

SECOND AMENDED AND RESTATED BYLAWS FOR
AMBASSADOR BY THE SEA CONDOMINIUM

Adopted by The Board of Directors of
Ambassador By The Sea Condominium Association

June 20, 2019

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SECOND AMENDED AND RESTATED BYLAWS FOR AMBASSADOR BY THE SEA CONDOMINIUM

These Second Amended and Restated Bylaws are made as of the 20th day of June, 2019, by the Association of Unit Owners of Ambassador by the Sea Condominium, Inc., an Oregon non-profit corporation (the "Association"), for itself, its successors and assigns.

RECITALS

A Declaration of Unit Ownership for Ambassador By The Sea Condominium dated February 13, 1973 was initially recorded in Book 379 at Page 21 of Clatsop County Records (the "Initial Declaration"). It has been subsequently amended on several occasions. Attached to the Initial Declaration was an initial set of Bylaws (the "Initial Bylaws") which have also been subsequently amended on several occasions.

That Initial Declaration created a condominium (the "Condominium") with individual housing units out of a tract of real estate commonly known as 40 Avenue U, Seaside, Oregon 97138, and more particularly described therein.

The purpose of these current Bylaws is to substitute and restate all the terms and provisions of the Initial Bylaws and all other amendments prior to this one and to affirm the property described in the Initial Declaration, together with all improvements now existing or hereafter to be constructed thereon, continue to be submitted to the condominium form of ownership and use, in the manner provided by the Oregon Condominium Act, ORS Chapter 100, (the "Condominium Act") and all the provisions, restrictions and limitations thereof.

The Undersigned are the Chairman and Secretary of the Association of Unit Owners described below and they certify that the Members of the Association and the Owners of the Units described below have adopted and authorized recording of these Bylaws for Ambassador by the Sea Condominium, amending by substitution all prior bylaws and amendments thereto affecting the subject Condominium, including all residential units and common elements thereto.

ARTICLE 1 PLAN OF UNIT OWNERSHIP

1.1 Name and Location. The main office of the Association is located at 40 Avenue U, Seaside, Oregon, 97138, or such other address as may be designated by the Board of Directors from time to time.

1.2 Incorporation. The Association is already incorporated under the Oregon Non-Profit Corporation Law and ORS 100.405 of the Condominium Act. The Articles of Incorporation are, and shall remain, consistent with the Declaration and these Bylaws, and these Bylaws constitute the Bylaws of the incorporated Association.

1.3 Purposes. The Association is formed under the provisions of the Condominium Act to serve as the means through which the Unit Owners may take action with regard to the administration, management and operation of the Condominium.

1.4 Applicability of Bylaws. All present or future Unit Owners, tenants, future tenants, or their employees, guests, invitees and any other person that might use the facilities of the Condominium in any manner, are subject to these Bylaws and to all rules and regulations which may be adopted pursuant to these Bylaws as well as the Declaration and Articles of Incorporation for the Association. The acquisition, mere occupancy, or rental of any of the Units of the Condominium constitutes acceptance and ratification of these Bylaws and agreement to comply with all the provisions of them.

1.5 Composition of Association. The Association shall be composed of all the Unit Owners of the Condominium. For all purposes of the Declaration and the administration of the Property, Unit Ownership shall be determined from the records maintained by the Association. The record may be established by the Unit Owner filing with the Association a copy of the deed to or land sale contract for his or her Unit, to which is affixed a certificate of the recording officer of Clatsop County, Oregon, showing the date and place of recording such deed or contract. No person may be recognized as a Unit Owner unless

a copy of the deed or contract showing him or her to be the current owner or contract purchaser of a Unit has been filed with the Association as provided above.

ARTICLE 2
MEETINGS OF THE ASSOCIATION

2.1 Place of Meetings. The Association shall hold meetings at such suitable place reasonably convenient to Unit Owners as may be designated by the Board of Directors from time to time.

2.2 Annual Meetings. The annual meetings of the Association shall be held at 10:00 o'clock a.m. on the third Saturday of May of each year. The annual meetings shall be for the purpose of electing directors and transacting any other business as may properly come before the meeting. If that day is a legal holiday, the meeting shall be held at the same hour on the next Saturday which is not a legal holiday.

2.3 Regular Meeting. Regular meetings of the Association shall be held at 10:00 o'clock a.m. on the third Saturday of October of each year. Such regular meetings shall be for the purpose of transacting any business as may properly come before the meeting. If that day is a legal holiday, the meeting shall be held at the same hour on the next Saturday which is not a legal holiday.

2.4 Special Meetings. Special meetings of the Association may be called by the Chairman or Secretary, or by a majority of the Board of Directors, and shall be called by the Chairman at the written request of not less than twenty percent of the Unit Owners entitled to vote at the meeting. The call notice for the meeting shall state the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

2.5 Notice of Meetings. Notice of each Association meeting, stating the place, day and hour of the meeting shall be given by either the Chairman or Secretary. And, in case of a special meeting or of any meeting at which the Board of Directors votes the interests of Members pursuant to proxies solicited by the Board of Directors for that purpose, the notice shall also state the purpose or purposes for which the meeting is called. Such notice shall be in writing and mailed to Each Unit Owner at his or her mailing address and to all Mortgagees that have requested notice at their address as such addresses appear on the books of the Association. Such notices shall be sent not less than ten nor more than fifty days before the date of the meeting. Each notice shall be deemed to be delivered when deposited in the United States mail, addressed as described above, with postage thereon prepaid. Notice of meeting may be waived before or after meetings. When a meeting is adjourned for less than thirty days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.6 Voting. The Owner or Co-owners of each Unit shall be entitled to one vote per Unit in the affairs of the Association. The Board of Directors shall be entitled to vote on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board of Directors shall not be entitled to vote such Units in any election of directors.

2.7 Quorum. At any meeting of the Association, Unit Owners holding fifty percent or more of the voting rights, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Unit Owner in the action taken at a meeting by signing and concurring in the minutes of the meeting shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Unit Owner or Owners. If any meeting of Unit Owners cannot be organized because of lack of quorum, the majority of Unit Owners so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

2.8 Proxies. At all meetings of the Unit Owners, a Unit Owner may vote by proxy executed in writing by the Unit Owner or by the Owner's duly authorized attorney in fact; such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. The presence of a Unit Owner at a meeting shall automatically revoke such Owner's proxy for all matters which come before the meeting while the Owner is present. No proxy shall be valid after the meeting for which the proxy was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Unit by its Owner. No proxy may be assigned from the proxy holder to any other person or entity. A Unit Owner may pledge or assign such Owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Unit Owner is entitled and to exercise the Unit Owner's voting rights from and after the time that such Mortgagee shall give written notice of such pledge or assignment to the Chairman of the Board of Directors.

