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DECLARATION SUBMITTING
PHASE 1 OF SYLVAN HEIGHTS CONDOMINIUM
TO OREGON UNIT OWNERSHIP LAW

THIS DECLARATION, pursuant to the provisions of the Oregon Unit Ownership Law, is made and executed this 15th day of November, 1972, by WASHINGTON MUTUAL SAVINGS BANK, a Washington corporation, hereinafter called "Developer."

Developer proposes to create a condominium to be known as Sylvan Heights Condominium, which will be located in Washington County, Oregon. The purpose of this declaration is to submit Phase 1 of Sylvan Heights Condominium to the condominium form of ownership and use in the manner provided by the Oregon Unit Ownership Law.

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

1. DEFINITIONS. When used herein the following terms shall have the following meanings:

1.1 "Bylaws" means the Bylaws of the Association of Unit Owners of Sylvan Heights Condominium adopted pursuant to Section 12 below as the same may be amended from time to time.

1.2 "Developer" means Washington Mutual Savings Bank, and its successors and assigns.

1-63

1.3 "Institutional holder of a first mortgage" means a holder of a first mortgage, trust deed or equivalent security interest in a unit, if such holder is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

1.4 "Plans" means the plat or site plan and floor plans of Phase 1 of Sylvan Heights Condominium, recorded simultaneously with the recording of this declaration.

1.5 Incorporation by Reference. Except as otherwise provided in this declaration, each of the terms defined in ORS 91.500, a part of the Oregon Unit Ownership Law, shall have the meanings set forth in such section.

2. PROPERTY SUBMITTED. The property submitted to the Oregon Unit Ownership Law hereunder is held by Developer and conveyed by it in fee simple estate. The land submitted hereunder, being Phase 1 of Sylvan Heights Condominium, is located in Washington County, Oregon, and is more particularly described in Exhibit A attached hereto. Such property includes the land so described, all buildings, improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all personal property used in connection therewith.

3. NAME. The name by which the property submitted hereunder shall be known is "Sylvan Heights Condominium."

4. UNITS.

4.1 General Description of Buildings. Phase 1 contains 57 buildings of dwelling units and one recreation building. Fourteen of the dwelling unit buildings are one story (with two-story elements) and 43 are two story. None of the dwelling unit buildings have basements. All of the buildings are of wood frame construction with cedar siding and cedar shake roofs.

4.2 General Description, Location and Designation of Units. Phase 1 consists of a total of 271 units. The dimensions, designation and location of each unit in Phase 1 is shown in the Plans filed simultaneously herewith and made a part of this declaration as if fully set forth herein. The approximate area of each unit is shown on Exhibit B, attached hereto and made a part hereof.

4.3 Boundaries of Units. Each unit shall be bounded by the interior surfaces of its perimeter and bearing walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and shall include both the interior surfaces so described and the air space so encompassed. In addition, each unit shall include the outlet of any utility service lines, including water, sewerage, gas or electricity, and ventilating ducts, within the unit, but shall not include any part of such lines or ducts themselves.

5. PERCENTAGE INTERESTS; GENERAL COMMON ELEMENTS. Each unit will be entitled to a percentage ownership interest in

122879

the common elements determined by the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined, as is more particularly described in Section 13.4 below. The general common elements consist of the following:

5.1 The land, pathways, driveways, fences, grounds, manager's unit, carport structures and parking areas, except parking spaces within carports as shown on the plat portion of the Plans, which are designated as limited common elements by Section 6 below.

5.2 Pipes, ducts, flues, chutes, conduits, wires and other utility installations to their outlets.

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

5.4 The exterior surfaces of decks.

5.5 Laundry rooms and the recreation area, including clubhouse, tennis courts and pool.

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

6. LIMITED COMMON ELEMENTS. The following shall constitute limited common elements, the use of which shall be restricted to the units to which they pertain:

4

6.1 All decks, except for the outside exterior surfaces thereof, and storage closets located on decks, each of which shall pertain to the unit which it adjoins.

6.2 Parking spaces within carport structures, each of which shall pertain to the unit whose number it bears in the plat portion of the Plans; provided, however, that any such parking space may be transferred so as to pertain to a different unit by an amendment to this declaration executed by the owner and any mortgagee of the unit to which the parking space previously pertained and by the owner of the unit to which the space is being transferred. Such transfer shall be effective upon the filing of such amendment in the Records of Deeds of Washington County, Oregon. No transfer, however, shall be such as to leave any unit without at least one parking space assigned to it as a limited common element.

7. USE OF PROPERTY; RESERVATION OF EASEMENTS; MAINTENANCE.

7.1 Each unit in this phase is to be used for residential purposes as described in the Bylaws. Additional limitations on use are contained in the Bylaws and the rules and regulations adopted pursuant to such bylaws. Each unit owner shall be bound by each of the terms, conditions, limitations and provisions contained in such documents.

7.2 Developer hereby reserves (a) a nonexclusive easement for ingress and egress over all roadways and driveways

122079

within Phase 1 of Sylvan Heights Condominium, and over such portion of the vacant land as may be necessary to connect roads with such roadway and driveway system, (b) an easement for the maintenance and use of all existing utility lines and systems within such Phase 1, including without limitation water, sewer, electrical, telephone and cable television systems, and (c) an easement for the installation, maintenance and use of new utility lines and systems upon the general common elements of such Phase 1, provided Developer restores any damage to the general common elements resulting from such installation or maintenance. Such easements shall be for the benefit of and shall run with the ownership of the entire remainder of the proposed project site, more particularly described in the attached Exhibit D, and each and every portion thereof, whether or not such property is annexed to the condominium as provided in Section 13 below.

