

EXHIBIT C

BYLAWS

OF

ATWATER PLACE CONDOMINIUMS OWNERS ASSOCIATION

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**BYLAWS OF
ATWATER PLACE CONDOMINIUMS OWNERS ASSOCIATION**

Article 1

PLAN OF CONDOMINIUM OWNERSHIP

1.1 **Name and Location.** These are the bylaws of the **ATWATER PLACE CONDOMINIUMS OWNERS ASSOCIATION** (the “**Association**”). Atwater Place Condominiums (the “**Condominium**”) 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 the Condominium is more specifically described in the Declaration.

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

1.3 **Purposes.** This Association is formed under the provisions of the Oregon Condominium Act to serve as the means through which the unit owners may take action with regard to the administration, management and operation of the Condominium.

1.4 **Applicability of Bylaws.** The Association, all unit owners, and all persons using the Condominium property shall be subject to these Bylaws and to all rules and regulations that may be adopted pursuant to these Bylaws.

1.5 **Composition of Association.** The Association shall be composed of all the unit owners of the Condominium, including Block 34 Investors, LLC and its successors and assigns (the “**Declarant**”), and the Association, itself, to the extent any of these own any unit or units of the Condominium.

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

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

Article 2

MEETINGS OF ASSOCIATION

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

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

2.3 **Annual Meetings.** The annual meetings of the Association shall be held on such date each year as may be established by the board of directors from time to time, or if the board does not establish such a date, then in the month of February at such hour and on such date as the chairperson may designate, or if the chairperson should fail to designate such date by the first day of February then on the last Tuesday in February. The annual meetings shall be for the purpose of electing directors and the Voting Member for the Condominium for the South Waterfront Community Association, Inc. pursuant to Section 3.5.2 of the Declaration of Covenants, Conditions and Restrictions of the South Waterfront Community Association, Inc. and for the transaction of such other business as may properly come before the meeting.

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

2.5 **Notice of Meetings.** Notice of the annual meeting and all other meetings of the Association stating the time and place and the purpose or purposes for which the meeting is being called shall be given by the chairperson or secretary. Notice must be given in writing by mail or, to the extent permitted by law, by electronic mail, facsimile or other form of electronic communication acceptable to the board of directors not less than 10 days nor more than 50 days prior to the date of the meeting to each unit owner. If mailed, it shall be sent to the owner at his or her address as it appears on the books of the Association. A copy shall be sent to any first Mortgagee requesting such notice. Proof of such notice shall be given by the affidavit of the person giving the notice. For a period of 10 years following recording of the Declaration, notices of meetings (including agendas) shall also be given to Declarant (or any designee of Declarant specified in any written notice to the Association) in the same manner as given to unit owners, and Declarant or a representative of Declarant shall be entitled to attend such meetings. Notice of meeting may be waived by any unit owner before or after meetings. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

2.6 **Voting.** Each unit owner of a Commercial Unit or Residential Unit shall be entitled to vote in the affairs of the Association based upon the relative square footage of such Commercial Unit or Residential Unit compared to all Commercial Units and Residential Units combined; provided, however, that Declarant shall have five times the voting rights otherwise allocable to each Residential or Commercial Unit owned by Declarant until the earlier of (a) when Declarant has sold and conveyed to a person other than a successor declarant 75 percent or more of the units in the Condominium, or (b) three years after the date of the first conveyance of a unit to a person other than a successor declarant. No voting rights shall attach to Parking Units or Storage Units. The Declarant shall be entitled to vote as the unit owner of any then existing Commercial or Residential Units retained by the Declarant, and the board of directors shall be entitled to vote on behalf of any Commercial or Residential 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 **Casting of Votes and Consents.** The voting rights or consent of a unit owner may be cast in person at a meeting of the Association or, at the discretion of the board of directors, by proxy in accordance with paragraph (a) of this Section, by absentee ballot in accordance with paragraph (b) of this Section, by written ballot in accordance with paragraph (c) of this Section, or by any other method specified in the Declaration, these Bylaws or the Oregon Condominium Act.