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

2.10 Landlords and Contract Vendors. Unless otherwise expressly stated in the rental agreement or lease, according to the records of the Association, all voting rights allocated to a Unit shall be exercised by the landlord. Unless otherwise stated in the contract, according to the records of the Association, all voting rights allocated to a Unit shall be exercised by the vendee of any recorded land sale contract on the Unit.

2.11 Majority Vote. The vote of the holders of more than fifty percent of the voting rights, present in person or by proxy at a meeting at which a quorum is constituted, shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required by law, the Declaration, or these Bylaws.

2.12 Order of Business. Unless otherwise designated by vote at the meeting, the order of business at annual meetings of the Association shall be as follows:

- Roll call.
- Proof of notice of meeting or waiver of notices.
- Reading of minutes of preceding meeting.
- Reports of Officers.
- Reports of Committees.
- Election of inspectors of election.
- Election of Directors.
- Unfinished business.
- New Business.

2.13 Ballot Meetings. At the discretion of the Board of Directors, any matter which might come before the Association at a meeting, including election of directors, may be determined by ballot, rather than at a formal gathering. Ballots shall be sent to all Unit Owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless a specified percentage of all voting rights is required by law, the Declaration, or these Bylaws. The vote of a ballot meeting shall be determined by the Board of Directors within forty-eight hours of the deadline for return of ballots. Each Unit Owner shall be notified by mail or other delivery of the results of the ballot meeting or that a quorum was not returned within ten days after the ballots are counted.

2.14 Rules of Order. Unless suspended by the Chairman or the person acting as chairman for the meeting, meetings of the Unit Owners and Board of Directors shall be conducted according to the latest edition of Robert's Rules of Order published by the Robert's Rules Association or its successor. However, a decision of the Association or Board of Directors may not be challenged merely because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied.

ARTICLE 3 **BOARD OF DIRECTORS**

3.1 General Powers. The business and affairs of the Association shall be managed by its Board of Directors.

3.2 Number, Tenure and Qualifications. The number of directors of the Association shall be not less than three nor more than seven, all of whom must be a Unit Owner. Each director shall hold office until the election and qualification of his or her successor or until he or she is removed in the manner hereinafter provided. Terms shall be for two years or for such period so that, if reasonably possible, the terms of not less than one-third nor more than two-thirds of the directors shall expire annually. Changes in the number of directors and the length of terms of directors may be decided by majority vote at an annual meeting

of the Association. Except as to removal procedures provided below however, no change may be made in the term of any then-existing director already in office at the time of such vote.

3.3 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they constitute less than a quorum, or by a sole remaining director. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting or next special meeting of the Association called for that purpose. Any director who ceases to be a Unit Owner shall cease to be a director and it automatically becomes effective once notice of the change in ownership is brought to the attention of the Board at a meeting.

3.4 Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Unit Owners present in person or by proxy at the meeting. The vacancy or vacancies on the Board of Directors so created shall be filled by the Unit Owners at the same meeting. 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 that meeting.

3.5 Regular Meeting. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after on the same day as the annual meeting and at the same place as the annual meeting of the Association or at a place designated by the Board of Directors at the annual meeting. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings without other notice than such resolution.

3.6 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman or any three directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting called by them. Notice of any special meeting shall be given at least five days previously thereto by written notice delivered personally, mailed to each director at his or her residence or business address, or by e-mail transmission. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by e-mail transmission, such notice shall be deemed to be delivered upon the transmission. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.7 Quorum of Directors. A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but, if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. At any such adjourned meeting, any business which may have been transacted at the meeting as originally called may be transacted without further notice.

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

3.9 Compensation of Directors. No director shall receive compensation for the performance of his or her duties as a director.

3.10 Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or the Declaration or these Bylaws may 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:

- a. Operation, care, upkeep, maintenance, repair and replacement of the General and Limited Common Elements, including the employment of personnel necessary for the maintenance and repair of the General and Limited Common Elements
- b. Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.
- c. Adoption of a budget for the Association, and assessment and collection of common expenses.
- d. Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Elements.
- e. Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association: provided, however, the Board may not incur or commit the Association to incur legal fees in excess of Seven Thousand Five Hundred Dollars for any specific matter unless the Unit

Owners have enacted a resolution authorizing the incurring of such fees by a vote of greater than fifty percent of the voting rights present in person or by proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board of Directors from claims or litigation brought against them or any of them..

- f. Opening bank accounts on behalf of the Association and designating signatories therefore.
- g. Preparing or causing to be prepared and filed any required income tax returns or forms for the Association.
- h. Purchasing Units of the Condominium at foreclosure or other judicial or even non-judicial sales in the name of the Association, or its designee, on behalf of all the Unit Owners as provided in these Bylaws.
- i. Selling, leasing, mortgaging, voting the rights appurtenant to (other than for the election of directors), or otherwise dealing with Units of the Condominium acquired by the Association or its designee on behalf of all Unit Owners.
- j. Obtaining insurance or bonds pursuant to the provisions of these Bylaws.
- k. Making additions and improvements to, or alterations of, the Common Elements.
- l. Adopting such administrative rules and regulations as may be necessary or desirable to govern the details of the operation and use of the Common Elements, and incorporating such reasonable restrictions and requirements to respect the use and maintenance of the Units and the Common Elements as are desirable to prevent unreasonable interference with the use of each Unit and of the Common Elements by the Unit Owners, and to establish penalties for the infractions thereof.
- m. Enforcement by legal means of the provisions of the Condominium Act, as it may be amended, the Declaration, these Bylaws and any Rules and Regulations adopted hereunder including, without limitation, collecting all amounts owed to the Association subject to the notice requirements in the Act including, without limitation, those in ORS 100.405 regarding notice of intent to litigate.
- n. Filing annual reports and any amendments with the Oregon Real Estate Agency in accord with ORS 100.250.
- o. Conducting periodic reserve studies in accord with ORS 100.175.
- p. Preparing and distributing the annual financial statements in accord with ORS 100.480.

