

Exhibit 2

Independence Airpark Homeowners Association Arbitration Rules

A. ASSIGNMENT TO ARBITRATOR

- (1) The parties may select an arbitrator by stipulation.
- (2) At the time of giving notice of the assignment to arbitration, the Independence Airpark Homeowners Association Board (“Board”) shall furnish a list of proposed arbitrators that sets forth the procedure for selecting an arbitrator. That document is attached as Appendix B.
- (3) An arbitrator shall be assigned under (1) or (2) of this rule within 21 days after the assignment to arbitration by the Board.
- (4) Once assigned, the Board shall provide the arbitrator with copies of the Complaint and Response.

B. QUALIFICATIONS OF ARBITRATOR

- (1) Unless otherwise ordered or stipulated, an arbitrator must be an active member in good standing of the Oregon State Bar, who has been admitted to any Bar for a minimum of five years, or a retired or senior judge. The parties may stipulate to a nonlawyer arbitrator.
- (2) An arbitrator who is not a retired or senior judge or stipulated nonlawyer arbitrator must be an active member in good standing of the Oregon State Bar at the time of each appointment. During any period of suspension from the practice of law or in the event of disbarment, an arbitrator will be removed from the court's list of arbitrators and may reapply when the attorney is reinstated or readmitted to the bar.
- (3) Arbitrators will conduct themselves in the manner prescribed by the Code of Judicial Conduct.

C. AUTHORITY OF ARBITRATORS

An arbitrator has the authority to do all of the following, but may exercise the authority conferred only after the case is assigned to a specific arbitrator and any disputes over the assignment have been settled:

- (1) Decide procedural issues arising before or during the arbitration hearing, except issues relating to arbitrability or the qualification of an arbitrator. In the event of a dispute about the qualifications of an arbitrator, the Board shall verify the qualifications of the arbitrator and, if unable to do so, the parties shall follow the procedure set forth above for selecting another arbitrator.
- (2) Invite, with reasonable notice, the parties to submit trial briefs.

- (3) After notice to the parties, examine any site or object relevant to the case.
- (4) Administer oath or affirmations to witnesses.
- (5) Direct any of the parties to produce any discovery to the other party which would comply with the scope of discovery set forth under ORCP 36B, subject to the arbitrator's decision.
- (6) Rule on the admissibility of evidence in accordance with these rules.
- (7) Determine the facts, apply the law and make an award; perform other acts as authorized by these rules.
- (8) Determine the place, time and procedure to present a motion before the arbitrator, including motions for Summary Judgment.
- (9) Require a party, an attorney advising each party, or both, to pay the reasonable expenses, including attorney fees, caused by the failure of such party or attorney or both, to obey an order of the arbitrator—this is the only exception to the rule set forth in Paragraph V of the Conflict Resolution Procedure Among Members of the Independence Airpark Homeowners Association.

D. ARBITRATOR'S OATH

Arbitrators will be required to execute the following oath in writing on a form provided by the trial court administrator at the time of appointment:

I solemnly affirm that I will faithfully and fairly hear and examine the matters in controversy and that I will make a just award to the best of my understanding.

E. COMPENSATION OF ARBITRATOR

- (1) Within 14 days of the date the arbitrator has been selected, each party must tender to the arbitrator a pro rata share of the total estimated fees for the arbitrator. Any deposit in excess of the arbitrator's actual fee will be refunded to the parties. Regardless of whether the arbitration hearing is conducted, the parties must pay a proportionate share of the arbitrator's fee. The arbitrator must submit to each party an itemized statement.
- (2) Any dispute as to the amount of the arbitrator's fee shall be resolved by the Board.

F. RESTRICTIONS ON COMMUNICATION BETWEEN ARBITRATOR, PARTIES AND ATTORNEYS

Unless all parties otherwise agree, no disclosure of any offers or settlement made by any party shall be made to the arbitrator prior to the announcement of the award. Neither counsel nor a party may communicate with the arbitrator, regarding the merits of the case, except in the presence of, or on reasonable notice to, all other parties.

G. DISCOVERY

Discovery shall be conducted in accordance with Oregon Rules of Civil Procedure, and all motions shall be determined by the arbitrator. The arbitrator shall balance the benefits of discovery against the burdens and expenses associated with allowing too much discovery to take place. The arbitrator shall consider the nature and complexity of the case, the amount of controversy, and the possibility of unfair surprise that may result if discovery is restricted.

