

DECLARATION SUBMITTING  
REAL PROPERTY TO HORIZONTAL PROPERTY REGIME

STONEGATE ROYALE CONDOMINIUMS

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The undersigned, ROYAL KREST CONSTRUCTION, INC., an Alaska corporation, having a principal place of business at 621 West Dimond Blvd., Anchorage, Alaska, 99502, being the owner(s) of the real property more particularly described under Article I hereof, hereby submit(s) said property to the provisions of the Horizontal Property Regimes Act (Title 34, Chapter 07, Alaska Statutes) as now existing, or as hereafter amended, and hereby establishes a "Horizontal Property Regime" with respect to said property, for the "project," to be known as STONEGATE ROYALE CONDOMINIUMS.

At the time of recording of this Declaration, there has been filed in the Anchorage Recording District, Third Judicial District, State of Alaska, survey maps and floor plans for the project under File No. 78-72, which survey maps and floor plans are incorporated by reference herein as if fully set forth.

1. DESCRIPTION OF LAND. The land on which the buildings and improvements for the project are located, or are to be located, is situate in the Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Tract 2-B-1, Block 1, STONEGATE TOWNHOUSE ADDITION NO. 3, according to the official plat thereof, filed under Flat No. 77-217 Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

2. DEFINITIONS.

A. "Unit." "Unit" means an individual airspace, and, as used herein, is identical to "Apartment," as defined in Title 34, Chapter 07, Alaska Statutes, except as herein otherwise defined. The boundary lines of each unit are (except as otherwise herein defined) the interior unfinished surfaces (exclusive of paint, paper, wax, tile, enamel or other finishings) of its perimeter walls, floors, ceilings, windows and doors, as shown on the survey maps and floor plans referred to above; and a unit includes both the portions of a building so described and the airspace so encompassed, and includes all fixtures, improvements and partitions therein contained.

B. "Condominium Unit". "Condominium unit" means a "unit", together with an undivided interest in the common areas and facilities as set forth in Articles 5 and 7 hereof, and the limited common area and facilities appurtenant to and reserved for the use of a "unit" to the exclusion of some or all other "units" referred to in Article 6 hereof.

C. "Condominium Building". "Condominium building" means the building, or buildings, constructed, or to be constructed, on the property described at Article 1 above.

D. "Owner". "Owner" means any person or entity at any time having record title to a "Condominium unit" within the project as herein described, expressly excepting, however, holders of title for security purposes only.

E. "Project". "Project" means the "Property" as defined in A.S. 34.07.450(13).

F. "Common Area". "Common Area" means the "Common Area" as set forth in Article 5 hereof.

G. "Limited Common Areas and Facilities". "Limited Common Areas and Facilities" means a part of the common area, an easement for the use of which is appurtenant to a particular condominium unit, to the exclusion of some or all other condominium units, as more particularly set forth in Article 6 below.

H. "Mortgage" and "Deed of Trust". "Mortgage" and "Deed of Trust", as used herein, shall be deemed to be equivalent, and the use of one such term shall, where the sense requires, be deemed to also mean the other, both meaning a real property security interest in one or more units contained in the project.

I. "Mortgagor", "Mortgagee" and "Holder". "Mortgagor", "Mortgagee" and "Holder" shall be deemed the equivalent of "Trustor", "Beneficiary" and holder of the beneficial interest under a Deed of Trust, respectively. Where these Declarations require affirmative action towards or by "Holders", "First Mortgagees" etc., such terms shall be deemed to apply only to "institutional holders" of first mortgages or deeds of trust (any bank, savings & loan association or established mortgage company or other entity chartered under federal or state law; any corporation or insurance company, or federal or state agency). Where this Declaration or the Bylaws of the "Association" require approval of, notice to, affirmative action towards or by "Holders", or "First Mortgagees" or otherwise grants rights to either, such terms shall be deemed to include insurers or guarantors of a first mortgage, as well as "Holders" and "First Mortgagees".

