

DECLARATION OF CONDOMINIUM UNIT OWNERSHIP
FOR
CAPE HATTERAS AT COMMODORE PARK CONDOMINIUMS
an Alaska condominium

This Declaration submits to the provisions, restrictions and limitations of the Alaska Horizontal Property Regimes Act, land hereinafter described and all improvements now existing or to be constructed on such property, to be known as CAPE HATTERAS AT COMMODORE PARK CONDOMINIUMS.

Recitals, Intent and Purpose

CARLIN DEVELOPMENT COMPANY ("Declarant"), is the owner of the real property described hereinbelow, and desires to submit said property to the condominium form of ownership, to be converted, handled and used in the manner provided by the Alaska Horizontal Property Regimes Act.

NOW, THEREFORE,

Declaration

Declarant hereby declares on behalf of itself, its successors, grantees and assigns, as well as to any and all persons having, acquiring or seeking to have or acquire any interest of any nature whatsoever in and to any part of the property as follows:

1. DEFINITIONS.

Except as otherwise provided or modified by this Section, the terms herein shall have the meaning set forth in the Alaska Horizontal Property Regimes Act, AS 34.07.010 through 34.07.460, and said statute and definitions are incorporated herein by this reference. As used in this Declaration and in the Bylaws, the following terms shall have the following meanings:

"Condominium" means the land, all buildings, improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, which are herewith submitted to the provisions of the Alaska Horizontal Property Regimes Act.

"Mortgage," "Mortgagee" and "Mortgagor" include a deed of trust, the beneficiary and the grantor thereunder, respectively.

"Condominium Unit" means the airspace encompassed by the undecorated interior surface of the perimeter floors, ceilings and walls which is owned in fee simple by each Condominium Unit owner and which is more specifically described in Section 3.2 of this Declaration. For purposes of the Alaska Horizontal Property Regimes Act "Condominium Unit" shall mean "Apartment" as more specifically defined in A.S. 34.07.450(1).

2. LAND DESCRIPTION.

The land is located in the Anchorage Recording District, Third Judicial District, State of Alaska, and is more particularly described on Exhibit A.

3. NAME AND CONDOMINIUM UNIT DESCRIPTION.

3.1 Name. The name by which the property submitted hereunder shall be known is CAPE HATTERAS AT COMMODORE PARK CONDOMINIUMS.

3.2 Condominium Unit Description. Other than in common, the owners of the respective Condominium Units shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors, and ceilings surrounding their respective Condominium Units, nor shall said owners be deemed to own pipes, wires, conduits or other public utility lines running through said respective Condominium Units which are utilized for, or serve more than one Condominium Unit except as tenants in common with other Condominium Unit owners. Said owners, however, shall be deemed to own the interior walls and partitions which are contained within said owner's respective Condominium Unit, and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including paint, wallpaper, and/or other type decorations.

In interpreting deeds, mortgages, deeds of trust and other instruments, for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Condominium Unit or of a Condominium Unit reconstructed in substantial accordance with the original plans hereof shall be conclusively presumed to be the boundaries regardless of settling, rising or lateral movement of the building and regardless of variances between boundaries as shown on the plans and Survey Map (See Exhibit B attached) and those of the actual building or buildings.

Each of the twelve (12) Condominium Units is two-story and contains a kitchen, living-dining room and two (2) bathrooms. Eight (8) of the Condominium Units, Type "E," Numbers 1500-2, 1500-3, 1510-4, 1510-5, 1511-34, 1511-35, 1501-36 and 1501-37, have three (3) bedrooms, and four (4) of the Condominium Units, Type "D," Numbers 1500-1, 1510-6, 1511-33 and 1501-38, have two (2) bedrooms and one (1) den. Each Condominium Unit contains a one car garage as part of the Condominium Unit. All Condominium Units have immediate access to the general common areas. The survey map and floor plans are filed in the Recording Office of the Anchorage Recording District which file number is shown on Exhibit B attached to this Declaration.

3.3 Building Description and Condominium Unit Designation. The land submitted by this Declaration has two (2) buildings thereon in which Condominium Units are located. The condominium buildings, which are two-story, wood frame construction on concrete foundation with cedar siding and composition shingle roof, contain twelve (12) Condominium Units, each of which includes a one-car garage as part of the Condominium Unit. The vertical and horizontal boundaries, number designation, location and dimension of each Condominium Unit are shown on the plans.

The allocation to each Condominium Unit in Stage I of an undivided interest in the common areas and facilities was determined by dividing the sum of the approximate value of all Condominium Units into the approximate value of each respective Condominium Unit.

The Condominium Unit designation, approximate area and percentage ownership in common areas and facilities in Stage I is as follows:

<u>Condominium Unit</u>	<u>Approximate Area *</u>	<u>Condominium Unit Type</u>	<u>Percentage Ownership in Common Areas and Facilities as of Stage I</u>	<u>Value**</u>
1500-1	1264 sq. ft.	D	8.3333	\$140,000
1500-2	1250 sq. ft.	E	8.3333	\$140,000
1500-3	1250 sq. ft.	E	8.3333	\$140,000
1510-4	1250 sq. ft.	E	8.3333	\$140,000
1510-5	1250 sq. ft.	E	8.3333	\$140,000
1510-6	1264 sq. ft.	D	8.3333	\$140,000
1511-33	1264 sq. ft.	D	8.3333	\$140,000
1511-34	1250 sq. ft.	E	8.3333	\$140,000
1511-35	1250 sq. ft.	E	8.3333	\$140,000
1501-36	1250 sq. ft.	E	8.3333	\$140,000
1501-37	1250 sq. ft.	E	8.3333	\$140,000
1501-38	1264 sq. ft.	D	8.3333	\$140,000
TOTAL:	15,056		100.0000	\$1,680,000

*Living space. In addition, each Condominium Unit has a 236 sq. ft. enclosed garage.

**The values set forth in this Declaration are included for the purposes of A.S. 34.07.020(6), and do not necessarily represent fair market values or actual sales prices of the Condominium Units.

The street address is Elcadore Circle, Anchorage, Alaska.

3.4 Description of Staged Development. The Declarant proposes to develop the condominium in several stages with the maximum number of Condominium Units, the maximum number of stages, the additional common areas, minimum allocation of undivided interest in the common areas and election dates as follows:

(a) The maximum number of Condominium Units to be included in the condominium development is thirty-eight (38).

(b) The maximum number of stages in the development, including the initial stage, is three (3).

(c) The additional general common areas to be annexed at each stage of development shall include the portion of the condominium buildings not included with a Condominium Unit and the land and landscaping. It is anticipated that the additional common areas will not substantially increase the proportionate amount of the common expenses payable by existing Condominium Unit owners.

