

House Rules of Kapingen Condominium Association

The following parking rules with a \$50 fine per infraction are hereby established:

- 1. No parking of recreational vehicles, boats, trailers, etc. on Association Property.**
- 2. Units 904, 906, 908 & 910 have assigned spaces, for their use only, along the eastern guardrail at the upper units.**
- 3. The winter parking is restricted to garage or street parking only. The plows cannot move the snow if vehicles are parked in front of the units. This causes additional safety concerns on the upper units due to the steep hill that must be negotiated.**

Clayton Halverson

6/1/06

Clayton Halverson, Secretary

Date

Amendment to
Article VI Section 4.
House Rules.
of

BYLAWS OF ASSOCIATION OF OWNERS OF KAPINGEN CONDOMINIUMS

At the Special Meeting held May 25, 2006 at 7 PM
and
By unanimous vote of members in attendance
From that day forward any change to the House Rules can be made by a
Vote of a mere majority of the members present at any meeting duly called.

The Secretary of the Association of Owners of Kapingen Condominiums herby
attests to the passage of the amendment to Article VI Section 4.

Clayton Halverson

6/1/06

Clayton Halverson, Secretary

Date

KAPINGEN CONDOMINIUM DECLARATION

EXHIBIT "D"

BYLAWS

BOOK 58 PAGE 36
Anchorage Recording District

of
ASSOCIATION OF OWNERS
of
KAPINGEN CONDOMINIUMS

ARTICLE ICONDOMINIUM OWNERSHIP

Section 1. Creation: The project known as KAPINGEN CONDOMINIUMS, consisting of that certain parcel of land and all improvements situated hereon, in the Anchorage Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

Lots fourteen "A" (14-A), and seventeen "B" (17-B) of the Vadim K. Kapingen subdivision according to the official plat thereof filed under Plat No. 74-250, Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

has been submitted to the provisions of the Horizontal Property Regimes Act (Chapter 34.07 Alaska Statutes) as now existing or as hereafter amended by KRIS E. GRATRIK, a married man, of Anchorage, Alaska, and hereinafter referred to as "Developer".

Section 2. Applicability of Bylaws. The provisions of these bylaws are applicable to the project. All present and future owners, tenants and occupants of any apartments of the project, and other persons who at any time shall use any part of the project, are subject to these bylaws. The mere acquisition, lease, rental or occupancy of any of the apartments of the project shall signify that these bylaws are accepted and ratified and shall be complied with.

ARTICLE IIOFFICE

Section 1. Principal office. The principal office of the Association shall be maintained at 1327 West 27th St., Anchorage, Alaska 99503, or elsewhere as the Board of Directors may determine. Such office shall be the "Registered" office of the corporation upon incorporation of the "Association".

Section 2. Place of meetings. All meetings of the Association shall be held at its principal office unless some other place is stated in the call.

BOOK 58 PAGE 37
Anchorage Recording District

ARTICLE III

ASSOCIATION OF APARTMENT OWNERS

Section 1. Membership. All owners of apartments of the project shall constitute the Association of Apartment Owners, herein called the "Association". The owner of any apartment upon acquiring title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such apartment ceases for any reason; provided, however, that to such extent and for such purposes, including the exercise of voting rights, as shall be provided by agreement of sale or by lease of any apartment filed with the Board of Directors of the Association, the purchaser or the lessee of such apartment shall be deemed to be owner thereof.

Section 2. Annual meeting. The first annual meeting of the unit owners shall be called by the Developer, upon ten (10) days' written notice, not later than ninety (90) days after the title to seventy percent (70%) of the units of the project has been conveyed to an owner by Developer. Thereafter, an annual meeting of the unit owners shall be held on the first Tuesday in September of each year for the purpose of electing members of the Board and such other business as may come before the meeting.

Section 3. Special Meetings. Special meetings may be held at any time upon the call of the President, or upon the call of owners representing at least twenty-five percent (25%) of the undivided interest in the common areas and facilities. Upon receipt of such call, the Secretary shall send out notices of the meeting to all members of the Association.