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

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

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

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

(e) **Mortgages.** A unit owner may pledge or assign such owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the unit owner is entitled under these Bylaws and to exercise the unit owner's voting rights from and after the time that the Mortgagee shall give written notice of such pledge or assignment to the board of directors. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

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

2.9 **Tenants and Contract Vendors.** Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a unit shall be exercised by the owner/landlord. Unless otherwise stated in the contract, all voting rights allocated to a unit shall be exercised by the vendee of any recorded land sale contract on the unit.

2.10 **Quorum of Unit Owners.** At any meeting of the Association, members holding 20 percent of the voting rights, present in person, by proxy or by absentee ballot, if permitted by the board of directors, shall constitute a quorum. The subsequent joinder of a unit owner in the action taken at a meeting by signing and concurring in the minutes of the meeting shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a unit owner or owners. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.11 **Majority Vote.** The vote of the holders of more than fifty percent (50%) 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, by the Declaration or by these Bylaws.

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

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;

- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of directors;
- (g) Election of the Voting Member for the Condominium in the South Waterfront Community Association, Inc.
- (h) Unfinished business;
- (i) New business; and
- (j) Adjournment.

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

Article 3

BOARD OF DIRECTORS

3.1 **Number and Qualification.** The affairs of the Association shall be governed by a board of directors composed of three (3) to five (5) interim directors or five (5) to seven (7) regular directors, as provided in Sections 3.2 and 3.4 of this Article. All directors, other than interim directors appointed by Declarant, shall be owners or co-owners of units of the Condominium. For purposes of this Section, the officers, members, managers, partners and any duly appointed employees of any corporation, limited liability company or partnership shall be considered co-owners of any units owned by such corporation, limited liability company or partnership.

3.2 **Interim Directors.** Upon the recording of the Declaration submitting the Condominium to the Oregon Condominium Act the Declarant shall appoint an interim board of three (3) to five (5) directors, who shall serve until replaced by Declarant or their successors have been elected by the unit owners as provided below.

3.3 **Transitional Committee.** Unless the organizational and turnover meeting described in Section 2.2 above has already been held, Declarant shall call a meeting of the unit owners for the purpose of forming a transitional committee. The meeting shall be called within sixty (60) days of conveyance to persons other than Declarant of fifty percent (50%) of the units. Declarant shall give notice of the meeting as provided in Section 2.5 above. The committee shall consist of two or more members elected by the unit owners other than Declarant and not more than one representative of Declarant. The members shall serve until the organizational and turnover meeting. The transitional committee shall be advisory only and its purpose shall be to

enable ease of transition from control of the administration of the Association by the Declarant to control by the unit owners. The committee shall have access to the information, documents and records that Declarant must turn over to the unit owners at the time of the organizational and turnover meeting. If Declarant fails to call the meeting to elect a transitional committee within the time specified, the meeting may be called and notice given by any unit owner.

3.4 **Election and Term of Office.** At the first organizational and turnover meeting called by Declarant pursuant to Section 2.2 of these Bylaws, the interim directors shall resign and five (5) successors shall be elected. There shall be two classes of directors, Commercial Directors and Residential Directors. Commercial Directors shall be elected by the Commercial Unit owners, and Residential Directors shall be elected by the Residential Unit owners, based upon the voting rights assigned to such units. At the first organizational meeting, one (1) Commercial Director shall be elected by the Commercial Unit owners to serve until the second annual meeting after his or her election, and four (4) Residential Directors shall be elected by the Residential Unit owners, two (2) to serve until the next annual meeting and two (2) to serve until the second annual meeting after his or her election. The directors receiving the greatest number of votes shall serve for the two-year terms. In the event of a tie, the terms shall be determined by lottery. Thereafter, at the expiration of the initial term of office of each respective director, his or her successor shall be elected to serve for a term of two years. Directors shall hold office until their respective successors have been elected by the unit owners. Election shall be by plurality. Upon a majority vote of the membership present in person or by proxy at a meeting called for such purpose, the number of directors may be increased to seven (7) directors. Upon such increase, two additional Residential Directors shall be elected, one to serve until the next annual meeting and the other to serve until the second annual meeting after their election. Thereafter, each successor shall be elected to serve for a two-year term.