3.11 Managing Agent or Manager. The Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. Any such management agreement shall be terminable by the Association upon not more than sixty days written notice thereof, and the maximum term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. The Board of Directors may delegate to the managing agent or manager such duties and powers of the Board as are reasonably necessary for the operation, repair, and management of the physical property of the Association. In the absence of such appointment, the Board of Directors shall act as manager.

3.12 Liability and Indemnification of Directors and Officers. Neither a member of the Board of Directors nor an officer of the Association shall be liable to the Association or any member of the Association for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intent. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding solely or in part because the individual is or was a director or officer of the Association, the Association shall defend and indemnify such individual against such actual or claimed liability and the expenses incurred to the maximum extent permitted by law.

3.13 Insurance. The Board of Directors shall obtain the insurance and fidelity bonds required in Article 10 of these Bylaws regarding insurance. 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. The Board of Directors may, in its discretion, conduct reviews of the Association's insurance coverage which, if appropriate, may include an appraisal of all improvements contained in the Condominium.

3.14 Board of Directors' Meetings Open to All Association Members. All meetings of the Board of Directors must be open to all members of the Association. No Association member however has a right to participate in the Board of Directors' meetings unless the member is also a member of the Board of Directors. The Chairperson has authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors. In addition, at 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.

ARTICLE 4

OFFICERS

4.1 **Designation.** The principal officers of the Association shall be the Chairman, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The directors may appoint a vice-Chairman, an assistant treasurer, an assistant secretary, and such other officers as in their judgment may be necessary. The Chairman must also be a member of the Board of Directors, but the other officers need not be directors or Unit Owners. No two of the principal officers may be the same person.

4.2 **Election of Officers.** The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. If any office becomes 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 that purpose.

4.3 **Removal of Officers.** Upon the affirmative vote of a majority of the directors, any officer may be removed 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 that purpose.

4.4 **Chairman.** The Chairman shall be the chief executive officer of the Association and shall, when present, preside at all meetings of the Association and of the Board of Directors and shall perform all duties incident to such office and such other duties as may be prescribed by the Board of Directors from time to time. He or she shall supervise and control the business and affairs of the Association, including the employment of such other personnel as may be necessary for the maintenance, upkeep and repair of the Common Elements. He or she may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association or shall be required by law to be otherwise signed or executed. The Chairman may appoint committees from among the Unit Owners from time to time as the Chairman in his or her discretion may decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 **Secretary.** The Secretary shall keep the minutes of all meetings of the Association and Board of Directors in one or more books provided for that purpose; attend to the giving of all notices in accordance with the provisions of these Bylaws or as required by law; keep the records of the Association, except for those of the Treasurer; and, perform all such other duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chairman. In the absence of the appointment or election of a vice-Chairman, the Secretary shall also serve as Vice-Chairman, taking the place of the Chairman and performing the Chairman's duties whenever the Chairman is absent or unable to act.

4.6 **Treasurer.** The Treasurer shall have charge and custody of and be responsible for all funds of the Association; keep full and accurate financial records and books of account showing all receipts and disbursements; receive and give receipts for moneys and payment vouchers due and payable to or by the Association from any source whatsoever; deposit all such moneys in the name of the Association in such banks, trust companies, or other depositories as shall be selected by the Board of Directors; and, attend to the preparation of required financial statements and tax reports of the Association. The Treasurer shall also 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. The Board may specify procedures for handling receipts and payments, who and how many are required to sign checks or make payments, and when, how and by whom accounts shall be audited.

4.7 **Execution of Instruments.** All agreements, contracts, deeds, leases, tax filings and reports, 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 applicable to such instrument, then such instrument shall be signed by the Chairman. All checks shall be signed by the Treasurer, or in the absence, disability, or failure or refusal of the Treasurer to act, by the Chairman and one other director or any duly elected assistant treasurer and one other director.

4.8 **Compensation.** 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.

ARTICLE 5
BUDGET, EXPENSES AND ASSESSMENTS

5.1 **Budget.** The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous over-assessment, and assess the common expenses to each Unit Owner in the proportion set forth in the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs, and replacement of those Common Elements which must be maintained or replaced on a periodic basis.

5.2 **Accounting of Funds and Common Expenses.** The funds and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

a. "Current expenses", which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to insurance. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year. Such current expenses include, without limitation, cost of repairs, management, operations, administration, services and utilities.

b. "Reserve for deferred maintenance" which shall include funds for maintenance items which occur less frequently than annually.

c. "Reserve for replacement" which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence.

d. "Additional improvements" which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements.

e. "Premiums for insurance" which shall mean the insurance required or desired to be maintained by the Association.

The foregoing is not intended to be an exclusive list.

5.3 **Assessments of Common Expenses.**

a. **Timing.** The Board shall calculate and announce the annual assessments against each Unit Owner for their share of the items of the budget by on or before December 20 preceding the year for which the assessments are made. Such assessments are owed and shall be due in 12 equal annual installments due the first day of each month commencing January 1 of the year following the announcement.

b. **Obligation to Pay.** Each Unit Owner is obligated to pay common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration. Assessments may not be waived due to limited or non-use of the Common Elements, and no Unit Owner may offset amounts owing or claimed to be owing by the Association to the Unit Owner against such Unit Owner's obligation to pay assessments. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Unit Owners as described above, or from time to time as the Board deems necessary, but in any event at least annually, and shall take prompt action to collect from each Unit Owner any common expense due which remains unpaid for more than forty-five days from the due date for its payment.

5.4 **Special or Extraordinary Assessments.**

a. **Special Assessments for Capital Improvements.** In the case of any duly authorized capital improvement to the Common Elements, the Board of Directors may by resolution establish separate assessments for the same, which may be treated as capital contributions by the Unit Owners, and the proceeds of which shall be used only for the specific capital improvement described in the resolution.

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 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 of Directors may levy and collect an additional special or extraordinary assessment against the members of the Association. Such assessment shall be allocated to each Unit Owner in the same proportion set forth in the Declaration, and may be payable in installments over a period of time, in a lump sum, or in a lump sum with option to pay in installments with interest, as determined by the Board of Directors.