Section 4. Notice of meetings. A written or printed notice of every meeting of the Association stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place, day, and hour thereof, and the purpose therefor shall be given by the Secretary or the person or persons calling the meeting at least ten (10) days before the date set for such meeting. Such notice shall be given to each member and first mortgagee in any of the following ways: (a) by leaving the same with him personally, or (b) by leaving the same at the residence or usual place of business of such member, or (c) by mailing it, postage prepaid, addressed to such member at his address as it appears on the records of the Association, or (d) if such owner or mortgagee cannot be located by reasonable efforts, by publishing such notice in any newspaper of general circulation in Anchorage, Alaska, such notice to be published not less than two (2) times on successive days, the first publication thereof to be not less than three days nor more than ten days prior to the day assigned for the meeting. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat. Upon written request for notices mailed by registered mail addressed to the Secretary of the

LAW OFFICES OF
KAY CHRISTIE
FULD & SAVILLE
ANCHORAGE, ALASKA
907 278-6671

BOOK 58 PAGE 38
Anchorage Recording District

Association at the address of said project, the holder of a duly recorded mortgage against an apartment shall be sent copies of any and all notices permitted or required to be given, from and after receipt of said request until said request is withdrawn and said mortgage is discharged of record.

All first mortgagees known to the Association shall receive notices of all meetings in the manner above set forth, and are entitled to attend (by agent, employee, or other designee) all such meetings.

Section 5. Waiver of notice. The presence of all the members, in person or by proxy, at any meeting shall render the same a valid meeting, unless any member shall, at the opening of such meeting, object to the holding of the same for noncompliance with the provisions of Section 4 of this Article II. Any meeting so held without objection shall, notwithstanding the fact that no notice of meeting was given, or that the notice given was improper, be valid for all purposes, and at such meeting any general business may be transacted and any action may be taken.

Section 6. Quorum. Except as otherwise provided in these Bylaws or by law, the presence in person or by proxy of a majority of apartment owners shall constitute a quorum at any meeting of the Association. The vote of a majority of apartment owners present at a meeting at which a quorum is present shall be valid and binding upon the Association except as otherwise provided by law or these Bylaws. As used herein "majority of apartment owners" shall mean those apartment owners whose aggregate interests in the common elements constitute over 50% as determined by the percentages of undivided interest in and to the common elements as set forth in the "Declaration".

Section 7. Voting. Any person, firm, corporation, trust, or other legal entity or a combination thereof, owning any unit in said project duly recorded in his or its name, the ownership whereof shall be determined by the records of the Anchorage Recording District shall be a member of the Association, and either in person or by proxy entitled to a vote equivalent to his percentage interest in the common elements for each unit so owned at all meetings of the Association. Any provision to the contrary notwithstanding, co-owners or joint owners shall be deemed one owner. The authority given by a member to another person to represent such member at meetings of the Association shall be in writing, signed by such member or if an apartment is jointly owned, then by all joint owners, or if such member is a corporation, by the proper officers thereof, and shall be filed with the Secretary, and unless limited by its terms, such authority shall be deemed good until revoked in writing. An executor, administrator, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any dwelling or unit owned or held

BOOK 58 PAGE 39
Archives Recording District

by him in such a capacity, whether or not the same shall have been transferred to his name by a duly recorded conveyance. In case such unit shall not have so been transferred to his name, he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such unit in such capacity. Whenever any such unit is owned by two or more jointly according to the records of said Bureau, the vote therefor may be exercised by any one of the owners present in the absence of protest by the other or others.

Any specified percentage of owners means the owners of units to which are appurtenant such percentage in the aggregate of undivided interest in the common areas and facilities as set forth in the Declaration submitting Real Property to the Horizontal Property Regime Act.