(d) The Declarant is reserving the right to construct units of different floor plans with either larger or smaller floor areas. However, the exterior style of the buildings will be compatible with those of Stage I. In all events, the minimum allocation of undivided interest in the common areas of each Condominium Unit in Stage I upon completion of the development will not be less than as follows:

<u>Condominium Unit</u>	<u>Minimum Allocation of Undivided Interest</u>
1500-1	1.9711
1500-2	1.9711
1500-3	1.9711
1510-4	1.9711
1510-5	1.9711
1510-6	1.9711
1511-33	1.9711
1511-34	1.9711
1511-35	1.9711
1501-36	1.9711
1501-37	1.9711
1501-38	1.9711

The method used to establish allocation of undivided interest in the common elements will be based upon the value of each Condominium Unit expressed as a percentage of the sum of the value of all units in the condominium at each such respective stage of development.

(e) The Declarant shall have until December 31, 1988 to annex the units in subsequent stages. Provided, however, the Declarant may seek an amendment to the Declaration providing for an extension of time to annex additional units not to exceed two (2) years after December 31, 1988.

(f) As a condition of the conveyance of a Condominium Unit to any new Unit owner, each such Condominium Unit owner shall execute an irrevocable special power of attorney, which shall be deemed to be coupled with an interest authorizing the Declarant, and any of its members, to annex additional property to the condominium, according to the terms of this Declaration. The power of attorney shall authorize the Declarant to execute and record any Supplemental Declaration, Bylaws, survey maps and

other documents and plans required to accomplish this purpose. No Condominium Unit owner may sell, convey or otherwise transfer his Condominium Unit without obtaining from such buyer or transferee an irrevocable special power of attorney herein described.

The land, all or portions of which may be annexed with units in one or more subsequent stages, is described on Exhibit "C." The land which is annexed to the Condominium in subsequent stages need not be contiguous to property previously made a part of the Condominium.

4. GENERAL COMMON AREAS AND FACILITIES.

The general common areas and facilities consist of all portions of the condominium not part of a Condominium Unit or a limited common area or facility, including, but not limited to, the roof, exterior and all supporting elements of the condominium buildings, and all of the land, landscaping and land improvements which are not a part of a limited common area. Each Condominium Unit will be liable for the general common expense in the percentage equal to the percentage ownership in the general common areas and facilities.

The general common areas and facilities shall be used in accordance with and subject to the following provisions:

4.1 Rules and Regulations Promulgated by the Association. No person shall use the common areas and facilities or any part thereof in any manner contrary to or not in accordance with such rules and regulations pertaining thereto, as from time to time may be promulgated by the Association. Without, in any manner, intending to limit the generality of the foregoing, the Association shall have the right, but not the obligation, to promulgate rules and regulations limiting the use of the common areas and facilities to the members of the Association and their respective families, guests, invitees and servants. Such use may be conditioned upon, among other things, the payment by the Condominium Unit owner of such assessments as may be established by the Association for the purpose of defraying the cost thereof.

4.2 Maintenance and Repair. Maintenance and repair of the common areas and facilities shall be the responsibility of the Association. Nothing herein contained, however, shall be construed so as to preclude the Association from delegating to persons, firms or corporations of its choice, such duties as may be imposed by the Association. Common expenses incurred for such maintenance and repair shall be borne among Condominium Unit owners on the periodic basis determined by the Board of Directors, in the percentage equal to the percentage ownership in the general common areas and facilities.

4.3 Parking; Vehicle Turn-Around. Each of the common area parking spaces and each of the driveways and vehicle turn-around spaces shall be used in accordance with rules and regulations promulgated by the Board of Directors. Provided, however, that no vehicle shall be parked so as to block access by an owner to his garage or to any vehicle turn-around space.

4.4 Voting. The owner of each Condominium Unit shall be entitled to a vote equal to the percentage of ownership in the general common areas and facilities appertaining to such Condominium Unit. "Majority" or "majority of

Condominium Unit owners" shall mean owners of fifty-one percent (51%) or more of the votes in accordance with the percentages assigned in this Declaration, as duly recorded or as it may be lawfully amended, to the Condominium Units for voting purposes. The calling and conducting of meetings of the Association of Condominium Unit Owners and the exercise of voting rights shall be controlled by Article II of the Bylaws.

5. LIMITED COMMON AREAS AND FACILITIES.

Each of the decks adjoining a Condominium Unit is a limited common area appertaining to the Condominium Unit it adjoins. Each of the decks is designated on the floor plans with a "D," followed by the numerical designation of the Unit to which such deck appertains as a limited common area. All of the limited common areas are more particularly depicted on the floor plans which have been recorded simultaneously with this Declaration in the Recording Office of the Anchorage Recording District, Third Judicial District, Alaska and which file number is shown on Exhibit B attached to this Declaration.

6. EXEMPTION FROM LIABILITY FOR CONTRIBUTION FOR COMMON EXPENSES PROHIBITED.

No Condominium Unit owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas and facilities or by abandonment of his Condominium Unit.

7. USE RESTRICTIONS.

The use of the condominium property will be in accordance with the following provisions, as long as the condominium exists and the condominium building in useful condition exists upon the land.

7.1 Use as Private Dwelling Only. Each of the Condominium Units will be occupied as a single-family private dwelling by its owner or his tenant, their visitors and guests, and for no other purpose.

7.2 Pets. Each owner may keep one (1) dog, one (1) cat, fish within an aquarium or birds within a cage in his Condominium Unit. No other pets of any kind may be kept on the premises. Any owner keeping an authorized pet within his unit shall abide by the local sanitary regulations, leash laws and rules or regulations of the Association created by the Board of Directors; provided, however, no owner shall permit his pet to become a nuisance and the Board of Directors may order an owner to remove any pet from the Condominium which, in the Board's opinion, has become a nuisance.

7.3 Appearance of Condominium Building. The Condominium Unit owners will not cause anything to be hung, displayed, or placed on the walls, doors, windows, walkways, ceilings of walkways or roof of the condominium building or any other common area or facility; and they will not otherwise change the appearance of any portion of the common areas and facilities without the prior written consent of the Board of Directors. Each Condominium Unit owner shall provide draperies at all windows which shall be lined with white materials,

sufficiently opaque so as to not disclose the color of the interior portion of such draperies. No clothes lines or similar devices, no radio or television antennas or aerials and no "For Sale" signs, will be allowed on any part of the condominium property without the prior written consent of the Board of Directors, except that the Declarant may post reasonable signs in reasonable places on the condominium property advertising any unsold Condominium Unit(s) for sale.

7.4 Nuisances. No nuisances will be allowed upon the condominium property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the condominium will be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, nor any fire hazard allowed to exist. Each owner shall be responsible for garbage and trash removal from his Condominium Unit. Garbage cans may be kept on the common area of a size, type and number and in locations approved by the Board of Directors. No Condominium Unit owner will permit any use of his Condominium Unit or make any use of the common areas or facilities that will increase the cost of insurance upon the condominium property.

7.5 Improper, Offensive or Unlawful Use. No improper, offensive or unlawful use will be made of the condominium property nor any part of it; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the condominium property will be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the property concerned.

7.6 Additional Rules. Rules and regulations concerning other use of the condominium property may be made and amended from time to time by the Association or the Board of Directors. Copies of such rules and regulations will be furnished to all Condominium Unit owners and residents of the condominium, upon request. Additional rules, regulations and restrictions are contained in the Bylaws.