5.5 Replacement Reserves. The Board of Directors may establish a reserve account for replacement of those Common Elements all or a part of which will normally require replacement in intervals of not less than three years. Such reserve account may be funded by allocations made in the annual budget described above, or by separate assessments against the members of the Association. Such reserve account shall be established in the name of the Association and shall be adjusted from time to time as needed to recognize changes in current replacement costs over time. The reserve account shall be used only for replacement of Common Elements and shall be kept separate from assessments for maintenance and operating expenses. Nothing in this Article shall prohibit prudent investment of funds in this reserve account. If this reserve account is funded by separate assessment, such assessment shall be allocated to each Unit Owner in the same proportion set forth in the Declaration, and may be payable in installments over a period of time, in a lump sum, or in a lump sum with option to pay in installments with interest, as determined by the Board of Directors. Such assessments may be decreased, reduced in duration, or eliminated by an affirmative vote of not less than seventy-five percent of all of the voting rights in the Condominium. Assessments of any kind paid into the reserve account are the property of the Association and are not refundable to sellers of Units. The provisions in this Article shall be operable according to its terms and to the extent not prohibited by the Condominium Act.

5.6 Collection of Assessments. Each Unit Owner shall pay to the Association all assessments duly declared and assessed as detailed in this Article. In the event of default exceeding forty-five days by any Unit Owner in paying assessments to the Association, including assessed common expenses and any other charge imposed or levied by the Association pursuant to the provisions of the Declaration, these Bylaws, the rule and regulations or the Condominium Act, such Unit Owner shall be obligated to pay interest at the rate of one percent per month on such assessment from the due date thereof, or at such rate as may be established by the Board of Directors from time to time, not to exceed the lawful rate, if any. In addition, the defaulting Unit Owner shall pay all attorney fees or other reasonable collection costs incurred in collecting unpaid assessments, whether or not suit is instituted, and at trial or on any appeal or petition for review therefrom. If the assessment is not paid within sixty days of its due date, the Board of Directors may declare any remaining installments of assessments for the balance of the fiscal year immediately due and payable. The Board of Directors shall have the right and duty to recover for the Association such assessments, together with such charges, interest and expense of the proceeding, including attorney fees, by an action brought against such Unit Owner or Owners or by foreclosure of the lien upon the Unit granted by the Condominium Act. The Board of Directors shall notify the holder of any first mortgage upon a Unit and any eligible mortgage insurer or guarantor thereof of any default not cured within sixty days of default.

5.7 Foreclosure of Liens for Unpaid Assessments. In any suit brought by the Association to foreclose a lien on a Unit because of unpaid assessments, the 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 same.

5.8 Statement of Assessments. The Board of Directors shall advise each Unit Owner in writing of the amount of each assessment payable by such Owner, and upon request, furnish copies of each budget on which such assessments are based and, if requested, to such Owner's Mortgagee. The Board of Directors shall promptly provide any Unit Owner who so requests in writing with a written statement of that Owner's unpaid assessments.

5.9 Priority of Lien First Mortgages. Any lien of the Association against a Unit for unpaid assessments shall be subordinate to tax liens and any prior 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 the assessments chargeable to such Unit which became due prior to acquisition of title to the 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. A deed in lieu of foreclosure accepted by the holder of a first mortgage shall extinguish a lien filed by the Association to secure unpaid assessments under the circumstances described in ORS 100.465.

5.10 Voluntary Conveyance. In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Unit up to the time of the conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. However, upon request of a prospective purchaser, the Board of Directors shall make and deliver a statement of the unpaid assessments against the grantor or the Unit, and the grantee in that case shall not be liable for, nor shall the Unit when conveyed be subject to, a lien filed thereafter for any unpaid assessments against the grantor in excess of the amount set forth in the statement. Such statements shall only be valid for a period of thirty days however and shall be applicable to new regular or special assessments imposed after issuing such statements.

ARTICLE 6
RECORDS AND AUDITS

6.1 **General Records.** The Board of Directors and the managing agent or manager, if any, shall create, keep and maintain the following records:

- a. Actions of the Board, minutes of the meetings of the Board of Directors, and minutes of the meetings of the Association.
- b. A Book of Resolutions containing the rules, regulations and policies adopted by the Association, Board of Directors, and manager, if any.
- c. A list of Owners entitled to vote at meetings of the Association.
- d. A list of all Mortgagees of Units.

6.2 **Financial Records.** The Board of Directors or its designee shall keep financial records sufficient for accounting purposes.

6.3 **Assessment Roll.** The assessment roll shall be maintained in a set of accounting books in which there shall be an account kept for each Unit. Such record of account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owner(s), the dates and amounts in which the assessment comes due, the amounts and dates of payments received upon the account, and the balance due upon each assessment.

6.4 **Payment of Expenses.** The Treasurer shall pay all vouchers or invoices for all budgeted items and for any non-budgeted item up to One Thousand Dollars signed by the Chairman, manager, or other person authorized by the Board of Directors. Any voucher or invoice for non-budgeted items in excess of One Thousand Dollars shall require the authorization of the Board of Directors. Any checks written on reserve accounts must be signed by two members of the Board of Directors.

6.5 **Reports and Audits.** A 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 holders, insurers, or guarantors of first mortgages on Units who have requested the same within ninety days after the end of each fiscal year. From time to time, the Board of Directors, at the expense of the Association, may obtain any additional audit or review of the books and records of the Association that the Board deems necessary and may furnish copies thereof to the Unit Owners upon written request.

6.6 **Availability of Records.** During the normal business hours or under other reasonable circumstances, the Association shall make available to Unit Owners, prospective purchasers and lenders, and to holders, insurers or guarantors of any first Mortgage, current copies of the Declaration, Bylaws, other rules concerning the Condominium, Articles of Incorporation, amendments or supplements to such documents, and the books, records, financial statements and current operating budget of the Association. Upon written request, the Association shall make such documents, information, and records available to such persons for duplication during reasonable hours. The Association may charge a reasonable fee for furnishing copies of such documents, information or records.

ARTICLE 7
USE AND MAINTENANCE OF CONDOMINIUM PROPERTY

7.1 **Condominium Ownership.** The Common Elements of the Condominium Property include, but are not limited to, all common walkways, parking lots, courtyards, swimming pool, landscaped areas, storage buildings and closets, and principally the structures of the buildings and exterior surfaces, roofing, siding, windows and doors, and all structures and service utilities within the walls, such as thermal and sound insulation, electrical service, gas, plumbing both supply and waste, and associated conduits. The Association shall supply and pay the utility bills for potable water, sewer service, electricity and gas, subject to funding these expenses through the assessments.