H. SCHEDULING OF THE HEARING

- (1) The arbitrator shall set the time, date and place of hearing and shall give reasonable notice of the hearing date to the parties. The hearing shall not take more than one business day unless the arbitrator, in his sole discretion, determines that additional time is necessary to hear the evidence. The hearing date must be scheduled at not sooner than 14 days or later than 75 days, of the date the arbitrator was selected.
- (2) Postponement of the arbitration hearing date is at the sole discretion of the arbitrator for “good cause shown” and shall not be granted except in the more unusual circumstances. Approximately three months are allocated for the arbitration process. The arbitrator is given the power to enforce the rules and will be required to maintain the schedule.

I. PREHEARING STATEMENT OF PROOF

- (1) At least 14 days prior to the date of the arbitration hearing, each party must submit to the arbitrator and serve upon all other parties all the following:
 - (a) A list of all exhibits to be offered that is accompanied by a description of the document and the name, address and telephone number of its author or maker, as well as copies of the actual exhibits themselves.
 - (b) A list of witnesses the party intends to call at the arbitration hearing with their addresses and telephone numbers and a statement of the matters about which each witness will be called to testify.
- (2) A party failing to comply with this rule, or failing to comply with a discovery order, may not present at the hearing any witness or exhibit required to be disclosed or made available, except with the permission of the arbitrator.

J. CONDUCT OF HEARING

- (1) Arbitration hearings shall be informal and expeditious. The arbitrator shall exercise reasonable control over the mode and order of interrogating witnesses and presenting evidence so as to do the following:
 - (a) Make the interrogation and presentation effective for the ascertainment of the facts.
 - (b) Avoid needless consumption of time.
 - (c) Protect witnesses from harassment or undue embarrassment.

- (2) A witness shall be placed under oath or affirmation prior to presenting testimony. The arbitrator may question the witness. The extent to which the Oregon Rules of Evidence will be applied shall be determined in the discretion of the arbitrator.
- (3) The hearing may be recorded electronically or otherwise by any party or the arbitrator. The party wishing to obtain a recording shall bear the cost of that recording, but shall promptly provide a copy of the complete recording to any other party in exchange for payment of that party's pro rata cost.

K. CERTAIN DOCUMENTS ADMISSIBLE

All documents, if relevant, are admissible at an arbitration hearing, but only if the party offering the document has included in the prehearing statement of proof a description of the document, the document itself, and the name, address and telephone number of its author or maker, at least 14 days prior to the hearing.

L. ABSENCE OF PARTY AT HEARING

- (1) The arbitration hearing may proceed and an award may be made in the absence of any party who, after due notice, fails to participate or to obtain a continuance or postponement.
- (2) If a respondent is absent, the arbitrator shall nevertheless require the complainant to submit evidence sufficient to support an award.
- (3) In a case involving more than one Respondent, the absence of one Respondent does not preclude the arbitrator from assessing as part of the award damages against the Respondent or Respondents who are absent.
- (4) The arbitrator, for good cause shown, may allow an absent party an opportunity to appear at a subsequent hearing before making an award.

M. FORM AND CONTENT OF DECISION

- (1) The decision must be in writing and signed by the arbitrator.
- (2) Findings of fact, conclusions of law and written opinions are not required.
- (3) The decision must contain the caption of the case and all the following information:
 - (a) The date of the hearing, if any;
 - (b) The prevailing party;
 - (c) The relief granted or damages awarded;

- (d) Whether any part of the decision was based on the failure of any party to appear and the identity of that party;
 - (e) The name and office address of the arbitrator;
 - (f) Provision for costs, and, if applicable for attorney fees under C(9); and
 - (g) Interest in accordance with applicable law specifying the rate of interest and the date from which it accrues.
- (4) Within 7 days after the conclusion of the arbitration hearing, and not more than 90 days after the selection of the arbitrator, the arbitrator shall send the decision to the parties.

N. OPINION OF THE ARBITRATOR BECOME THE JUDGMENT OF THE COURT

- (1) The opinion of the arbitrator shall be incorporated into a form of Judgment that complies with the Oregon Rules of Civil Procedure and implements the arbitrator's ruling.
- (2) The Judgment specified in paragraph (1), above, shall be drafted by the prevailing party.
- (3) Disputes as to the form of Judgment shall be resolved summarily by the arbitrator.
- (4) Once the arbitrator approves the form of Judgment, it shall be submitted to the Polk County Circuit Court for signature and entry by a duly appointed Circuit Court Judge, by stipulation of the parties using any procedure the parties, the Board, or the arbitrator deems appropriate.