8. MANAGEMENT OF AFFAIRS OF THE ASSOCIATION OF CONDOMINIUM UNIT OWNERS.

The Association of Condominium Unit Owners is incorporated under the name Cape Hatteras at Commodore Park Condominium Association, a non-profit corporation. Every unit owner subject to assessments is automatically a member of the Association of Condominium Unit Owners. The affairs of the Association of Condominium Unit Owners shall be managed by a Board of Directors and by officers consisting of a Chairman of the Board of Directors, a Secretary and a Treasurer. The Board of Directors shall adopt administrative rules and regulations governing details of the operation, maintenance and use of the property, and to prevent unreasonable interference with the use of the respective Condominium Units and of the common areas and facilities by the several Condominium Unit owners. The Board of Directors may retain an individual, a firm or corporation to act as manager of the property.

9. SERVICE OF PROCESS.

The name of the person to receive service of process in cases provided in Subsection (8) of AS 34.07.020(8), is Mark G. Copeland, whose address in the

Anchorage Recording District is Suite 302, 420 L Street, Anchorage, Alaska 99501.

10. ADOPTION OF BYLAWS.

The initial directors of the condominium association, subject to this Declaration, have adopted, pursuant to the requirements of the Alaska Horizontal Property Regimes Act, the Bylaws attached hereto and by this reference made a part hereof, marked Exhibit "D," to govern the administration of the property.

10.1 Amendment. The Bylaws may be amended from time to time as provided therein. Any amendment thereto shall be recorded in the Recording Office of the Anchorage Recording District.

10.2 Compliance with Bylaws and Other Restrictions. Each Condominium Unit owner shall comply with the Bylaws and with the administrative rules and regulations adopted pursuant thereto and with the covenants, conditions and restrictions in this Declaration or in the deed to his Condominium Unit. Failure to comply therewith shall be grounds for suit or action, maintainable by the Association of Condominium Unit Owners or by any Condominium Unit owner, in addition to other sanctions which may be provided by the Bylaws or by any existing administrative rules and regulations. Should any conflict exist in the interpretation or application of the Declaration and Bylaws, the Declaration shall control.

11. MORTGAGEES.

In the event of a conflict between this Section 11 and other provisions of this Declaration, the provisions of this Section 11 will prevail.

11.1 Notice of Default by Mortgagor. A first mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by the individual unit borrower of any obligation under the Condominium constituent documents which is not cured within sixty (60) days, and such request has been made by the Declarant, the Association or such first mortgagee.

11.2 Mortgagee Except from Certain Restrictions. Any first mortgagee who obtains title pursuant to the remedies provided in the mortgage, or deed in lieu of foreclosure, will be exempt from any "right of first refusal."

11.3 Subordination of Association Lien to Mortgage/Discharge of Lien Upon Foreclosure. Pursuant to AS 34.07.230, the lien of the Association shall be subordinate to a recorded mortgage or trust deed of record. Any holder of a mortgage which comes into possession of the Condominium Unit pursuant to the remedies provided in the mortgage, by foreclosure of the mortgage, or by deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Condominium Unit which accrue prior to the time such holder comes into possession of the Condominium Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Condominium Units, including the mortgaged Condominium Unit).

11.4 Other Liens. All taxes, assessments and charges which may become liens prior to the first mortgage shall relate only to the individual condominium units and not to the Project as a whole.

11.5 Written Consent of Mortgagee Required in Certain Cases. Unless at least seventy-five percent (75%) of the first mortgagees of the individual condominium units have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the condominium project;

(b) change the pro rata interest or obligations of any individual condominium unit for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(ii) determining the pro rata share of ownership of each condominium unit in the common areas and facilities;

(c) partition or subdivide any condominium unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common areas and facilities;

(e) use hazard insurance proceeds for losses to any condominium property for other than the repair, replacement or reconstruction of such condominium property, except as provided by statute in case of substantial loss to the units and/or common areas and facilities of the condominium project.

11.6 Right to Examine Books and Records. First mortgagees shall have the right to examine the books and records of the Association or the condominium project and to require annual reports and other financial data.

11.7 Professional Management and Service Contracts. Any agreement for professional management of the condominium project, or any other contract providing for services; must provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice. Such contract shall, in no event, have a maximum term in excess of three (3) years.

11.8 Notice in Event of Loss or a Taking. The Condominium Owners Association shall give all first mortgagees written notice of any loss to, or taking of, the common areas and facilities of the condominium project or a Condominium Unit in the condominium project if such loss or taking exceeds \$10,000 with respect to the common areas and facilities or \$10,000 with respect to any Condominium Unit.

12. AMENDMENTS TO DECLARATION.

Except where a larger vote is required by law, this Declaration or the

Bylaws, this Declaration may be amended from time to time by consent or approval of not less than sixty percent (60%) of the Condominium Unit owners. Provided, however, no amendment of this Declaration reducing or eliminating the right of any first mortgagee shall be made without the prior written consent of all such first mortgagees.

12.1 Declarant's Approval Required. Declarant's prior written consent shall also be required so long as Declarant owns any Condominium Unit in the condominium, but no such consent shall be required after three (3) years after this Declaration is recorded. Except as a result of the annexation of additional property to the Condominium, and except as a result of the periodic reappraisal of the Condominium Units, common areas and facilities, no amendment may change the size, location, percentage interest in the general common areas and facilities, share of common profits or expenses, or voting power of any Condominium Unit unless such amendment has been approved by the owners of the affected Condominium Unit and the holders of any mortgage or trust deed on such Condominium Unit.

12.2 Annexation of Additional Property. Anything in this Declaration to the contrary notwithstanding, each purchaser of a Condominium Unit shall be deemed expressly to have consented to the amendment of this Declaration for the purpose of annexing additional property to the condominium as provided in Section 3.4.

12.3 Recordation. The amendment shall be effective upon recordation in the Recording Office the Anchorage Recording District, Third Judicial District, Alaska, certified to by the chairman and secretary of the Association.

13. SUBDIVISION.

No Condominium Unit may be subdivided or combined with all or part of another Condominium Unit, common area and facilities or limited common area and facilities excepting upon the unanimous consent of all Condominium Unit owners. In the event of such unanimous consent, this Declaration, together with the plans and survey map shall be amended and recorded to reflect such subdivision and/or combining.

14. DAMAGE AND DESTRUCTION.

14.1 Insurance Proceeds Sufficient to Cover Loss. In case of fire, casualty or any other damage and destruction, the insurance proceeds of the master policy, if sufficient to reconstruct the buildings damaged or destroyed, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed buildings, as used in this paragraph, means restoring the buildings to substantially the same condition in which they existed prior to the fire, casualty or disaster, with each Condominium Unit and the common area having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished under the direction of the manager or the Board of Directors.