Section 8. Adjournment. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the members present, whether a quorum be present or not, without notice other than the announcement at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and qualification. The direction and administration of the project and the affairs of the Association shall be vested in a Board of Directors (hereinafter "Board") composed of five (5) persons, who shall be elected as hereinafter provided. Each member of the Board shall be one of the apartment owners; provided, however, that, in the event an apartment owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any officer, shareholder or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board.

Section 2. Powers and duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and the administration of the project, and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

Section 3. Other duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep, and surveillance of the project and the common areas and facilities;
- (b) Collection of monthly charges, assessments and contributions from the owners;

LAW OFFICES OF
KAY, CHRISTIE,
FULD & SAVILLE
210 WEST FORTY-SEVENTH
APARTMENT, A.S. 95101
HOUSTON, TEXAS 77014

W. J. ...
L. ...
E. ...

BOOK 58 PAGE 40

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project and the common elements and facilities.

Section 4. Manager or management agent, employees, generally. Unless such requirement is waived in writing by the holders of first mortgages on one hundred percent (100%) of the units in the project, the Board of Directors shall employ for the Association an experienced professional management agent or manager, at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Sections 2 and 3 of this Article. The duties conferred upon the management agent or manager by the Board of Directors may be at any moment revoked, modified, or amplified by the majority of owners in a duly constituted meeting, and all employment agreements for such management shall be in writing and shall contain provisions giving effect to the following:

A. The agreement shall be terminable with or without cause by the giving of a thirty-day written notice by the Board.

B. The term of any such agreement may not exceed one year, although it may be renewable by the parties for successive one-year terms.

The Board of Directors may employ any other employee or agents to perform such duties and at such salaries as the Board of Directors may establish.

Section 5. Election and Term of Office. At each annual meeting of the Unit owners, they shall, by a vote of a majority of owners present at such meeting, elect the entire Board for the forthcoming year. The first elected Board of Directors shall be elected at the first annual meeting of Unit owners hereinabove provided for and shall take office not more than thirty days following their election. Members of the Board shall serve without compensation for a term of one (1) year, and until their successors are elected. Vacancies in the Board shall be filled by vote of the remaining members of the Board.

Section 6. Removal of directors. At any regular meeting or special meeting duly called, any one or more of the directors may be removed with or without cause by the affirmative vote of a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 7. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity.

unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken. A director may not be an employee of the Association.

Section 8. Regular meetings. A regular annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of the apartment owners. Other meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may, from time to time, adopt. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, addressed to his residence, or by telephone, at least three days prior to the day named for such meeting.

Section 9. Special meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each director, given personally or by mail, addressed to his residence, or by telephone, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors.

Section 10. Waiver of notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Board of Directors' quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Fidelity Bonds. The Board of Directors, in behalf of the Association, and at the expense of the Association, shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of such Association and all others who handle or are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

A. All such fidelity bonds shall name the Association as an obligee; and

LOW OFFICES OF
RAY, CHRISTIE,
FULD & SAVILLE
210 WEST BROADWAY
ANNAPOLIS, MD. 21401
(410) 293-6671

B. Such fidelity bonds shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the condominium project, including reserves, and

C. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and

D. Such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the holders of first mortgages or the designees thereof.

Section 13. Disputes. In the event of any dispute or disagreement between any apartment owners relating to the project, or any question of interpretation or application of the provisions of the Declaration and Bylaws, the determination thereof by the Board shall be final and binding on each and all of such apartment owners.

Section 14. Non-liability of Board Members. The members of the Board and the officers thereof shall not be liable to the apartment owners for any mistake of judgment, or any acts or omissions made in good faith as such members or officers. The apartment owners shall indemnify and hold harmless each of such members or officers against all contractual liability to others arising out of contracts made by such members or officers on behalf of the apartment owners unless any such contract shall have been made in bad faith or contrary to the provisions of these Bylaws. The liability of any apartment owner arising out of any contract made by such members or officers or out of the aforesaid indemnity shall be limited to such proportion of the total liability thereunder as his percentage interest in the common elements bears to the total percentage interest of all apartment owners in the common elements. Each agreement made by such members or officers shall be executed by such members or officers, as agents for the unit owners.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary. One person may hold two offices, except that the offices of President, Vice President and Secretary shall be filled by different persons.