### 3. DESCRIPTION OF "CONDOMINIUM BUILDING(S)".

A. There are or will be five "Condominium Buildings" constructed on the land described at Article 1 above designated as Buildings A through E inclusive on the above referred to survey maps and floor plans. Building A contains Units 1 through 5 inclusive. Building B contains Units 6 through 12 inclusive. Building C contains Units 13 through 15 inclusive. Building D contains Units 16 through 20 inclusive. Building E contains Units 21 through 27 inclusive.

B. The principal materials of which each of the five Condominium Buildings is constructed or will be constructed are as follows: concrete block foundation, wood frame construction, wood siding and asphalt roofing.

C. Each of the five Condominium Buildings contains two living levels above a crawl space. The levels are designated "floors" on the above referred to floor plans and survey maps.

4. DESCRIPTION OF UNITS. All units are delineated on the above referenced survey maps and floor plans and are more particularly described on Exhibit A attached hereto and made a part hereof.

5. DESCRIPTION OF COMMON AREAS AND FACILITIES.

A. The land described in Article 1 above, the airspace above same, except the airspace occupied by each of the "units," and all improvements situate upon such land, except those improvements actually within the airspace occupied by each "unit."

B. The foundations, columns, girders, beams, supports, main walls and roofs of the "Condominium Building(s)."

C. All pipes, ducts, flues, chutes, conduits, wires, installations and apparatus for common use such as power, light, gas, water, and sewer. In the case of utility services metered to and for an individual "unit", the common area or facility extends only to (and not including) such meter and the meters and wires, conduits or pipes from same are "improvements" belonging exclusively to the particular unit. Further, and not by way of limitation, the owner of each particular unit is responsible and obligated for maintenance and repair of sewer and water pipes and conduits from the particular unit to its joinder with a pipe or conduit common to one or more other units in the project.

D. All other parts of the "Project" necessary or convenient to its existence, maintenance and safety, or normally in common use.

6. DESCRIPTION OF "LIMITED COMMON AREAS AND FACILITIES." The "Limited Common Areas and Facilities" reserved for the use of a unit or units, to the exclusion of some or all other units, are as shown on the above-referenced floor plans and survey maps, and are further described on Exhibit B, attached hereto and made a part hereof.

7. UNDIVIDED INTEREST IN COMMON AREAS AND FACILITIES. The percentage of undivided interest in the Common Areas and Facilities appertaining to each unit and its owner for all purposes, including voting, is in accordance with Exhibit C, attached hereto and made a part hereof.

#### 8. VALUE OF LAND AND IMPROVEMENTS.

A. The value of the unimproved real property described in Article 1 above is \$ 351,000.00, and the value of the total property, with designated improvements thereon, is \$ 1,890,000.00.

B. The value of each condominium unit including its limited common areas, if any, and the percentage of undivided interest in the common areas and facilities appertaining to such unit for all purposes, including voting, is as set forth on Exhibit C, attached hereto. Such values are established as required by Chapter 34.07 A.S. and do not necessarily reflect the amount for which a unit will be sold by Declarant or others.

9. STATEMENT OF PURPOSES FOR THE CONDOMINIUM BUILDINGS AND CONDOMINIUM UNITS. Each "Condominium Unit" is to be used only for the purposes of single family residence. As used herein, "single family" shall mean one or more persons occupying a "Unit" and living as a single housekeeping unit, as distinguished from a group occupying a rooming house, club fraternity house or hotel.

10. AGENT FOR RECEIPT OF PROCESS. Pending amendment hereto, the person to receive service of process in the cases provided for under the Horizontal Regimes Act (Title 34, Chapter 07) shall be ROBERT W. KUBICK, whose address for such purposes shall be 621 West Dimond Blvd., Anchorage, Alaska, 99502, such location being within the recording district in which the project is located. At the first meeting of the elected Board of Directors of the Association of Owners, as provided for in the Bylaws of the Association, a new registered agent shall, with such agent's consent, be appointed, and an appropriate amendment of these Declarations shall be filed in the District Recorder's Office. In the event of incorporation of the Owners' Association, the Commissioner of Commerce, State of Alaska, shall likewise be advised of the change of Registered Agent.