14.2 Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to, or destruction of, such buildings shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of

insurance, if any, on such buildings for that purpose and all the Condominium Unit owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by such owner. Provided, however, if three-fourths (3/4) or more in value of all the buildings are destroyed or substantially damaged and if the holders of a majority of the voting rights do not voluntarily, within sixty (60) days after such destruction or damage, make provision for reconstruction, or by unanimous vote of all Condominium Unit owners decide to do otherwise, the manager or Board of Directors shall record with the Recording Office of the Anchorage Recording District a notice setting forth such facts, and upon the recording of such notice:

(a) The condominium property shall be deemed to be owned in common by the owners.

(b) The respective interest of each Condominium Unit owner in the property shall be determined by the provisions of AS 34.07.300 which are in effect on the date the Declaration of Condominium Unit Ownership is recorded.

(c) Any liens affecting any of the Condominium Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the owners in the project.

(d) If a majority of the owners have failed to vote to sell the condominium property and distribute the proceeds in accordance with subsection (a), (b) and (c) above, then the condominium shall be subject to an action for partition at the suit of any owner. If a decree of partition orders the sale of the condominium property, the net proceeds of sale, together with the net proceeds of the policies of insurance on the condominium, if any, shall be considered as one fund and shall be divided among all of the owners in proportion to their respective undivided interests, after first paying, out of the respective shares of the owners, to the extent such share is sufficient for the purpose, all liens on the undivided interest in the project owned by each owner.

14.3 Architectural Changes After Damage or Destruction. Notwithstanding all other provisions hereof, the owners may, by an affirmative vote of sufficient owners to amend this Declaration, cause an amendment to be made to the condominium documents so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the condominium, or any buildings thereof, by fire, casualty or any other disaster is so great as to require the substantial reconstruction of the whole of the condominium, or said buildings. Any such amendment of such condominium documents shall be valid only upon (1) the recording thereof with the Recording Office of the Anchorage Recording District; and (2) the recording with that recording officer of the approval thereof of each mortgagee and each other lienholder of record having a lien against any part of the project, or building, affected by such amendment.

15. CONDEMNATION.

The Board of Directors shall have the sole authority to negotiate with any public or private body or person having the power of eminent domain and to sue or defend in any litigation involving such bodies or persons with respect to the common areas and facilities of the condominium and shall assist any Condominium Unit owner whose Condominium Unit or a part thereof is the subject of any condemnation or eminent domain proceeding. Provided, however, nothing in this or any document or agreement relating to the condominium shall be construed to give a Condominium Unit owner or any party priority over the rights of the first mortgagees of any Condominium Units in the case of a distribution to the Condominium Unit owner of any such condemnation awards for losses to a Condominium Unit and/or the common areas and facilities.

16. DECLARANT'S SPECIAL RIGHTS.

The Declarant shall have the following special rights:

16.1 Sales Office and Model. The Declarant shall have the right to maintain a sales office and model in one or more of the Condominium Units which the Declarant owns. The Declarant and prospective purchasers and their agents shall have the right to park automobiles in common areas and to use and occupy the sales office and models during reasonable hours any day of the week.

16.2 "For Sale" Signs. The Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the condominium property.

16.3 No Capital Assessments Without Consent. Neither the Association nor the Board of Directors shall make any assessments for new construction, acquisition or otherwise without the prior written consent of the Declarant. Provided, however, nothing contained in this Section 16.3 is intended nor shall be construed as a limitation on the Declarant's obligation to pay common monthly assessments on Condominium Units owned by the Declarant.

16.4 Common Area Maintenance By The Association. The Association shall maintain all common areas in a clean and attractive manner. Should the Association fail to do so, the Declarant may perform such maintenance at the expense of the Association.

16.5 Declarant's Easements. The Declarant, its agents and employees, shall have an easement on and over the common areas for the completion of any portion of the condominium, including the furnishing and decoration of any Condominium Unit sales office or model including the storage of materials on the common area at reasonable places and for reasonable lengths of time.

16.6 Annexation of Property to the Condominium in Subsequent Stages. The Declarant shall have the right to annex additional property to the condominium in accordance with Section 3.4 and may execute and record one or more Supplemental Declarations to accomplish this purpose.

17. RIGHT OF ENTRY

17.1 Emergency. In case of an emergency originating in or threatening his Condominium Unit, an owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether the owner is present at the time or not.

17.2 Maintenance and Repair. An easement is reserved to the Association in and through any Condominium Unit and the common areas and facilities providing access at reasonable times and with reasonable notice for purposes of maintenance, repair and replacement of the common areas and facilities. If, in the process of such repair and maintenance by the Association, it is necessary to alter or damage any Condominium Unit or common areas or facilities, such alterations or damages will be permitted without compensation, provided the Condominium Unit and/or common areas and facilities are promptly restored to substantially their prior condition by the Association.

17.3 Encroachment. If any portion of the common areas or facilities encroaches upon a Condominium Unit, or a Condominium Unit encroaches upon any portion of the common areas or facilities, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall be and does exist. In the event the structures are partially or totally destroyed, and then rebuilt, the owners of the Condominium Units agree that minor encroachment of parts of the common areas and facilities due to such rebuilding shall be allowed and an easement shall exist for such purpose.

18. GENERAL PROVISIONS.

18.1 Severability. Each provision of the Declaration, any Supplemental Condominium Declaration and Bylaws is independent and severable. The invalidity or partial invalidity of any provision thereof shall not affect any of the remaining portions of that or any other provision of this Declaration, any Supplemental Condominium Declaration or the Bylaws.

18.2 Legal Proceedings. Failure to comply with any of the terms of this Declaration, any Supplemental Declaration, the Bylaws or any rules or regulations adopted pursuant thereto, shall be grounds for relief which may include, without limitation, an action to recover sums due, damages or a suit for injunctive relief, to foreclose a lien or any combination thereof. Relief may be sought by the Association or by the manager of the Association, or if appropriate, by an aggrieved Condominium Unit owner.

18.3 Costs and Attorneys' Fees. In any proceeding arising because of alleged default by a Condominium Unit owner under this Declaration, any Supplemental Declaration, the Bylaws, or any rules or regulations adopted pursuant thereto, the prevailing party shall be entitled to recover the cost of the proceedings and such reasonable attorneys' fees as may be determined by the trial court in any trial or by the Appellate Court in any appeal thereof.

18.4 Waiver of Rights. The failure of the Association or a Condominium Unit owner to enforce any right, provision, covenant or condition which may be granted by this Declaration, any Supplemental Declaration, the Bylaws or any rules or regulations adopted pursuant thereto, shall not constitute a waiver

of the right of the Association or Condominium Unit owner to enforce such right, provision, covenant or condition in the future.

IN WITNESS WHEREOF, the undersigned fee owner of the subject property, has caused this Declaration to be executed this 7th day of September, 1984.

CARLIN DEVELOPMENT COMPANY

By James K. Schuler
James K. Schuler, General Partner

By J. F. Stillwell, Jr.
J. F. Stillwell, Jr., General Partner

STATE OF HAWAII)
CITY AND COUNTY) ss. September 7, 1984
OF HONOLULU)

The foregoing instrument was acknowledged before me this 7th day of September, 1984, by James K. Schuler, General Partner, on behalf of CARLIN DEVELOPMENT COMPANY, a partnership.

