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DECLARATION OF COVENANTS AND RESTRICTIONS

TOWNHOME CONDOMINIUM UNIT NO. 1

DECLARATION

Townhome Condominium Association Unit 1 (hereafter referred to as Townhome Condominium Association) was formerly part of Landmark-Townes, Inc., an Oregon Corporation established on October 20, 1971.

Townhome Condominium Association was constructed on the parcel hereinafter described, as part of a Planned Unit Development known as "Salem towne", which project is governed by a Declaration of Covenants, Conditions and Restrictions which was recorded April 14, 1967 in Volume 204, Page 610 and following Records of Deeds for Polk County, Oregon. Said project is served by a non-profit corporation known as "Salem towne Civic Association". Articles of Incorporation were filed on September 25, 1967, and the Certificate of Incorporation was issued on the same date.

The owners of the units in the condominium hereby created are members of said prior Planned Development.

Owners desire to provide for the preservation of the values and amenities of said community and for the maintenance of open spaces and common elements and to this end desire to subject said real property (hereinafter described) plus further additions thereto, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which are for the benefit of said property and each unit owner thereof. Owners have deemed it desirable for the efficient preservation of the values and amenities of said community to create an entity to which should be delegated and assigned the powers of maintaining and administering the community properties and facilities, and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created. Townhome Condominium Association was incorporated under the laws of Oregon as a non-profit corporation for the purpose of exercising said functions.

ARTICLE I

The definitions set forth in ORS 100.005 shall apply to the subject project and "Association" as used herein shall mean and refer to Townhome Condominium Association.

ARTICLE II

Section 1: Properties Subject to the Declaration: The real property which is and shall be held, transferred, sold, conveyed and occupied subject to the declaration is located in Polk County, Oregon, and is more particularly described as follows:

All of Lots 11, 12, 13, 14, 15 and 16 in Block 6, Salemtowne, as recorded in Volume 6, Page 9, Polk County Book of Town Plats.

Section 2: The general plan of the development of said property shall show the matters contained in this declaration, and a precise indication of the location of each of the units, the size and location of the common elements and the general major common facilities and improvements.

ARTICLE III

Membership and Voting Rights in the Association

Every person or entity who is a unit owner shall be a member. Each unit shall be entitled to one vote whenever votes are cast.

ARTICLE IV

Property Rights in the Common Elements

Section 1. Members' easements of enjoyment: Every member shall have a right and easement of enjoyment in and to the common properties and elements, and such easement shall be appurtenant to and shall pass with the title to every living unit.

Townhome Condominium Association has the right, as provided in its Articles of Incorporation and Bylaws, to suspend the enjoyment rights of any member for any period during which any assessments remain unpaid, and for any period not to exceed 90 days for any infraction of its published rules and regulations.

ARTICLE V

Section 1: Creation of the Lien and Personal Obligation Assessments. Each owner of any living unit by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (i) annual assessments or charges; (ii) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments together with such interest thereon and cost of collection thereof as hereinafter provided, shall be a charge on the unit and shall be a continuing lien upon the unit against which each such assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the owner of such property at the time when the assessment fell due.

Section 2. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the units, for funding the ARF (Asset Replacement Fund) for the preservation of the condominiums, and for funding the Reserve Fund to finance insurance deductibles, expenses not covered by insurance, and unforeseen catastrophic expenses.

Section 3: Basis and Maximum of Annual Assessments. Effective June 2, 2012, the maximum annual assessment shall not be more than \$816.00 per living unit. From and after June 1, 2012, the annual assessment shall be determined by the Board of Directors as hereinafter provided. The condo board of directors shall alter the annual assessment by such amount (rounded to the next larger whole dollar) as may be necessary to compensate for all reported

changes in the adjusted, annual Consumer-Price-Index for Urban Households (CPI-U) in Portland, Oregon as published each year by the U.S. Bureau of Labor Statistics.

Section 4: Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy a special assessment, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the common elements, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the members who are voting in person, or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set for the purpose of the meeting.

Section 5: Date of Commencement of Annual Assessments – Due Dates. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors to be the date of commencement. The first annual assessment shall be made for the balance of the calendar year, unless the Board of Directors determines that such first annual assessment shall be made for the balance of a fiscal year, or in such other reasonable manner as the Board of Directors shall determine.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessments shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that year bear to 12.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 6: Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each living unit for each assessment period at least thirty (30) days in advance of such date. Written notice of the assessment shall thereupon be sent to every owner subject thereto.

Section 7: Effect of Nonpayment of Assessment; The personal obligation of the owner, the lien, remedies of Association. If the assessments are not paid on the date when due (being the date specified in Section 5 hereof) such assessment shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon becoming a continuing lien on the property which shall bind such property in the hands of the owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then owner to pay such assessment, however, shall remain his personal obligation and shall not pass on to a successor in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of eighteen percent (18%) per annum (1.5% per month). If the assessment is not paid within 60 days, the association shall bring an action at law against the owner personally obligated to pay the same, or to foreclose the lien against the property. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by a court at either a trial or appellate court level, together with the costs and disbursements incurred.