7.2 **Unit Ownership:** Each individual Owner's property shall be all internal installations within each Owner's individual Unit, but excluding the Common Elements such as the structure of the building within the immediate surface of the interior walls of the Unit. Each Unit Owner's property includes paint on the walls, additional paneling, the floor surface above the structural subfloor including tiles, linoleum and carpeting, interior fixtures such as attached cabinets or vanities, free-standing cabinets, kitchen and bathroom sinks, basins, tubs and shower stalls, chandeliers, lighting and plumbing fixtures, and mirrors attached to walls. Also included are all appliances and fixtures within the Unit such as built-in or free-standing ranges, refrigerators, built-

in and free-standing dishwashers, light fixtures, and plumbing faucets and fixtures. Provision for telephone, cable television and computer cable are the responsibility of the Unit Owner and must be installed and maintained in accord with the provisions of appearance and construction standards defined within these Bylaws and the rules and regulations.

7.3 Unit Owners' Responsibilities as to Units. In addition to any other obligations imposed on the Owners by the governing documents of the Condominium, when appropriate, the Owners shall:

- a. Promptly take emergency action, such as setting off fire alarm and/or calling 911 should evidence be present of fire, smoke, natural gas leak, or hazardous electrical failure. In situations threatening the Common Elements, calling for lesser immediate action or professional skills, promptly notify the Board of Directors of the observed condition.
- b. Promptly perform all necessary maintenance and repair work within his or her own Unit, which if omitted would affect the Condominium project in its entirety or in part including, but not limited to Units belonging to other Unit Owners. Owners are expressly responsible for the damages and liabilities that his or her failure to do so may engender.
- c. Repair internal installations of the Owner's Unit such as water, lights, gas, power, sewage, telephone, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the Unit area at the Owner's expense.
- d. Reimburse the Association for any expenditures incurred in repairing or replacing any Common Elements and/or facility damaged through the Owner's fault.
- e. Decorating, redecorate, paint, and clean as needed to maintain the good appearance and condition of the Unit.
- f. Keep the Limited Common Elements which pertain to the Owner's Unit in a neat, clean and sanitary condition.
- g. Make no alterations to the Unit or the Common Elements or occupy the Unit in such a manner that violates fire codes, building codes, or other binding codes and statutes of the City of Seaside, Clatsop County, the State of Oregon or other applicable jurisdictions.
- h. Clean and maintain the fireplace and interior of the chimney serving the Unit. Immediately upon the sale, mortgage, rental or lease of any Unit, inform the Secretary or manager, if any, of the name and address of said vendee, grantee, mortgagee, lessee, or tenant.
- j. Perform all repairs and construct all improvements or alterations to a Unit in a manner that does not impair the structural integrity or mechanical systems of the Condominium, place an undue burden or significant inconvenience on any neighboring Unit, or create an unsafe condition.
- k. Make no repair or alteration or perform any other work on such Owner's Unit which would jeopardize the soundness or safety of the Property or buildings or improvements, or reduce their value, or impair any easement or increase the common expenses of the Association unless the consent of the Board of Directors is first obtained.
- l. Make no alteration to or change the appearance of any Common Element or the exterior appearance of a Unit including without limitation, doors and windows, without permission of the Board of Directors.

7.4 Requirements Respecting the Use of Condominium Property.

- a. Residential Use. Except as otherwise permitted in this Article, occupancy of a Unit shall be limited to the Unit Owner and the immediate family of the Unit Owner, to guests of the Unit Owner and the immediate family of the Unit Owner, or to a renter pursuant to paragraph (i), below, and the immediate family of the renter.
- b. Commercial Use. No commercial activities of any kind shall be carried on in any Unit or in any portion of the Condominium without the consent of the Board of Directors, except activities related to the rental or sale of individual Units. This provision shall not prevent or prohibit a Unit Owner from maintaining his or her own professional personal library, keeping his or her personal business records or accounts, handling personal business or professional telephone calls, or occasionally conferring with business or professional associates, clients or customers in such Owner's Unit.
- c. 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 reasonable enjoyment of the Unit Owners. The use, Operation and maintenance of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner, nor shall any Unit owner assert or exercise sole or exclusive control over the access to, use or enjoyment of any General Common Element to the exclusion of or detriment to other Unit Owners or the Association as a whole.
- d. Right of Entry. In addition to any right of entry granted by the Condominium Act, each Unit Owner grants to the Board of Directors, its manager or managing agent, if any, or any other person authorized by the Board of Directors the immediate right to enter such Owner's Unit in case of any emergency originating in or threatening that Unit, any Common Element, or any other Unit of the Condominium, whether such Owner is present at the time of the emergency or not. The

purpose and conduct of such entry shall be solely limited to reasonable measures necessary to assess and abate the subject emergency. To facilitate this grant of right of entry, each Unit Owner shall provide to the Board of Directors a key to ensure that the Board or its duly authorized representatives may affect entry when necessary. In the event that no key is provided and entry is required, the Board's representative may enter with the assistance of a locksmith or use such other device as is reasonable under the circumstances, and the Unit Owner shall be responsible for all costs arising therefrom. In addition, each Unit Owner shall permit other Unit Owners, or their representatives or Board Members when so required, to enter such Unit for the purpose of performing installations, alterations or repairs to the utilities, including but not limited to mechanical, plumbing, or electrical services; provided that such requests for entry are made in advance when it is not an emergency and that such entry is at a time convenient to the effected owner, and the accessing owner shall return the premises to its original or better condition.

e. Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on in any Unit nor shall anything be done in or placed upon any Unit which interferes with or jeopardizes the enjoyment of other Units or the Common Elements or which is a source of annoyance to the residents. The same applies to use of Common Elements. Unit Owners and occupants must exercise reasonable care to avoid disturbing other occupants, including curbing the use of musical instruments, radios, televisions and amplifiers. No unlawful use shall be made of any portion of the Condominium, and all valid laws of all governing bodies having jurisdiction shall be observed.

f. Animals. No animals or fowls shall be raised or permitted within the Condominium, except domestic cats, dogs, or other household pets kept within the Unit. No such dogs, cats, or other pets shall be permitted to run at large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. The owners of such pets are responsible for the prompt and appropriate sanitary removal of wastes from such pets. No pet, of any type, shall be allowed to create a nuisance, unreasonable disturbance, or repeated offensive noise. A Unit Owner may be required by the Board of Directors to remove a pet upon receipt of a third written notice of violation of this bylaw, or applicable rule or regulation governing pets.