Karen D. Yamamoto
NOTARY PUBLIC FOR the State of Hawaii
My Commission Expires: April 14, 1986

STATE OF ALASKA)
) ss. September 5, 1984
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 5th day of September, 1984, by J. F. Stillwell, Jr., General Partner, on behalf of CARLIN DEVELOPMENT COMPANY, a partnership.

Tandy Vicker
NOTARY PUBLIC FOR ALASKA
My Commission Expires: MY COMMISSION EXPIRES

EXHIBIT A

Lots 8, 9, 17, and 18, Block ²4, Commodore Park, a subdivision according to the official plat thereof filed under Plat No. 83-241, in the Anchorage Recording District, Third Judicial District, State of Alaska.

EXHIBIT B

The floor plan to the Cape Hatteras at Commodore Park Condominiums is recorded at file number 84-519 at the Anchorage Recorder's Office. The survey map is attached to the floor plan.

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DISTRICT

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REQUESTED BY ST+TCC
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BYLAWS
OF
CAPE HATTERAS AT COMMODORE PARK CONDOMINIUM ASSOCIATION

NO. 84-319

ARTICLE I

PLAN OF CONDOMINIUM UNIT OWNERSHIP

Section 1. Condominium Unit Ownership. The condominium, located in the Anchorage Recording District, Third Judicial District, State of Alaska, known as CAPE HATTERAS AT COMMODORE PARK CONDOMINIUMS, is submitted to the provisions of AS 34.07.010 through AS 34.07.460, the Alaska Horizontal Property Regimes Act.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the condominium, the owners' association and the entire management structure thereof. (The term "condominium" as used herein shall include the land.)

Section 3. Personal Application. All present or future owners, tenants, future tenants or their employees, or any other person that might use the facilities of the condominium in any manner, are subject to the regulations set forth in these Bylaws.

The mere acquisition or rental of any of the Condominium Units (hereinafter referred to as "Condominium Units") of the condominium or the mere act of occupancy of any said Condominium Units signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE II

ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Membership in the Association. The Association shall be incorporated under the name Cape Hatteras at Commodore Park Condominium Association as a non-profit corporation. Upon recordation of a conveyance or contract to convey a Condominium Unit, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association, and shall remain a member of said Association until such time as such person's ownership ceases for any reason. Condominium Unit ownership shall be determined, for all purposes of the Declaration of

Condominium Unit Ownership ("Declaration") and the administration of the property, from the record of Condominium Unit ownership maintained by the Association. The record shall be established by the Condominium Unit owner filing with the Association a copy of the deed or land sale contract with respect to his Condominium Unit, to which shall be affixed the certificate of the recording officer of the Anchorage Recording District, Alaska, showing the date and place of recording of such deed or contract. No person shall be recognized as a Condominium Unit owner unless a copy of the deed or contract has been filed with the Association, as provided above, showing him to be the current owner or contract purchaser of a Condominium Unit. Notwithstanding the foregoing, the declarant shall be the owner of all previously unsold Condominium Units, although no deed or land sale contract, with respect to such Condominium Units, has been filed with the Association.

Section 2. Voting. Voting shall be on a percentage basis and the percentage of the voting to which an owner is entitled shall be the percentage interest in the general common areas and facilities assigned to said owner's Condominium Unit or Condominium Units by the Declaration. The percentage vote attributable to a single Condominium Unit may not be divided between or among multiple owners.

Section 3. Majority of Owners. As used in these Bylaws, the term "majority of voting owners" shall mean those owners holding over fifty-one percent (51%) of the vote, in accordance with the Declaration and Section 2 above. "Majority of voting owners present" shall mean voting owners holding over fifty-one percent (51%) of the votes present at any legal meeting.

Section 4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of voting owners" as defined in Section 3 of this Article shall constitute a quorum.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. A meeting of the Association may be by proxy ballot, as the Directors may elect, rather than at a formal gathering. Ballots for such meeting must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposal specifically propounded on the ballot.

Section 6. Authority to Vote. All owners shall be entitled to vote, and this shall be true if they have leased their premises to a third party. An owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the premises shall be deemed the owner of the premises.

Section 7. Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Condominium Unit owned or held by

him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the secretary that he is the executor, administrator, guardian or trustee, holding such Condominium Unit in such capacity. Whenever any Condominium Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such Condominium Unit may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Condominium Unit shall be disregarded completely in determining the proportion of votes given with respect to such matter.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The owners of the Condominium Units will constitute the Association of Condominium Unit Owners ("Association") who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the operation, management and maintenance of the condominium, including negotiating and contracting with and supervising any person, persons or business entity with respect to such matters. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if the meeting is held by ballot, when ballots are returned representing more than fifty percent (50%) of the vote.

Section 2. Place of Meetings. Formal meetings of the Association shall be held at the principal office of the condominium or such other suitable place convenient to the owners as may be designated by the Board of Directors. The vote of a ballot meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Each Condominium Unit owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned, within ten (10) days after the ballots have been counted.

Section 3. Initial Meeting. The initial organizational meeting will be held not later than one hundred twenty (120) days following the transfer of title to seventy-five percent (75%) of the condominium units in the applicable phase of the project to purchasers or two (2) years following conveyance of the first condominium unit to an owner in the applicable phase of the project, other than the Declarant, whichever occurs first. Such meeting shall be called by notice to all Condominium Unit

owners of the time and place thereof not less than seven (7) days before the meeting.

Section 4. Annual Meetings. The first annual meeting of the Association shall be held in the calendar year following the calendar year in which the initial organizational meeting is held and shall be set by action of the Board of Directors. This meeting, at the discretion of the Board of Directors, may be changed from time to time, but must be held annually under the rules and regulations as set out in the Bylaws. At such meetings, new members of the Board of Directors shall be elected by the owners in accordance with the requirements of Section 6 of Article IV of these Bylaws, to replace those directors whose terms have expired. The owners may also transact such other business of the Association as may properly come before them.

Section 5. Special Meetings. It shall be the duty of the Chairman to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by ten percent (10%) or more of the owners having been presented to the Secretary. All meetings called because of petition of Condominium Unit owners shall be held at a formal gathering and not by ballot and shall be held within sixty (60) days after receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the owners of the Condominium Units or as otherwise set out in these Bylaws.

Section 6. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each owner of record at least ten (10) but not more than sixty (60) days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The mailing shall be to the owner's address last given the Secretary in writing by the Condominium Unit owner or his vendee. If Condominium Unit ownership is split or the Condominium Unit has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given the Secretary in writing, then mailing to the condominium Condominium Unit shall be sufficient. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 7. Adjourned Meetings. If any gathering of owners is not a legal meeting because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The adjournment provisions of this Section do not apply to meetings by ballot.

