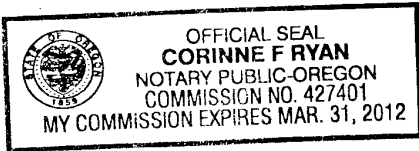
DATED this 3rd day of June 2008.

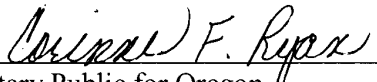
DAYBREAK COHOUSING, LLC, an Oregon limited liability company

By: 
Terri Huggett, Member

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me on June 3, 2009 by Terri Huggett, authorized member of Daybreak Cohousing, LLC, an Oregon limited liability company, on behalf of the company.




Notary Public for Oregon
My Commission Expires: 3-31-12