g. Exterior lights, antennas etc. Except with the consent of the Board of Directors, no exterior lighting or noise making device shall be installed or maintained on any Unit and no external antenna or transmitting device shall be affixed to the exterior of any Unit or the General or Limited Common Elements.

h. Windows, decks and outside walls. The Board of Directors may regulate the nature of items which 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 the Condominium.

i. Leasing and rental of Units. A Unit Owner may lease or rent such Owner's Unit to a renter or renters, subject to the following restrictions:

- i. Rental agreements must abide by all applicable laws;
- ii. No Unit Owner may lease or rent less than his or her entire Unit;
- iii. No Unit Owner may rent such Owner's Unit for transient or hotel purposes, which included short-term vacation rentals;
- iv. For the purposes of this section, a "renter" is a person other than the Unit Owner who, subject to a written or verbal rental agreement or lease, compensate the Unit Owner in exchange for the exclusive use of the Unit, as a domicile, for any length or time;
- v. "Renter or Renters" includes relatives other than immediate family members, friends, acquaintances, or persons otherwise unknown to the Unit Owner;
- vi. Unit Owners must notify the Board of Directors, in writing, no less than 30 days before commencing to rent the Owner's unit;
- vii. The Board of Directors may, at its discretion, set a monthly fee that all Unit Owners must pay if they lease or rent their units; and
- viii. The monthly fee is subject to the same collection procedures as detailed in paragraph 5.6 above.

j. Signs. Unless approved in writing by the Board of Directors, no sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements.

k. Trash. No garbage, trash or other waste shall be kept or maintained on any part of the Property except in sanitary containers in the designated areas.

l. Insurance. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the cost of insurance or invalidate or impair existing coverage on the Condominium Property.

m. Association Rules. The Board of Directors may adopt such additional rules as it deems necessary to govern the conduct of persons and the Operation and use of Units and the Common Elements to assure the peaceful and orderly use and enjoyment of the Condominium Property.

7.5 Acquisition of Adjoining Units. If after a single Owner acquires adjoining Units, that Owner seeks to remove or alter any intervening partition or wall, even if the partition or wall in whole or in part is a Common Element, such Owner may petition the Board of Directors for such permission, and such permission shall be granted unless the Board

determines within forty-five days of receipt of such request that the proposed change will impair the structural integrity, fire safety, or mechanical systems of the Condominium Property. The Board of Directors may require that such Unit Owner provide to the Board at that Owner's sole expense a written opinion of registered architect or registered professional engineer regarding the effect of the proposed addition or alteration.

7.6 Abatement and Enjoining of Violations. The violation of any provision of the Declaration or these Bylaws, or any rule or regulation adopted pursuant to these Bylaws, or of any decision of the Association made pursuant to such documents, shall give the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth in these in these Bylaws, to do any or all of the following after giving notice and an opportunity to be heard:

a. To enter the Unit in which or as to which such violation exists and to 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 be deemed guilty or liable for any manner of claims arising from allegations of trespass; provided, however, that judicial proceedings shall be instituted before any items of construction may be altered or demolished;

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

c. To levy reasonable fines, late fees and/or charge interest;

d. To collect without suit and/or sue for damages, reimbursement of expenses and/or specific performance and/or enforce any other legal right or remedy;

e. To terminate the right to receive utility services paid for out of assessments or the right of access to use of recreational and service facilities of the Condominium until the correction of the violation has occurred;

f. To remove, at the expense of the defaulting Unit Owner, private property placed or stored in Common Elements or otherwise outside the private space of an Owner's individual Unit.

g. To file and foreclose upon a lien as provided.

The offending Unit Owner shall be liable to the Association for all costs and attorney fees incurred by the Association, whether or not legal proceedings are instituted and including attorney fees on appeal or petition for review, together with any expense incurred by the Association in remedying the default, damage incurred by the Association or Unit Owners, and for fines so levied. Such sums shall be assessed against the offending Unit as an assessment and enforced as provided in Article 5. In addition, any aggrieved Unit Owner may bring an action against such other Unit Owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

7.7 Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

a. Demand. The Board will serve upon the violator demanding that that he or she cease and desist from the alleged violation, specifying:

i. the alleged violation;

ii. the action required to abate the violation; and

iii. a time period not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not a continuing one. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

b. Notices. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

i. the nature of the alleged violation;

ii. that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;

iii. that any statement, evidence, and witnesses may be produced by the alleged violator at the hearing; and

iv. that all right to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of notice.

c. Hearing. If a hearing is requested, it shall be held before the Board in an executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

7.8 Fine Schedule. The Board shall pass a resolution with a schedule of fines for violations of any provisions of the Declaration or these Bylaws. Said resolution shall be delivered to each lot, mailed to the mailing address of each lot, or mailed to the mailing addresses designated in writing by the owners.

ARTICLE 8
DAMAGE TO OR DESTRUCTION OF PROPERTY

8.1 Insurance Proceeds Sufficient to Cover Loss. In case of damage or destruction to Condominium Property, if the proceeds of the property damage insurance maintained by the Association are sufficient to repair or reconstruct the Property damaged or destroyed except for any permitted deductible, the proceeds shall be applied and the damage or destruction shall be promptly repaired or reconstructed.

8.2 Insurance Proceeds Insufficient to Cover Loss. In case of damage or destruction to Condominium Property, if the proceeds of the property damage insurance maintained by the Association are insufficient to repair or reconstruct the Property damaged or destroyed after allowance for any permitted deductible, prompt written notice shall be given to all Unit Owners and their Mortgagees and any eligible mortgage insurer or guarantor. If the Board of Directors determines, in its sole judgment, that three-fourths or more in value of all the buildings are destroyed or substantially damaged, the notice shall so state. The following provisions apply in such event:

a. The insurance proceeds shall be applied and the damage or destruction shall be promptly repaired or reconstructed, unless;

b. Within fourteen days of such notice, the Board of Directors or more than ten percent of Unit Owners have requested a special meeting of the Association. Such special meeting must be held within sixty days of the date of the damage or destruction. At such time of such meeting, unless Unit Owners holding ninety percent of the voting power, whether in person or by proxy, with the approval of the Mortgagees as required by the Declaration, vote not to repair or reconstruct the damaged property, the damage or destruction shall be repaired or reconstructed. If the damage or destruction is not repaired or reconstructed, then the property shall be removed from Unit ownership in the manner provided in the Condominium Act.