Section 2. Election of Officers. The officers of the association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

BOOK 58 PAGE 43
Anchorage Recording District

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 7. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board of Directors or of the Association; shall give all notices as provided by these Bylaws, and shall have other powers and duties as may be incidental to the office of Secretary, given him by these Bylaws or assigned to him from time to time by the directors. If the Secretary shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore, who shall keep the minutes of such meeting and record them in the books provided for that purpose.

Section 8. Auditor. The Association may, at any meeting, appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association, and to perform such audits and fiscal duties as may be requested of him by the Association.

ARTICLE VI

OBLIGATIONS OF THE OWNERS, THE ASSOCIATION AND THE BOARD

Section 1. Expenses, Assessments. Every owner of any unit in said project shall contribute pro rata toward the expense of administration of said project, including but not

BOOK 58 PAGE 44
Anchorage Recording District

limited to all types of insurance that the "Association" is required to maintain, the cost of operation, maintenance, taxes, utilities billed or charged to the Association, repair, and replacement of the building and common elements thereof (including adequate reserve funds for same), according to the percentage interests appurtenant to the respective units as stated in the Declaration. Each year, on or before thirty (30) days after the annual owners' meeting provided for herein, the Board shall estimate the annual budget of common expenses (the "annual budget"), including the total amount required for the cost of wages, taxes, materials, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, and such other expenses as the Board may deem proper, and shall on or before ten (10) days thereafter, notify each apartment owner in writing as to the amount of such estimate with reasonable itemization thereof. Said annual budget shall be assessed to the apartment owners according to each apartment owner's percentage of ownership in the common elements as set forth in the Declaration, or as the Declaration may be amended. Each apartment shall be billed for such annual charges, and such annual charges shall be payable one-twelfth monthly. As collected, the funds shall be allocated and segregated into a Capital Improvement Reserve Trust Fund, hereinafter called "Reserve Fund" for the replacement of common element components and a "working capital" fund to cover the anticipated routine operating expenses.

The Board shall provide for charges to build up and maintain a reasonable reserve for contingencies and replacements as may be required by reasonable business prudence and/or the holders of the beneficial interest of first deeds of trust or mortgages on the apartments. If said annual budget proves inadequate for any reason, including nonpayment of any owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the apartment owners according to each apartment owner's percentage of ownership in the common elements. The Board shall serve notice of such further assessment on all apartment owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All apartment owners shall be obligated to pay any such further charges.

All such charges shall bear interest at the maximum lawful rate per annum from due date until paid, and with such interest shall be a lien on the unit, assessed prior in right to all other charges whatsoever, except assessments, liens and charges in favor of the Anchorage Municipality for taxes past due and unpaid on such unit and amounts and liabilities secured by a first mortgage duly recorded. In the event any owner is delinquent in the payment of any said charges for a period in excess of thirty (30) days, the

HOW BRITZEN OF
KAY, CHRISTIE,
BULL & SEVILLE
200 WEST BROADWAY
ANCHORAGE, AK 99501
(907) 273-4421

BOOK 58 PAGE 15
 Association For Housing Finance

Association is authorized to sever or disconnect all utility connections to his unit paid by the Association.

The Board shall supply to all apartment owners an itemized account of the maintenance expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves.

When the first Board elected hereunder takes office, it shall determine the estimated budget, as hereinabove defined, for the period commencing thirty (30) days after said election and ending one year later. Charges shall be levied against the unit owners during said period as provided in this Article.

