



HARKER | LEPORE

Attorneys at Law

August 13, 2024

RE: Loan Opinion – Oregon Water Wonderland Property Owners Association, Unit II, Inc.

To Whom it May Concern:

This firm serves as general counsel for Oregon Water Wonderland Property Owners Association, Unit II, Inc. (“Association”), an Oregon non-profit corporation. We understand that the Association is seeking a loan (“Loan”) to be made to the Association by you (“Lender”), to be secured by an assignment of assessments levied by the Association against property owners.

1. Documents Reviewed

In rendering my opinion, I have reviewed the following documents. My opinion is specifically limited to these documents:

- 1.1. Building and Use Restrictions - Oregon Water Wonderland - Whispering Pines, Incorporated, recorded in Volume 166, Page 723 of the Deschutes County official records;
- 1.2. Amended Building and Use Restrictions - Oregon Water Wonderland - Whispering Pines, Incorporated, recorded in Volume 167, Page 367 of the Deschutes County official records;
- 1.3. Amended and Supplemental Building and Use Restrictions - Oregon Water Wonderland, Unit 2, recorded in Volume 170, Page 121 of the Deschutes County official records;

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- 1.4. Amendment to Building and Use Restrictions for Lots 1 thru 32 - Block 19, Lots 1 thru 42 - Block 20, Lots 1 thru 7 - Block 22, All Lots in Blocks 21, 23, 28, 31, 58 in Oregon Water Wonderland Unit II, recorded in Volume 289, Page 129 of the Deschutes County official records;
- 1.5. Amendment to Building and Use Restrictions for Lots 1 thru 32 - Block 19, Lots 1 thru 42 - Block 20, Lots 1 thru 7 - Block 22, All Lots in Blocks 21, 23, 28, 31, 58 in Oregon Water Wonderland Unit II, recorded in Volume 301, Page 151 of the Deschutes County official records;
- 1.6. Amendment to Building and Use Restrictions for Oregon Water Wonderland, Unit II (Whispering Pines, Inc.), recorded as document number 2001-21717 in the Deschutes County official records;
- 1.7. Amended Articles of Association of Oregon Water Wonderland Property Owners Unit #II, recorded in Volume 365, Page 813 of the Deschutes County official records;
- 1.8. Second Amended Articles of Association of Oregon Water Wonderland Property Owners Unit #II, recorded in Volume 54, Page 102 of the Deschutes County official records;
- 1.9. Amended and Reinstated Bylaws of the Oregon Water Wonderland Property Owners' Association, Unit II, Inc., recorded as document number 1999-8273 in the Deschutes County official records;
- 1.10. Amended By-Laws of the Oregon Water Wonderland Property Owners' Association, Unit II, Inc., recorded as document number 92-27932 in the Deschutes County official records;
- 1.11. Amendment No. 1 to the Amended By-Laws of the Oregon Water Wonderland Property Owners' Association, Unit II, Inc., recorded as document number 96-01798 in the Deschutes County official records; and
- 1.12. ORS Chapter 94, the Oregon Planned Community Act, as relevant.

2. Scope of Investigation

As to questions of material fact in this opinion, I have relied upon the documents listed above, and have made no independent investigation of any

warranties or representations made by the Association. Except as specifically identified, I have not been retained or engaged to perform, and have not performed, any independent review or investigation of (1) any agreement or instrument to which the Association may be a party or by which the Association or any assets owned by the Association may be bound, or (2) any order of any governmental or public body or authority to which the Association may be subject.

3. Assumptions

This opinion assumes:

That Lender has all necessary legal authority to enter into and to consummate the Loan transaction, and that the proceeds of the Loan are in fact used for the intended purpose of purchasing a vacant lot in the subdivision. The acquisition of the vacant lot is for the installation of a temporary bridge over the canal, adjacent to the existing bridge over the canal which is in a state of disrepair and does not meet current requirements.

4. Opinions

Subject to the limitations and qualifications set forth below, I am of the opinion that:

- 4.1. The Oregon Non-Profit Corporation Act, at ORS 65.077(7), provides that a nonprofit corporation may “make contracts and guarantees, incur liabilities, borrow money, issue notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, franchises or income.”
- 4.2. The Oregon Planned Community Act, at ORS 94.630, provides that subject to the provisions of its governing documents, an association may: “(f) Make contracts and incur liabilities”; “(i) Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property”; and “(q) Assign its right to future income, including the right to receive common expense assessments.”
- 4.3. The Association’s recorded governing documents do not contain provisions contrary to the above-referenced statutes.
- 4.4. ORS 94.709 of the Oregon Planned Community Act provides that the Association has a lien upon individual lots for any unpaid assessments levied by the Association.

- 4.5. The Association has the authority, under state law and under its governing documents, to purchase real property in its name, and has the authority to borrow funds for such purposes.
- 4.6. The President and Secretary of the Association have been duly authorized by the Board of Directors to execute loan documents and loan disbursement requests.

5. Disclaimer

The opinions herein expressed are specifically subject to and qualified by the following:

- 5.1. Regardless of the states in which members of this firm are licensed to practice, this opinion is limited to the laws of Oregon and to applicable federal laws.
- 5.2. This opinion is provided to you as a legal opinion only, and not as a guarantee or warranty of the matters discussed herein. My opinion is limited to the matters expressly stated herein, and no other opinions may be implied or inferred.
- 5.3. I express no opinion as to any matter whatsoever relating to:
 - 5.3.1. The value of the collateral;
 - 5.3.2. The adequacy of the consideration for the Loan;
 - 5.3.3. The accuracy or completeness of any financial, accounting, or statistical information furnished to Lender;
 - 5.3.4. The accuracy or completeness of any representations made by the Association to Lender;
 - 5.3.5. The financial status of the Association or any owners therein;
 - 5.3.6. The ability of the Association to meet its obligations in connection with the Loan, or the ability of any owner to pay assessments levied by the Association;

- 5.3.7. The state of the title to any personal property or the attachment, perfection, or priority of any liens thereon or security interests therein;
- 5.3.8. The adequacy or accuracy of descriptions of personal property;
- 5.3.9. Whether Lender is doing business in the State of Oregon; or
- 5.3.10. Matters under or involving the laws of any jurisdiction other than the laws of the State of Oregon.

6. Miscellaneous

This opinion is rendered as of the date set forth above, and I disclaim any obligation to advise you of any changes in the circumstances, laws, or events that may occur after this date or to otherwise update this opinion. By issuing this opinion to Lender, this law firm does not consent to the jurisdiction of any state other than the State of Oregon, and any claim or cause of action arising out of the opinions expressed herein must be brought in the State of Oregon.

This opinion has been rendered to you in connection with the transaction described herein solely for your information and is not to be quoted in whole or in part or otherwise referred to, used, or relied upon, by any person or entity other than you, your legal counsel, and your successors and assigns, including any participants in the Loan.

Please let me know if you have any questions or need any additional assistance.

Sincerely,

Bruce V. Lepore

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