As to the portion of the repair cost which must be paid by the Association in excess of the insurance proceeds, it may be treated as a common expense.

8.3 Responsibility for Repair or Reconstruction and Assessment. Except as provided in Article 8.4, below, the Association shall be responsible for all repair and reconstruction required or permitted by this Article as a result of damage or destruction to the Common Elements and to the Units. To the extent insurance proceeds are insufficient for such repair or reconstruction, all of the Unit Owners shall be liable for assessment for the deficiency in equal proportion, but the assessment shall take into consideration as the Owner's contribution any individual insurance policy proceeds provided by such Owner.

8.4 Unit Owner Liability. If, due to the neglect or act of a Unit Owner, or of a member of such Owner's family or pet or of a guest or other authorized occupant or visitor of such Unit Owner, damage or destruction shall be caused to the Common Elements or to a Unit or Units, or maintenance, repairs or replacements shall be required which would otherwise be a common expense, then such Unit Owner shall pay for such damage and such maintenance, repair or replacement as may be determined by the Association, to the extent not otherwise fully covered by the Association's insurance.

8.5 Unused Insurance Proceeds. In the event any portion of the insurance proceeds paid to the Association is not used to repair, reconstruct or rebuild the damaged or destroyed property, the Association may elect, within its sole discretion, to retain the proceeds as Association property, to distribute the proceeds among the Unit Owners and their Mortgagees (as their interests may appear) in the same proportion as common expenses are shared, or to distribute the proceeds among the Unit Owners affected by the loss in the same proportion as common expenses are shared among such Unit Owners; provided however, that if the property is removed from Unit ownership, the insurance proceeds, together with the proceeds from the sale of the property, shall be distributed to the Unit Owners and their Mortgagees (as their interests may appear) in the manner described in the Condominium Act.

ARTICLE 9
CONDEMNATION

9.1 Condemnation. If any portion of the Condominium is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Unit Owner and any eligible Mortgagee, mortgage insurer and guarantor. The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any portion of the Common Elements, and each Unit Owner irrevocably appoints the Association to act as the Owner's attorney-in-fact for such purposes. All compensation, damages or other proceeds of the

taking, other than any award for moving expenses of specific Owners, shall be payable to the Association and allocated and distributed as provided in this Article 9.

9.2 **Complete Taking.** If Unit Owners holding ninety percent of the voting power agree that such substantial portion of the Condominium has been taken as to make the project obsolete, and with the approval of the Mortgagees as required by the Declaration, then the Property shall be removed from Unit ownership and the proceeds of condemnation paid to the Association, together with any other proceeds upon sale of the remaining Condominium Property, shall be distributed among the Unit Owners and their Mortgagees, as their interests may appear, in accordance with the Condominium Act.

9.3 **Partial Taking.** If less than the entire Condominium Property is taken and the Property is not determined to be obsolete as provided in Article 9.2, above, then as soon as practicable the Board of Directors shall, reasonably and in good faith, allocate the award among the Units in accord with the reduction in value of each Unit and its interest in the Common Elements, compared to the total reduction in value of all Units and their interest in the Common Elements.

9.4 **Allocations.** In the event any Unit Owner or Mortgagee objects to the allocation determined by the Board of Directors, the matter shall be submitted to arbitration in accord with the rules of the American Arbitration Association. The cost of such determination shall be paid out of the proceeds of the condemnation. If any reconstruction or repair is undertaken as a result of the condemnation, the Board of Directors may retain and apply such portion of each Unit Owner's share of the award as is necessary to discharge the Owner's liability for any special assessment arising from reconstruction or repair.

ARTICLE 10 **INSURANCE**

10.1 **Types of Insurance.** For the benefit of the Association and the Unit Owners, the Board of Directors shall be required to use their best efforts to secure, maintain at all times, and pay for out of the common expense funds, the following types of insurance:

a. **Property Damage Insurance.**

i. The Association shall maintain a policy or policies of property insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements including, without limitation, vandalism and malicious mischief, and such other coverage as the Association may deem desirable.

ii. The amount of the coverage shall be for not less than one hundred percent of the current insurable replacement cost of all of the Units and Common Elements exclusive of land, foundation, excavation and other items normally excluded from coverage, subject to a deductible or self-insured retainage determined as provided below.

iii. The policy or policies shall include all fixtures and building service equipment to the extent they are part of the Common Elements and all personal property and supplies belonging to the Association, together with all fixtures, improvements and alterations comprising a part of each Unit and refrigerators, cooking ranges, dishwashers and clothes washers and dryers contained within Units and owned by Unit Owners.

iv. Such policy or policies shall name the Association as insured, and shall provide for loss payable in favor of the Association, as trustee for each Unit Owner and each such Unit Owner's Mortgagee, as their interests may appear. The policies shall contain the standard mortgagee clause, or equivalent endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Oregon.

b. **Liability Insurance.**

i. The Association shall maintain comprehensive general liability insurance coverage insuring the Association, the Board of Directors, the Unit Owners, the officers, and the manager (if any) 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 omissions 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.

ii. Limits of liability under such insurance shall not be less than One Million Dollars on a combined single limit basis.

iii. Such policy or policies shall be issued in a comprehensive liability basis and shall provide a cross-liability endorsement wherein the rights of a named insured under the policy or policies shall not be prejudiced as respects an action against another named insured.

c. Fidelity Bonds.

i. The Association shall maintain blanket fidelity bonds 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.

ii. The total amount of fidelity bond coverage required shall be based upon the best business judgment of the Board of Directors. In no event, however, may the aggregate amount of such bonds be less than the sum equal to three months aggregate assessment on all Units plus reserve funds.

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

d. Directors' and Officers' Liability Insurance. The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than One Million Dollars, subject to a reasonable deduction.

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

i. All policies shall be written with the State of Oregon or a company licensed to do business in the state of Oregon acceptable to FNMA which falls into a B or better general policyholder's rating or a financial index of 6 or better, as designated in Best's Key Rating Guide, or an A or better rating from Demotech, Inc.

ii. All property insurance policies shall contain a "Special Condominium Endorsement" or its equivalent providing for the following: recognition of any Insurance Trust Agreement, a waiver of a right of subrogation against Unit Owners individually, that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Owners collectively, and that the policy is primary in the event the Unit Owner has other insurance covering the same loss.

iii. All shall contain waiver of subrogation by the insurer as to any claim against the Board of Directors, the manager, the officers, the Owners generally and their respective agents, servants, guests, and tenants. The master policy should also contain a provision it cannot be cancelled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors or manager without a prior demand in writing that the Board of Directors cure the defect.

iv. For purposes of this Article, insurance policies are unacceptable where: (I) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against FNMA, or the Association or Unit Owners, or (II) by the terms of carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders or members, or (III) policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA, the Association or Unit Owners from collecting insurance proceeds.

v. All policies required by this Article shall provide that they may not be canceled or substantially modified without at least ten days' prior written notice to the Association and to each holder of a first Mortgage which is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to Each Unit Owner and Mortgagee upon request.