3.5 **Vacancies.** Vacancies in Commercial Directors shall be filled by the Commercial Unit owners. Vacancies in Residential Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the remaining Residential Directors. Each person so elected shall be a director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose. Vacancies in interim directors shall be filled by Declarant.

3.6 **Removal of Directors.** At any regular or special meeting of the Association duly called, any one or more of the Residential Directors, other than interim directors, may be removed with or without cause by a majority vote of the Residential Unit owners present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at that meeting. In like manner, Commercial Directors may be removed by a majority vote of the Commercial Unit owners, who shall elect a replacement.

3.7 **Powers and Duties.** The board of directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the board of directors by the unit owners; provided, however, that the board of directors may not take any action that could unreasonably interfere with the sale, lease or other disposition of units owned

by Declarant or that could abridge, modify, eliminate or otherwise affect any right, power, easement, privilege or benefit reserved for Declarant or which would impose any discriminatory charge or fee against Declarant, without the prior written consent of Declarant. The powers and duties to be exercised by the board of directors shall include, but shall not be limited to the following:

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

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

(c) Preparation and adoption of budgets, preparation, review and update of reserve studies and 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 may be required for the proper administration of the Association; provided, however, the board may not incur or commit the Association to incur legal fees in excess of \$5,000 for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of \$100,000 unless the unit owners have enacted a resolution authorizing the incurring of such fees or contract by a vote of seventy-five percent (75%) of the total voting rights of the Association. This limitation shall not be applicable to legal fees incurred in defending the Association and the board of directors from claims or litigation brought against them. The limitations set forth in this paragraph shall increase by ten percent on each fifth anniversary of the recording of the Declaration. To the extent required by ORS 100.490, the board shall notify the owners prior to instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the board shall periodically report to the unit owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the board to disclose any privileged communication between the Association and its counsel.

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

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

(h) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the common elements and Association property; provided, however, that (i) the consent of the unit owners shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 15 percent of the estimated budget of the Association for that

calendar year to cover the operation, care upkeep and maintenance of the common elements, and (ii) no lien to secure repayment of any sum borrowed may be created on any unit or its appurtenant interest in the common elements without the consent of the owner of such unit. If any sum borrowed by the board of directors on behalf of the Association pursuant to the authority contained in this paragraph is not repaid by the Association, a unit owner who pays to the creditor such proportion thereof equal to his interest in the common elements shall be entitled to obtain from the creditor a release of any judgment or other lien which the creditor shall have filed or shall have the right to file against such owner's unit.

(i) Purchasing units of the Condominium at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all the unit owners as provided in these Bylaws, and selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with units of the Condominium acquired by the Association or its designee on behalf of all the unit owners.

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

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

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

(m) Designating one or more committees 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 to enable 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 Article 10 of these Bylaws) in the name of the Association, and without joining the individual unit owners, as permitted under ORS 100.405(4)(e) and (11); provided that no litigation or administrative proceeding may be initiated on a matter relating to or affecting the unit or interest of a unit owner unless the unit owner has consented in writing to such action after full disclosure of the potential cost, duration and outcomes of the proposed litigation or administrative proceeding.

(q) At the option of the board, collection of assessments against the unit owners payable to South Waterfront Community Association, Inc. pursuant to the Declaration of Covenants, Conditions and Restrictions of South Waterfront Community Association, Inc.

3.8 **Managing Agent or Manager.** On behalf of the Association, the board of directors may employ or contract for a managing agent or a manager at a compensation to be established by the board of directors. 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; provided, however, that the board of directors may not terminate professional management and assume self-management unless the decision to do so is approved by at least seventy-five percent (75%) of the total voting rights of the Association.

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

3.10 **Organizational Meeting.** Unless otherwise agreed by the board, within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the board of directors shall hold an organization meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

3.11 **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 chairperson and must be called by the secretary at the written request of at least two directors. Notice of any special meeting shall be given to each director, personally or by mail, telephone or, to the extent permitted by the Oregon Condominium Act, by electronic mail, facsimile or other form of electronic communication acceptable to the board of directors at least seven days prior to the day named for such meeting, and shall state the time, place and purpose of such meeting. For a period of 10 years following recording of the Declaration, notices of meetings (including agendas) shall also be given to Declarant in the same manner as given to the directors. Unless other rules of order are adopted by resolution of the Association or the board of directors, all

meetings of the board of directors shall be conducted according to the latest edition of *Robert's Rules of Order* published by Robert's Rules Association.