Section 8: Effect of Failure of Board of Directors to Set Assessment. The omission by the Condominium Board of Directors, before the time set herein, to fix the assessments hereunder shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or a release of an owner from the obligation to pay an assessment or any installment thereof, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

Section 9: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now, or hereafter, placed upon the property subject to the assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a Decree of Foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

Section 10: Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created hereunder:

- (a) All properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;
- (b) All common elements

Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

ARTICLE VI Party Walls

Section 1: General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the property and placed on the dividing line between the units shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

Section 2: Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

Section 3: Weather Proofing. Notwithstanding any other provision of this Article, an owner who, by his negligent or wilfull act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 4: Right to Contribution Runs With Land. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title. In the event of any dispute between owners, the Condominium Board of Directors shall determine the matter.

ARTICLE VII

Section 1: Review by Committee. No building, fence, wall or other structure which could obstruct another's view, shall be commenced, erected or maintained upon the property,

nor shall any exterior addition to or change or alteration therein, including trees and bushes be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association. Changes must be approved by at least three neighbors who will be affected by the change and by the Association's Board of Directors.

Section 2: Architectural Changes. Architectural changes must be approved by the SCA Architectural Control Committee. In the event of an unavoidable delay in Approval or Disapproval of the request for change, the Association's Board of Directors will communicate with the applicant within 30 days.

Section 3: Procedures of Architectural Changes. (a) Obtain Architectural Change Request form from SCA office and fill out; (b) obtain approvals from affected neighbors and three (3) Association Board of Directors. The Board of Directors must respond within 30 days. (c) When all required approvals are obtained, submit form to the SCA Architectural Control Committee for additional approval. Should the SCA Board of Directors through the Architectural Control Committee, reject an application for any cause, an appeal by appointment may be made to SCA Board of Directors. Should the SCA Board of Directors through the Architectural Control Committee reject an application for any cause, an appeal by appointment may be made to SCA Board of Directors. SCA's rules of enforcement apply to the Condominium Association.

ARTICLE VIII

Exterior Maintenance

Exterior Maintenance in General. In addition to the maintenance upon the common elements, the Association may provide exterior maintenance upon each living unit which is subject to assessment under Article V hereof, as follows: Paint, repair, replace and care for

roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, stairs and other exterior improvements.

ARTICLE IX

The living unit owners and their respective heirs, successors and assigns, and all future owners by their acceptance of their deeds, covenant and agree as follows.

Section 1: That the general common elements shall remain undivided, and no owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the properties, except as provided in ORS 100.600 to 100.620.

Section 2: The owners of the respective multiple units shall not be deemed to own pipe, wires, conduits or other public utility lines running through said respective multiple units or other jointly used properties which are utilized for, or serve more than one family, except as tenants in common with the other joint users. Said owner, however, shall be deemed to own the walls and partitions which are contained in said owner's respective unit and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings.

Section 3: The owners of the respective units agree that if any portion of the common elements encroaches upon their respective units, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall and does exist. In the event the multi-family structure is partially or totally destroyed, and then rebuilt, the owners of units agree that minor encroachment on part of the common elements due to construction shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 4: The owner of a unit shall automatically, upon becoming such, be a member of Townhome Condominium Association and shall remain a member of said association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease.

Section 5: The owners of units covenant and agree that the administration of the property shall be in accordance with the provisions of this Declaration; the Bylaws of the

Association which are made a part hereof and hereto attached, and shall be subject to the terms of the Oregon Condominium Act (ORS Chapter 100).

Section 6: Each owner, tenant or occupant of a unit shall comply with the provisions of this Declaration to the extent applicable, the Bylaws, the decisions and resolutions of the Townhome Condominium Association, SCA and the Oregon Law, and failure to comply with any such provisions, decisions, or resolutions shall be ground for an action or suit to recover sums due, for damages, or for injunctive relief.

Section 7: This Declaration shall not be revoked or any of the provisions herein amended except by a simple majority of those voting.

Section 8: No owner of a unit may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

ARTICLE X

Obsolescence, Damage or Destruction of the Properties. In the event the property subject to this preliminary declaration is totally or substantially damaged or destroyed, or is rendered obsolete, the repair, reconstruction or disposition of the properties shall be as provided In ORS 100.605.

ARTICLE XI

Insurance. The Board of Directors of the Association shall obtain and continue in effect blanket property and liability insurance, but without prejudice to the right of the owner of the unit to obtain individual unit insurance, in excess of the blanket coverage. Insurance premiums for any such blanket coverage shall be a common expense to be paid by assessments levied by the Association, as provided in the Bylaws of the Townhome Condominium Association.

IN WITNESS WHEREOF, Declarant has executed this Instrument the day and year first herein above written.

CERTIFICATION

The undersigned President and Secretary of the Townhome Condominium Association hereby certify that the foregoing Amended and Restated Declaration of Covenants and Restrictions of the Townhome Condominium Association was duly adopted in accordance with the original Declaration and the provisions of ORS 100.135.

Signed: Judith Tripp
Judith Tripp
President, Board of Directors
Townhome Condominium Association

Signed: Janice Kirkland
Janice Kirkland
Secretary, Board of Directors
Townhome Condominium Association

STATE OF OREGON)
) ss. June 24, 2012
County of Polk)

The foregoing instrument is acknowledged before me by Judith Tripp, President of Townhome Condominium Association, an Oregon nonprofit corporation, on its behalf.



Donna M Hibdon
Notary Public for Oregon
My commission expires: 2/12/16

STATE OF OREGON)
) ss. June 24, 2012
County of Polk)

The foregoing instrument is acknowledged before me by Janice Kirkland, Secretary of Townhome Condominium Association, an Oregon nonprofit corporation, on its behalf.



Donna M Hibdon
Notary Public for Oregon
My commission expires: 2/12/16