Section 8. Order of Business. The order of business at all meetings of the owners of Condominium Units shall be as follows:

- (a) Roll call.
- (b) Proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be a Condominium Unit owner or the co-owner of a Condominium Unit. An officer or employee of a corporation, or the trustee of a trust, or personal representative of an estate, or an employee of the trust or estate may serve on the Board of Directors, if the corporation, trust or estate owns a Condominium Unit.

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 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 have authority to carry out and be responsible for the following matters:

(a) Care, upkeep and supervision of the condominium and the general common areas and facilities and the limited common areas and facilities, if any, and assigning, supervising assignments or approving any assignment of the use of any common area or facility, general or limited, as may be required by the Declaration.

(b) Designation and collection of monthly assessments from the owners, in accordance with these Bylaws, the Declaration and the Alaska Horizontal Property Regimes Act.

(c) Payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds.

(d) Designation and dismissal of the personnel necessary for the maintenance and operation of the condominium, the general common areas and facilities and the limited common areas and facilities, if any.

(e) Leasing, subleasing or hypothecation, in any manner, of the general or limited common areas or facilities, if any, of the condominium which have or may have any income producing potential.

(f) Promulgation and enforcement of rules of conduct for Condominium Unit owners, employees and invitees which shall be consistent with the restrictions set out in Article VI, Section 11 of these Bylaws.

Section 4. Management Agent. The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. Interim Directors. Upon the filing of the Declaration submitting the condominium to the Alaska Horizontal Property Regimes Act, the Declarant shall appoint an interim board of two (2) directors (who need not be owners of Condominium Units), who shall serve until replaced by Declarant or their successors have been elected by the Condominium Unit owners at the initial organizational meeting as hereinafter provided.

Section 6. Election and Term of Office. At the initial meeting of the Association, the term of office of two (2) Directors shall be fixed for two (2) years. The term of office of three (3) Directors shall be fixed at one (1) year. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the initial meeting, upon agreement by vote of the owners, the Board of Directors may be elected by a single ballot with each owner permitted to vote for five (5) nominees. In such event, the two (2) nominees receiving the highest number of votes shall be the two (2) year Directors and the three (3) nominees receiving the next highest number of votes shall be the one (1) year Directors. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section 6.

Section 7. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be

a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

Section 8. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a majority of the owners and a successor may be then and there elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners may be given an opportunity to be heard at the meeting.

Section 9. Organizational Meeting. The first meeting of a newly-elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly-elected Directors in order to legally hold such meeting, providing a majority of the newly-elected Directors are present.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors may be called by the Chairman on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or Secretary or on the written request of any directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

Section 12. Waiver of Notice to Directors. Before, at or after 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 to Directors shall be required and any business may be transacted at such meeting.

Section 13. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors 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 14. Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Condominium Unit owners.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a Chairman, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new board or any board meeting thereafter, and shall hold office at the pleasure of the board.

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 or special meeting of the Board of Directors.

Section 4. Chairman. The Chairman 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. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent, 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. Directors as Officers. Any Director may be an officer of the Association.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments. All owners are obligated to pay monthly assessments imposed by the Association to meet all the project's general common expenses, which shall include premiums for insurance required or permitted under Article VII of these Bylaws. All of the reserve funds set up pursuant to these Bylaws shall be funded by allocation and payment from the monthly assessment of Condominium Unit owners. The assessment of all Condominium Unit owners who may be benefited by expenditure of reserve funds may be increased as necessary, so the reserve fund in question can be maintained in an amount sufficient to meet the needs for which such fund was established. Such assessments shall include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of common areas and facilities.
- (c) Cost of insurance or bonds obtained in accordance with these Bylaws.
- (d) Any deficit in common expenses for any prior period.
- (e) Utilities for the common areas and other utilities with a common meter or commonly billed.
- (f) A reserve fund for maintenance, repair and replacements by the allocation and payment monthly to such reserve fund of an amount determined by the Directors. The reserve fund is for the purpose of effecting maintenance, repair, and replacements of structural elements, mechanical equipment, and other general common areas and facilities of the condominium. Payment into this fund shall be deemed a contribution to capital improvement as and when made. The establishment and maintenance of this fund shall be a mandatory obligation of the Board of Directors.
- (g) A General Operating Reserve by allocation and payment thereto monthly of an amount determined by the Board of Directors. This existence of this reserve fund shall be discretionary with the Board of Directors.
- (h) Such other special reserve funds as may be set up by the Directors by special assessments of the Condominium Unit owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association of Condominium Unit Owners to be appropriate, including a

reserve fund for any lease payments and maintenance of any limited common areas or facilities.

(i) Any other items properly chargeable as an expense of the Association.

Each reserve fund shall be kept in a fund with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. No Condominium Unit owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective Condominium Units may increase in proportion to each Apartment's right to receive repair, maintenance and replacement therefrom.

Section 2. Initial Assessment. Each unit owner, including the declarant, shall be required to pay a proportionate share of common expenses on a monthly basis as assessed by the Association. The monthly assessments for all Condominium Units shall be payable from the date of conveyance of the first Unit in the project. The amount of the monthly assessment initially shall be determined by the declarant and shall thereafter be subject to review by the Board of Directors. Each Unit purchaser shall pay two months of monthly assessment at closing in order to establish the working capital fund for the Association, plus a prorated month's assessment for the month during which the sale closes. Assessments on unsold units shall equal seventy-five percent (75%) of the monthly assessment determined by the declarant or the Board of Directors until 120 days after conveyance of the first Unit in the project at which time the declarant shall pay full monthly assessments on unsold Units.

Section 3. Initial and Subsequent Assessments for Units in Future Stages. The initial assessment for owners of units in stages annexed to the condominium subsequent to the sale of Units in Stage I shall be an amount equal to twice the monthly assessment then in effect for similar units in the condominium, plus a prorated portion of the assessment for the month during which the units in such stages are annexed to the condominium. Thereafter, the owners of units in such stage shall be assessed directly by the Association. The additional initial assessment equal to two (2) full months of the current assessment shall be a one-time contribution as working capital for the Association. The total initial assessment of units in subsequent stages shall be collected by the Declarant and delivered to the Association within thirty (30) days from the time that units in each stage are annexed to the condominium. Provided, however, upon the annexation of additional units to the condominium in future stages, the Board of Directors shall promptly prepare a new budget reflecting the addition to the condominium and shall recompute any previous assessment covering any period after the annexation.

Section 4. Payment of Assessments. Subject to the provisions of Section 2 and 3 of this Article VI, from the date of conveyance of the first Unit in the project, the Declarant shall:

(a) Pay assessments due for operating expenses on all unsold Condominium Units; and

(b) Pay assessments due for reserves on all unsold Condominium Units, or, at the Declarant's option, pay or require the Condominium Unit owner to pay all accrued reserve assessments against the Condominium Unit at the time of the initial sale to the Condominium Unit owner.

Section 5. Budget; Income Tax Returns; Determination of Fiscal Year.

(a) The fiscal year of the Association shall be the calendar year, unless otherwise determined by the Board of Directors.