3.12 Open Meetings.

(a) All meetings of the board of directors shall be open to unit owners and, for a period of ten (10) years following recording of the Declaration, to Declarant or a representative of Declarant, except that, in the discretion of the board, the following matters may be considered in executive session: (i) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (ii) personnel matters, including salary negotiations and employee discipline; (iii) negotiation of contracts with third parties; and (iv) collection of unpaid assessments. Except in the case of an emergency, the board of directors shall vote in an open meeting whether to meet in executive session. If the board of directors votes to meet in executive session, the presiding officer shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion or decision to meet in the executive session shall be included in the minutes of the meeting, and any contract or action considered in executive session shall not become effective unless the board, following the executive session, reconvenes in open meeting and votes on the contract or action, which shall be reasonably identified in the open meeting and included in the minutes.

(b) Meetings of the board of directors may be conducted by telephonic communication or by other means of communication that allows all members of the board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting, except that if a majority of the units are principal residences of the occupants, then: (i) for other than emergency meetings, notice of each board of directors' meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the unit owners of such meeting; and (ii) only emergency meetings of the board of directors may be conducted by telephonic communication or such other means. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

3.13 Waiver of Notice. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board shall constitute a waiver of notice by such director, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the board, no notice to directors shall be required and any business may be transacted at such meeting.

3.14 Quorum of Board of Directors. At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. If at any meeting of the board of directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have

been transacted at the meeting originally called may be transacted without further notice to directors.

3.15 **Voting.** A director who is present at a meeting of the board of directors at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest. When action is taken on any matter at a meeting of the board of directors, the vote or abstention of each director present must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings of the board of directors, except that officers may be elected by secret ballot.

3.16 **Determination of Board of Directors.** All determinations of the permanent board of directors which affect only the Residential Section and Parking and Storage Units and their limited common elements, and not in any way affecting directly or indirectly the Commercial Section, shall be made by the Residential Directors present at a meeting. All determinations made by the permanent board of directors which affect only the Commercial Section, and not in any way affecting directly or indirectly the Residential Section or Parking and Storage Units and their limited common elements, and any modification of the commercial sign guidelines shall be made by the Commercial Director. All other decisions shall be made by a majority of all directors present at a meeting at which a quorum is present. For the purposes of this section, any decision by the board of directors which will affect or which may be reasonably expected to affect the operation of the Commercial Section or the business of the tenants or occupants of the Commercial Units, the leasing of any space within the Commercial Units, the general appearance, quality or character of the Commercial Section, or which may require the consent or approval of the holder of any mortgage (fee or leasehold) on any Commercial Unit, shall be deemed to be a decision affecting the Commercial Section. By the same token, any decision of the board of directors which will affect or may be reasonably expected to affect the operation of the Residential Section and Parking and Storage Units and their limited common elements, the use of the Residential Units for the permitted purposes, the general appearance, quality or character of the Residential Section or which may require the consent or approval of the holder of any mortgage on any Residential Unit, shall be deemed to be a decision affecting the Residential Section. As provided above, decisions directly or indirectly affecting both the Commercial and Residential Sections shall be made by a majority of all directors present at a meeting at which a quorum is present. Any dispute as to whether a matter should be determined by the Residential Directors, the Commercial Director or the board of directors as a whole shall be determined by mediator or arbitration as provided in Article 10.

3.17 **Liability and Indemnification of Directors, Officers and Managing Agent.** A member of the board of directors or an officer of the Association shall not be liable to the Association, any unit owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties so long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. A director appointed under Section 3.2 of these Bylaws and Section 14.4 of the Declaration, or acting under ORS 100.200, shall not be liable to the Association, any unit owner or any third party under ORS 65.357-65.361, ORS 100.417 or associated rules of common law for any damage, loss or prejudice