The failure or delay of the Board to prepare or serve the annual or adjusted budget on the apartment owners shall not constitute a waiver or release in any manner of the apartment owner's obligation to pay the assessments and charges herein provided for as and when the same shall be determined. In the absence of a new annual budget or adjusted budget, the apartment owners shall continue to pay the charges at the then existing monthly rate established for the previous period until such time as a new rate is established in accordance with these Bylaws.

Nothing in these Bylaws shall prohibit the return of previously paid charges pro rata prior to the end of the Association tax year, or to make any suitable arrangement for the handling of reserve funds collected so as to avoid unfavorable tax consequences to the Association and/or its members; provided, however, that any funds to be returned shall only be done with the consent of the holders of first mortgages or first deeds of trust covering one hundred percent (100%) of the apartments in the project.

Until such time as the first Board provided for herein is elected, the Developer may assess each apartment owner the fees and charges herein provided for. All of the rights, duties and functions of the Board set forth in these Bylaws may be exercised by the Developer for a period ending when the first elected Board of Directors takes office.

A first purchaser of an apartment from the Developer shall be required at the closing of the acquisition of such apartment to establish a reserve account by depositing with the Association an amount equal to one-sixth of the particular apartment's allocation of the "Annual Budget." Such reserve account shall, while this project is subject to the Horizontal Property Regime Act, be maintained by subsequent purchasers of apartments.

No interest shall be due or payable on account of reserves or other accounts provided for hereunder.

SEE OFFICE OF
 KAY CHRISTIE,
 FULD & SAVILLE
 100 WEST BROADWAY
 ANCHORAGE, ALASKA 99501
 907.263.1111

BOOK 58 PAGE 46
Anchorage Recording District

Conveyance of an apartment in the project shall be deemed to transfer any and all interest of the Grantor in and to such "reserve fund" and "working capital" fund to the Grantee.

Section 2. Maintenance and repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, and is expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repair of internal installations of the unit such as water, light, power, sewage, telephones, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be maintained at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common areas and facility damaged through his fault.

Section 3. Use of units. All units shall be utilized in accordance with the provisions of the Bylaws, Declarations, and House Rules, should House Rules be established.

Section 4. House Rules. In order to assure the peaceful and orderly use and enjoyment of the building and common elements of said project, the Association may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present in person or represented by proxy whose aggregate interest in the common elements constitutes 80 percent at any meeting duly called for the purpose, such reasonable rules and regulations, to be called House Rules, governing the conduct of persons on said project as it may deem necessary. Such house rules upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each owner and shall be binding upon all members of the Association and occupants of the building.

Section 5. Foreclosure of lien. In any suit to foreclose the lien against any owner of a unit, the Association may represent itself through its manager or Board of Directors in like manner as any mortgagee of real property. The manager or Board of Directors acting on behalf of the unit owners shall have the power to bid and acquire such unit at a foreclosure sale. The Association shall be entitled to immediate possession of the particular unit upon the initiation of foreclosure proceedings against it. The delinquent owner shall be required to pay to the Association a reasonable rent for subject unit until sale or foreclosure, together with all costs and reasonable attorney's fees. Suit to recover a money judgment for unpaid common expenses and all costs including reasonable attorney's fees may be maintained without foreclosing or waiving the lien securing the payment of same. Anything in the foregoing to the contrary or

LAW OFFICES OF
RAY, CHRISTIE,
FULD & SAVILLE
105 SOUTH 4TH AVENUE
ANCHORAGE, ALASKA 99501
(907) 273-6171

BOOK 58 PAGE 17
Anchorage Recording District

elsewhere herein or in the Declarations notwithstanding, any lien arising from the unpaid share of the common expenses chargeable to a unit shall be, and is, subordinate to the lien(s) of first deeds of trust or mortgages of record. If a mortgagee of a recorded mortgage or a trustee of a recorded deed of trust or other purchaser of a unit obtains possession of a unit as a result of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, the possessor, the successors and assigns thereof are not liable for the share of the common expenses or assessments chargeable to the unit which became due prior to such possession. This unpaid share of common expenses or assessments is a common expense collectable from all of the unit owners, including the possessor, his successors and assigns, pro rata, in accordance with the percentage of undivided interest in the common areas.