Each Unit Owner shall be required to notify the Board of Directors of all improvements made by the Owner to his or her Unit, the value of which is in excess of Two Thousand Dollars. Nothing in this paragraph shall permit an Owner to make such improvements without first obtaining the approval of the Board of Directors pursuant to other provisions in these Bylaws.

vi. Any Unit Owner who obtains individual insurance policies covering any portion of the Property other than such Owner's personal property and fixtures shall file a copy of such individual policy or policies with the Association within thirty days after the purchase of such insurance.

vii. The Board of Directors shall determine the amount of the deductible for property loss policies, as well as other insurance policies required to be procured by the Association under this article. In determining the deductible under the policies, the Board, among other factors, shall take into consideration the availability, cost and loss experience of the Association. In this regard, as in other Board responsibilities, the Board members shall exercise reasonable business judgment. Notwithstanding the foregoing, the

maximum deductible for property insurance policies is the lesser of Ten Thousand Dollars or one percent of the policy amount.

viii. The Board shall cause the Property to be reappraised for insurance purposes at least once each Live years.

f. Other Insurance.

i. To the extent appropriate and available at reasonable cost, the Association shall maintain additional coverages against such other risks as are customary with respect to special projects and activities, such as 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.

ii. If reasonably available, the property insurance policies shall include Inflation Guard Endorsement, and Construction Code Endorsements (such as Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement).

iii. If reasonably available, the property insurance policies shall include a Steam Boiler and Machinery Coverage Endorsement which coverage per accident shall at least equal the lesser of Two Million Dollars or the insurable value of the building or buildings housing the boiler and its machinery and related piping.

iv. Flood insurance and tsunami insurance, as available.

v. Workman's compensation insurance, as required by law.

vi. Such other insurance as the Board of Directors of the Association shall determine from time to time as desirable.

10.2. Insurance by Unit Owners. Each Unit Owner shall be responsible for obtaining, at such Unit Owner's own expense, insurance covering his or her property not insured as described above, and against his or her liability not insured as described above.

ARTICLE 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 by Unit Owners holding twenty-five percent of the voting rights. The proposed amendments 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 approved by 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 by proxy. Any resolution must ultimately be approved by Unit Owners holding sixty-six and two-thirds percent of the voting rights.

11.3 Execution and Recording. An amendment shall be effective only upon certification by the Chairman and Secretary of the Association as being adopted in accordance with these Bylaws and the provisions of the Condominium Act and recorded as required by law.

ARTICLE 12 MISCELLANEOUS

12.1 Notices. All notices to the Association or to the Board of Directors shall be sent to the main 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 the 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 address.

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

12.3 Action Without a Meeting. Except as to matters which the Condominium Act, the Declaration or

the Bylaws require a different percentage, the Owners or directors may take action without a meeting if a consent in writing setting forth the action so taken is signed by sixty-six and two-thirds percent of the Owners or, as appropriate, a majority of the directors entitled to vote on the matter.

12.4 Savings Clause. 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. All captions are intended solely for the convenience of reference and shall in no way limit any of the provisions of these Bylaws.

12.5 Conflicts. These Bylaws are intended to comply with the Condominium Act and the Declaration. In case of irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

IN WITNESS WHEREOF, these amended and restated bylaws have been approved by the Board as of the date and year first above written.

**Certification for Second Amended and Restated Bylaws
for the Association of Unit Owners of Ambassador by the Sea Condominium**


The undersigned, Christopher Reive, Chairman of the Ambassador by the Sea Condominium Association, Inc. as of April 20, 2019, Judith Champion, Secretary of the same Association as of April 20, 2019, and, Christopher Reive, the current Chairman of the same Association, and Judith Champion, the current Secretary of the same Association, hereby certify that the foregoing Second Amended and Restated Bylaws for the Association of Unit Owners of Ambassador by the Sea Condominium is the current Bylaws of the Condominium. It amends and restates the Amended and Restated Bylaws of the Condominium which was recorded July 18, 2005 at Recording No. 200508344 of Clatsop County, Oregon records.

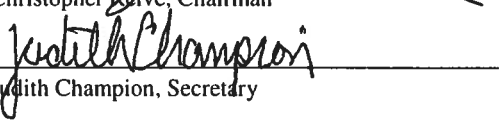
The undersigned further certify the attached Second Amended and Restated Bylaws were duly adopted by resolution of the Board of Directors of said Association as of June 20, 2019 in accordance with the existing Declaration, and then Amended and Restated Bylaws and Oregon Revised Statutes.

The undersigned also certify that the Board of Directors has directed that the Second Amended and Restated Bylaws be recorded.

The undersigned finally certify that the Second Amended and Restated Bylaws have been approval by seventy-five (75) percent or more of the ownership of the Condominium and that the Special Powers from the owners of the Condominium Units granting such approval are attached.

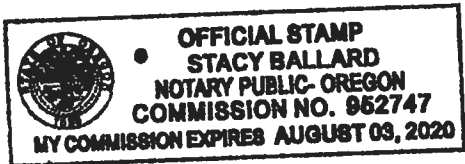
AMBASSADOR BY THE SEA CONDOMINIUM ASSOCIATION, INC.

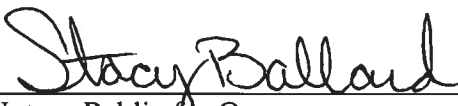
By:  August 1, 2019
 Christopher Reive, Chairman Date

By:  August 1, 2019
 Judith Champion, Secretary Date

STATE OF OREGON)
) ss.
 County of Clatsop)

This instrument was acknowledged before me on ^{SB Aug}~~July~~ 1, 2019, by Christopher Reive as Chairman and by Judith Champion as Secretary of Ambassador By The Sea Condominium Association, Inc.




 Notary Public for Oregon
 My Commission Expires: Aug 03, 2020