(b) The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

(c) At least sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the common elements and those parts of the Condominium Units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Alaska Horizontal Property Regimes Act, the condominium instruments or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Condominium Unit owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least thirty (30) days before the beginning of each fiscal year, the Board of Directors shall send to each Condominium Unit owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any

special assessment payable by each Condominium Unit owner. Such budget shall constitute the basis for determining each Condominium Unit owner's assessment for the common expenses of the condominium.

(d) The failure of the Board of Directors to timely prepare and/or to present a budget to the Condominium Unit owners shall not be cause for any owner to fail or refuse to pay assessments. Assessments shall continue, based upon the last adopted or accepted budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board of Directors to make up for any deficiency.

(e) In the event the Board of Directors fails to timely adopt a budget for a new fiscal year, Condominium Unit owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Condominium Unit owners and immediately commence assessments based on the newly-adopted budget. Additionally, at any general or specially called meeting, Condominium Unit owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, assessments to Condominium Unit owners shall be based on the budget as so amended until a new budget is adopted in accordance with this Section 5.

Section 6. Default. Failure by an owner to pay any assessment of the Association shall be a default by such owner of his obligations pursuant to these Bylaws and the Alaska Horizontal Property Regimes Act. In addition to the interest which may be charged on delinquent assessments, the Board of Directors, at its option, may impose a late charge penalty in respect to any monthly assessment not paid within ten (10) days from the due date. Such penalty may not exceed the sum of ten percent (10%) of the monthly assessment. The Association shall be entitled to a lien which may be enforced by compliance with the provisions of AS 34.07.230-250. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting owner for the use of his Condominium Unit or shall be entitled to the appointment of a receiver pursuant to AS 34.07.240. Any default by the owner in any provisions of these Bylaws or of the Alaska Horizontal Property Regimes Act shall be deemed to be a default by the owner of any mortgage to which the owner is a party or to which the Condominium Unit is subject.

Section 7. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own Condominium Unit, which if omitted would affect the common areas and facilities of the

condominium or a part thereof belonging to other owners, and shall be responsible for the damages and liabilities that his failure to do so may cause.

(b) All repairs of internal installations of each Condominium Unit, such as water, lights, gas, power, sewage, telephones, air conditioners and sanitary installations, doors, windows, lamps and all other accessories belonging to the Condominium Unit area shall be at the sole expense of the owner of such Condominium Unit.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and/or facility damaged through his fault, not otherwise covered by insurance policies carried by the Association for the owner's and Association's benefit.

Section 8. Use of Condominium Units - Internal Changes.

(a) All Condominium Units shall be used for residential purposes only, and all common areas and facilities shall be used in a manner conducive to such purposes. No Condominium Unit owner may lease less than the entire Condominium Unit. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing.

(b) An owner shall not make structural modifications or alterations in his Condominium Unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the Chairman of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 9. Use of the Common Areas and Facilities. An owner shall not place or cause to be placed in the decks, vestibules, stairways and other project areas and facilities of the condominium of a similar nature, any furniture, packages or objects of any kind, except that suitable furniture may be placed on the decks without the prior written consent of the Board of Directors. Such areas shall be used for no purpose other than what is normal.

Section 10. Rules of Conduct.

(a) No resident of the condominium shall post any

advertisements, posters, or signs of any kind in or on the condominium property except as authorized by the Association and except that the Declarant may post "For Sale" signs advertising unsold Condominium Units.

(b) Residents shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, television and amplifiers that may disturb other residents.

(c) It is prohibited to hang garments, rugs and similar items from the windows or from any of the facades, decks or terraces of the condominium.

(d) It is prohibited to hang or shake dust rags, mops and similar items from the windows or porches or terraces, or to clean such items by beating on an exterior part of the condominium.

(e) It is prohibited to throw garbage or trash next to the disposal installations provided for such purposes in the service areas. All such garbage and trash shall be placed inside disposal containers.

(f) No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units or similar devices on the exterior of the condominium buildings or cause them to protrude through the walls or the roof of the condominium except as authorized by the Association. No window guards, awnings or shades shall be installed without the prior consent of the Board of Directors.

(g) No exterior antennas shall be allowed except those installed by the Association.

(h) Curtains and drapes shall be generally white or lined with white, or as the Board approves, to create an aesthetic and harmonious outer appearance of the condominium buildings.

(i) The parking spaces designated as general common areas and facilities in the Declaration are intended for use of automobiles of owners and guests. The Directors may make such rules necessary to govern the use of any general or any general common area parking spaces by which all owners and other users shall be bound.

(j) Vehicular traffic on the parking areas and driveway on condominium property shall be limited to five (5) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, snowmobiles, automobiles and trucks. No vehicles in disrepair or similar things may be parked or kept on condominium property without the prior written consent of the Board of Directors.

(k) All common areas are provided for the use of the owners and their guests. Rules and regulations will be posted, setting out the hours the various facilities will be available for use, and the conditions attendant thereto. Compliance with such rules as determined by the Board of Directors is essential to the harmonious operation of the facilities.

(l) The Directors may restrict the use of the general or limited common areas and facilities to specific Condominium Unit owners as may be necessary and reasonable in the overall use of said areas and facilities and for the best interest of the condominium as a whole and the owners of Condominium Units therein.

Failure by an owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth herein or others promulgated by the Board of Directors, will be cause for which the Board of Directors may deny or restrict such owner's right to use any common area or facility with respect to which such owner otherwise had a right of use.

Section 11. Use Restriction Contained in Declaration. In addition to the rules, restrictions and other provisions of this Article VI, all Condominium Unit owners must comply with the use restrictions contained in Section 7 of the Declaration.

Section 12. Reappraisal. The Condominium Units and the common areas and facilities shall be reappraised every ten (10) years by vote of the Association. Excepting for changes due to the annexation of additional property with Units as provided in the Declaration, sixty percent (60%) of the votes shall be required for a pro rata change in values not resulting in a change in the percentage interest in the common areas and facilities attributable to any of the Condominium Units. One hundred percent (100%) of the vote, and the consent of seventy-five percent (75%) of the first mortgagees of the individual units, shall be required to change the values of the Condominium Units if such change results in a change in the percentage interest in the common areas and facilities attributable to any of the Condominium Units. The Association, by a vote of a majority of voting owners, may employ a qualified professional appraiser to assist it under this Section. The Association shall cause the Declaration to be amended to reflect any change authorized and approved by this Section 12.

ARTICLE VII

INSURANCE

Notwithstanding the provisions of Article VI, Section 12 and A.S. 34.07.180, the Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other condominiums similar in construction, design and which insurance shall be governed by the provisions in this numbered section.

Section 1. Types of Insurance Policies. For the benefit of the Association and the owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

(a) A policy or policies of fire insurance with the extended coverage and special form endorsements, for the full insurable replacement value, if available, of all Condominium Units and common areas, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the owners and their mortgagees, as their respective interests appear, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, of each Condominium Unit, if any.