7.3 The necessary work to maintain, repair or replace the common elements shall be the responsibility of the Board of Directors of the Association and shall be carried out as provided in the Bylaws. If the mortgagee or beneficiary of any unit determines that the Board of Directors is not providing an adequate maintenance, repair and replacement program for the common elements, such mortgagee or beneficiary, at its option, may deliver a notice to the Board of Directors by delivering same to the registered agent, as required pursuant to ORS 91.578, setting forth the

122079

particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 90 days subsequent to receipt of such notice, then the mortgagee or beneficiary, upon written notice to the registered agent that it is exercising its proxy rights thereunder, shall have the right to attend succeeding annual or special meetings of the Association and to cast a vote for each unit on which it holds a mortgage or deed of trust on all business coming before such meeting, which proxy rights shall continue until the defects listed on the notice are corrected.

7.4 The provisions of this declaration and of the bylaws regarding the maintenance, repair and replacement of the common elements shall be deemed to be for the benefit of Washington County as well as the unit owners, and the County may enforce such provisions by appropriate proceedings at law or in equity. Without limitation to the foregoing, Washington County may deliver a written notice to the Board of Directors by delivering the same to the registered agent, as required pursuant to ORS 91.578, setting forth the particular defect which it believes exists in the maintenance, repair and replacement program. If the specified defects are not corrected within 30 days after receipt of the notice, or, if such correction cannot reasonably be completed within such time, the Association fails within such time to commence and pursue the correction with reasonable diligence, then

7

the County may take the necessary curative action. In such event, the cost of correction by the County shall constitute a lien against each unit and its interest in the common elements based upon such unit's share of the common expenses as provided in Section 8.1 below.

7.5 The Association of Unit Owners, upon prior approval of 75 percent of the voting power of the unit owners, may execute, acknowledge, deliver and record on behalf of the unit owners easements, rights of way, licenses and similar interests affecting the general common elements. Any such instrument shall be executed by the chairman and secretary of the Association.

8. COMMON PROFITS AND EXPENSES; VOTING.

8.1 The common profits derived from and the common expenses of the common elements shall be distributed and charged to the owner of each unit according to the percentage of undivided interest of such unit in the common elements.

8.2 Notwithstanding the provisions of ORS 91.500 (15), each unit owner shall be entitled to one vote in the affairs of the association of unit owners for each unit owned by him. "Majority" or "majority of unit owners" as used in this declaration or in the bylaws shall mean the owners of more than 50 percent of the then existing units of the condominium.

9. SERVICE OF PROCESS. The name of the person to receive service of process in cases provided in subsection (1) of ORS 91.578 is David Yeager and his place of business within Washington County, Oregon, is 7600 SW Barnes Road, Portland, Oregon 97225.

10. ENCROACHMENTS. If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. In the event any building, unit, adjoining unit, or adjoining common element, shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the building shall stand.

11. APPROVAL BY MORTGAGEES. In addition to any other approvals required by the Oregon Unit Ownership Law, this

declaration or the bylaws of the association of unit owners, the prior written approval of all institutional holders of first mortgages of units in the condominium must be obtained for the following:

11.1 The abandonment, termination or removal of the property from unit ownership, except when provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

11.2 The partition or subdivision of any unit or of the common elements;

11.3 Any material amendment to this declaration or the bylaws, including, but not limited to, any change in the percentage interests in the common elements of the unit owners, except for the transfer of any parking space which is a limited common element and except when the change in percentage interests is by virtue of the annexation of additional phases as provided in Section 13; or

11.4 The effectuation of any decision by the Association to terminate professional management and assume self-management of the property.

12. ADOPTION OF BYLAWS, APPOINTMENT OF INTERIM BOARD, AND DESIGNATION OF MANAGER. Upon the execution and the filing of this declaration, the Developer shall adopt bylaws for the Association of Unit Owners of Sylvan Heights Condominium, which bylaws are attached hereto as Exhibit E, and

are filed simultaneously herewith. At the same time, Developer will appoint an interim board of directors of the association, which directors shall serve until their successors have been elected as provided in the bylaws. Such interim board of directors may appoint a manager or managing agent for the condominium on behalf of the association of unit owners, and such manager or managing agent shall have complete authority to assume full control and responsibility for the management, operation and maintenance of the condominium from the date of its formation at the expense of the association.

13. PLAN OF DEVELOPMENT. The condominium may be developed in up to seven phases. By filing this declaration, Developer hereby submits Phase 1 to the condominium form of ownership. Developer reserves the right to add up to six additional phases to the condominium and to annex such additional phases by filing supplements to this declaration pursuant to ORS 91.518. Developer may change the order in which the various phases are annexed to the condominium. Any such additional phase shall be of comparable style, quality, size and range of unit value to Phase 1. Developer may assign Developer's rights under this Section 13 to a successor developer in which event the successor developer shall succeed to the rights of Developer under this Section 13.