Section 6. Right of entry. The Association, the manager and any person authorized by the Board of Directors shall have the right to enter each unit in case of any emergency originating in or threatening such unit, or other units, whether or not the owner or occupant is present at the time, and to effect maintenance and repair required under Section 2 above which an owner fails to provide. Every unit owner and occupant, when so required, shall permit other unit owners or their representative to enter his unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the common elements therein for central services provided that requests for entry are made in advance.

Section 7. Title. Every unit owner shall promptly cause to be duly recorded in the Anchorage Recording Office the deed, lease, assignment, or other conveyance to him of his unit or other evidence of his title thereto, and file such evidence of his title with the Board of Directors through the manager, and the Secretary shall maintain such information in the record of ownership of the Association.

Section 8. Mortgages. Any first mortgagee of a unit may file a copy of its mortgage with the Board of Directors through the manager, and the Secretary shall maintain such information in the record of ownership of the Association. After the filing of the mortgage, the Board of Directors, through its manager, shall be required to give such mortgagee prompt notice of any default in the unit mortgagor's obligations under the Declarations, Bylaws or Articles of Incorporation of the Association not cured within thirty (30) days of the date of default, and the mortgagee, at its option, may pay the delinquent expenses.

The holders of first mortgages shall have the right to examine the books and records of the Owners Association, and to require the submission of annual reports and other reasonably pertinent financial data to it, and such holders shall determine what information is "reasonably pertinent".

Section 9. Insurance and Bonds. The Board on behalf of the Association and at its common expense shall purchase and at all times maintain such policies of fire and liability

LAW OFFICES OF
KAY, CHRISTIE,
FULD & SAVILLE
200 WEST 24th AVENUE
ANCHORAGE, AK 99501
(907) 271-4671

BOOK 58 PAGE 48
 Anchorage Recording District

insurance and bonds with respect to the project as may be provided by the Declaration or authorized by the Board. Such insurance and bonds will be such as to meet the requirements of any institutional holder of a first mortgage or deed of trust on any unit but in any event fire, extended coverage, and casualty insurance shall be maintained in an amount equal to the appraised value of the project (exclusive of raw land value) and liability insurance in the amount of at least ONE MILLION DOLLARS (\$1,000,000.00) shall be maintained to protect the "Association" and the individual unit owners from liabilities caused by acts and omissions of all officers, agents or employees of the Owners Association, and the condition of the common areas.

Notwithstanding any other provisions herein, or in the Declarations for this project, so long as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or their successors or assigns is a mortgagee or beneficiary on a mortgage or deed of trust constituting a lien on a unit, or an owner of a unit, the Association will carry as a common expense, a master policy of casualty and liability insurance and fidelity bonds with such coverages and endorsements and in such amounts as shall be required by such agencies regardless of other or different requirements of the Association, the owner, beneficiaries or mortgagees or other interested parties.

Section 10. Notification of Damage or Loss. The Board, in behalf of the Owners Association, shall notify the holders of first mortgages covering all or a portion of the project, or their designee, in writing, whenever (a) damage to a unit covered by a first mortgage exceeds One Thousand Dollars (\$1,000.00), and/or (b) damage to common areas and related facilities exceeds Ten Thousand Dollars (\$10,000.00).

Section 11. Accounting for Expenditures. The Board and the Manager shall keep detailed and accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities, and any other expenses incurred. All books and records shall be kept in accordance with good accounting procedures, and shall be audited at least once a year by an auditor outside the "Association".

Section 12. Non-Exemption for Common Expenses. No unit owner may exempt himself, herself or itself from liability for contributions towards the pro rata share of the common expenses of common areas and facilities by waiver of the use or enjoyment of any of the common areas or facilities, or by abandonment of the "unit".