(b) A policy or policies insuring the Association, its Board of Directors, the Condominium Unit owners individually, and the manager against any liability to the public or the owners of Condominium Units and their invitees or tenants, incident to the ownership, supervision, control or use of the project. Limits of liability under such insurance shall be not less than \$1,000,000 per occurrence (or such lesser amount as the Board of Directors deems reasonable, but not less than \$250,000) for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board of Directors which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

(d) A fidelity bond naming such persons as may be designated by the Board of Directors as principals and the Association and the owners as obligees, for the amount determined by the Board of Directors. Provided, however, the Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Association shall not be responsible for any loss or damage to personal property of any owner, whether stored on the common area or in the owner's

Condominium Unit. Nor shall the Association maintain any insurance coverage for such loss.

Section 2. Insurance Companies Authorized. All policies shall be written by a company licensed to do business in Alaska and holding a "Commissioner's rating" of "A+" and a size rating of "AAA," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and directors.

Section 3. Authority to Adjust Losses. All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative; provided, however, that where a first mortgagee has been designated as a loss payee by a Condominium Unit owner, such mortgagee shall be entitled to settle losses as to the mortgaged Condominium Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two directors.

Section 4. Prohibition of Contribution. In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by the Association, individual owners or their mortgagees.

Section 5. Value of Owner Improvements. Each owner must inform the Board of Directors of the value of improvements made to his Condominium Unit in excess of One Thousand Dollars (\$1,000) so that the Board of Directors may make any desired adjustments in insurance coverage. Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Article VI, Section 8.

Section 6. Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

(a) A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the Condominium Unit owners and their respective servants, agents and guests.

(b) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual owners.

(c) A provision that the master policy on the condominium cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors or the manager without prior demand in writing that the Board of Directors or manager cure the defect.

(d) A provision that any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

(e) A provision that the insurer issue sub-policies specifying the portion of the master policy ear-marked for each owner's interest and that until the insurer furnishes written notice and a grace period to the mortgagee insured under the loss payable clause thereof, the mortgagee's coverage is neither jeopardized by the conduct of the Condominium Unit mortgagor-owner, the Association or other Condominium Unit owners nor cancelled for non-payment of premiums.

(f) A rider on the master policy in the nature of "Use and Occupancy" insurance which will provide relief from monthly assessments while a Condominium Unit is uninhabitable by the payment of the condominium expenses thereof and any other fixed costs, including, but without being limited to, taxes, rent, insurance, and mortgage payments.

Section 7. Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association of Condominium Unit Owners, which review shall include an appraisal of all improvements made to the project by a representative of the insurance carrier writing the master policy.

ARTICLE VIII

AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Association in a duly-constituted meeting or ballot meeting called for such purpose, and no amendment shall take effect unless approved by owners holding 60% or more of the voting rights as otherwise set forth in the Declaration. Any amendments adopted hereby shall be reduced in writing, certified by the Chairman and Secretary of the Association of Condominium Unit Owners to be the amendment so adopted by the Association of Condominium Unit Owners, and such amendment so certified shall be recorded in the Recording Office of the Anchorage Recording District, Third Judicial District, Alaska. Provided, however, no amendment of these Bylaws reducing or eliminating the right of any first mortgagee shall be made without the prior written consent of such first mortgagees. Provided, further, no amendment of these Bylaws may be made without the consent of the Declarant so long as Declarant owns any Condominium Unit in the condominium, but no such consent shall be required after three years after these Bylaws are recorded.

ARTICLE IX

RECORDS AND AUDITS

Section 1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of owners entitled to vote at meetings of the Association and a list of all mortgagees of Condominium Units.

Section 2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Condominium Unit owners and mortgagees at convenient hours of weekdays.

Section 3. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Condominium Unit. Such account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

Section 4. Payment of Vouchers. The Treasurer shall pay all vouchers up to \$1,000 signed by the Chairman, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of \$1,000 shall require the signature of the Chairman.

Section 5. Reports and Audits. The Board of Directors shall prepare or cause to be prepared an audited annual report of the receipts and expenditures of the Association and a balance sheet setting forth the financial condition of the Association as at the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be rendered to all Condominium Unit owners and to all mortgagees of Condominium Units who have requested the same within ninety (90) days after the end of each fiscal year.

Section 6. Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Condominium Unit, the Condominium Unit owner shall promptly inform the Secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE X

COMPLIANCE

These Bylaws are intended to comply with the provisions of the Alaska Horizontal Property Regimes Act, which are incorporated herein and to supplement the provisions in the Declaration of Condominium Unit Ownership. In case any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

ARTICLE XI

INDEMNIFICATION OF DIRECTORS,
OFFICERS, EMPLOYEES AND AGENTS

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative (other than an action by the Association) by reason of the fact that he is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

ARTICLE XII

SUITS AND ACTIONS

In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Bylaws or of the Alaska Horizontal Property Regimes Act, the owner or owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court. All suits and actions relating to the condominium shall be brought, prosecuted and defended in a court of competent jurisdiction located within the Municipality of Anchorage.

ARTICLE XIII

MISCELLANEOUS

Section 1. Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any Condominium Unit owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the owner's Condominium Unit.

Section 2. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 3. Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

It is hereby certified that these Bylaws have been adopted by CAPE HATTERAS AT COMMODORE PARK CONDOMINIUM ASSOCIATION, and will be recorded in

the Recording Office of the Anchorage Recording District, Third Judicial District, Alaska, together with the Declaration of Condominium Unit Ownership for said condominium.

DATED this 12 day of September, 1984.

CAPE HATTERAS CONDOMINIUM ASSOCIATION

By James K. Schuler
James K. Schuler, Director

By Linda Stillwell
Linda Stillwell, Director

By J. F. Stillwell, Jr.
J. F. Stillwell, Jr., Director

STATE OF HAWAII)
CITY AND COUNTY) ss. September 7, 1984
OF HONOLULU)

The foregoing instrument was acknowledged before me this 7th day of September, 1984, by James K. Schuler, Director, on behalf of Cape Hatteras at Commodore Park Condominium Association, a nonprofit corporation.

Karen A. Gamusati
NOTARY PUBLIC FOR the State of Hawaii
My Commission Expires: April 14, 1986

STATE OF ALASKA)
) ss. September 5, 1984
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 5th day of September, by Linda Stillwell, Director, on behalf of Cape Hatteras at Commodore Park Condominium Association, a nonprofit corporation.

Tandy Vokor
NOTARY PUBLIC FOR ALASKA
My Commission Expires: NOVEMBER 3, 1986

STATE OF ALASKA)

) ss. September 5, 1984

THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 5th day of September, by J. F. Stillwell, Jr., Director, on behalf of Cape Hatteras at Commodore Park Condominium Association, a nonprofit corporation.

Thedy V. Oker
 NOTARY PUBLIC FOR ALASKA COMMISSION EXPIRES
 My Commission Expires: SEP 11 1985

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 ANCHORAGE REC.
 DISTRICT

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 REQUESTED BY ST+TCD
 ADDRESS _____