ARTICLE VII

EXECUTION OF INSTRUMENTS

Section 1. Instruments generally. All checks, drafts, notes, bonds, acceptances, contracts, and all other instruments except conveyances shall be signed by such person or

AND OFFICE OF
 KAY, CHRISTIE,
 FULD & SEVILL
 100 WEST 14th AVENUE
 ANCHORAGE, AK 99501
 (907) 259-0231

BOOK 58 PAGE 49
 Ashburne Recording District

persons as shall be provided by general resolution applicable thereto. Such instruments shall be signed by the President or the Vice President and by the Treasurer or Secretary or Assistant Treasurer or Assistant Secretary.

ARTICLE VIII

LIABILITY OF OFFICERS

Section 1. Exculpation. No director or officer of the Association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or negligence.

Section 2. Indemnification. Every director, officer, and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his having been an officer or member of the Association whether or not he continues to be such director, officer or member of the Association at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence to the Association in the performance of his duties or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representative of such person.

ARTICLE IX

FISCAL YEAR

Section 1. Fiscal year. The fiscal year of the Association shall be such as may from time to time be established by the Association.

ARTICLE X

BYLAWS

Section 1. Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by vote of the members of the Association whose aggregate interest in the common elements constitutes seventy-five percent (75%) at a meeting duly called for the purpose, PROVIDED, HOWEVER, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the Horizontal Property Act; and PROVIDED,

LAW OFFICES OF
 EAT, CHRISTIE,
 FULD & SAVILLE
 700 WEST 100 STREET
 ANCHORAGE, ALASKA
 99510-1401

BOOK 58 PAGE 50
Anchorage Recording District

FURTHER, that no substantial change shall be made to the provisions of these Bylaws between the time of execution and delivery of an agreement of purchase and sale by a purchaser and the time of closing without the consent of the purchaser.

Section 2. Conflict. In the event of any conflict between these Bylaws and the mandatory provisions of the Horizontal Property Regimes Act, the latter shall govern and apply.

ARTICLE XI

DEFINITIONS

Section 1. "Unit" and "Apartment". "Unit" and "Apartment", as used herein, are equivalent and are identical to "Apartment" as defined in Title 34, Chapter 07, Alaska Statutes.

Section 2. "Mortgage" and "Deed of Trust". "Mortgage" and "Deed of Trust", as used herein, shall be deemed to be equivalent, and the use of one such term shall, where the sense requires, be deemed to also mean the other, both meaning a real property security interest in one or more units contained in the project. "Mortgagor", "Mortgagee" and "Holder" shall be deemed the equivalent of "Trustor", "Beneficiary" and holder of the beneficial interest under a Deed of Trust, respectively. Where these Bylaws require affirmative action towards or by "Holders", "First Mortgages" etc., such terms shall be deemed to apply only to "institutional" holders (any bank, savings and loan association, corporation, mortgage company, insurance company or federal or state agency).

ARTICLE XII

PERIODIC REAPPRAISAL

In accordance with Section 34.07.180 of Alaska Statutes, the units and common areas and facilities of this project shall be periodically reappraised with a recomputation of the percentage of undivided interest of each unit owner in the common areas and facilities as expressed in the Declaration, if required. The cost of any such reappraisals shall be borne by the Owners Association provided for herein from funds collected from the unit owners, or specifically collected for such purpose.

ARTICLE XIII

ADOPTION OF BYLAWS

The undersigned owner and "Developer" of said project hereby adopts the foregoing Bylaws of its Association of Unit Owners, this 23 day of October, 1975.

75-044265
25-

KRIS B. GIATRIS

RECORDED-FILED
ANCHORAGE REC.
DISTRICT

Oct 20 3 36 PM '75

REQUESTED BY Security Title

ADDRESS _____ -15-

SALE OFFICES OF
RAY, CHRISTIE,
FULD & SAVILLE
220 WETLAND AVENUE
ANCHORAGE, AK 99503
(907) 552-6673