11. PROCEDURE FOR SUBDIVIDING OR COMBINING. There shall be no subdivision of a "Condominium Unit," and no part of a "Condominium Unit" or the legal rights comprising ownership of a "Condominium Unit" may be separated from any other part thereof during the period of condominium ownership prescribed herein without written agreement of one hundred percent (100%) of the owners of the condominium units in the project and the holders of first mortgages on one hundred percent (100%) of the condominium units in the project in order that each "Unit" and the undivided interest in the common elements appurtenant to such "Unit" and the limited common areas, an easement for the use of which is made appurtenant to a "unit," shall always be conveyed, demised, encumbered, or otherwise affected only as to a complete "Condominium Unit."

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There shall be no combination of the area or space of one unit with that of another without written agreement of one hundred percent (100%) of the owners of the Condominium Units in the project and the holders of first mortgages on one hundred percent (100%) of the units in the project.

No such subdivision or combination shall be effective unless and until an amended "Declaration" has been recorded and amended floor plans have been filed specifying the subdivision or combination.

## 12. ASSESSMENTS.

A. Generally. Each owner of a condominium unit in the project is required to contribute toward the common expense of administration of the project by the payment of annual and special assessments which the Association, acting through its Board of Directors, shall levy, and collect in the manner set forth in the Bylaws of the Association or this Declaration or as reasonably implied from either. "Common expense" as used herein shall mean expenditures made or liabilities incurred by or on behalf of the Association, together with the sums reasonably necessary for the creation and maintenance of the Capital Improvement Reserve Trust Fund provided for in B. below. Subject to the specific provisions of this Declaration, the Bylaws of the Association and the requirements of holders of first deeds of trust or mortgages, the decision of the Board of Directors of the Association shall be determinative as to the amount of the sums "reasonably necessary" for such reserves. Said common expenses shall be allocated and assessed against each condominium unit and owner thereof according to the percentage of undivided interest in the common areas and facilities as set forth in this Declaration and as the same may be from time to time amended. The assessment(s) against any condominium unit, with interest, costs and reasonable attorneys fees, shall be a continuing lien upon any such condominium unit until paid. Each such assessment, together with interest, costs and reasonable attorneys fees, shall also be the personal obligation of the owner(s) of each condominium unit at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to successors in title or interest to a condominium unit unless expressly assumed by the same. The lien for such assessment(s) against a particular condominium unit shall not, however, be affected by any sale or transfer of same, except that a sale or transfer pursuant to a first deed of trust or mortgage foreclosure by an "institutional holder" (including deed in lieu thereof) shall extinguish such lien for assessments which became due and payable prior to transfer pursuant to such foreclosure. No such sale or transfer pursuant to foreclosure shall relieve the purchaser or transferee from liability for, nor the condominium unit so sold or transferred from a lien for, assessments becoming due after such transfer or sale. In the case of regular assessments determined annually and collected monthly, said purchaser or transferee and condominium unit shall be obligated and responsible from and after the date of sale or transfer regardless of any attempted acceleration against the prior owner. The lien provided for herein shall nevertheless be and hereby is made subordinate to any first mortgage or deed of trust owned or held by an "institutional holder" on or against a condominium unit if the mortgage or deed of trust is recorded prior to the date on which such

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lien in favor of the Association arose, and assessments, liens and charges against a condominium unit in favor of the Anchorage Municipality. If a mortgagee of a recorded first mortgage or a trustee of a recorded first deed of trust or other purchaser of a unit obtains possession of a unit as a result of foreclosure of either, or by deed or assignment in lieu of foreclosure, the possessor, the successors and assigns thereof are not liable for the share of the common expenses or assessments chargeable to the unit which became due prior to such possession.

B. Regular (Annual) Assessments. Each year, on or before thirty (30) days prior to the beginning of the fiscal year of the Association, the Board of Directors of the Association shall estimate the annual budget of common expenses (the "annual budget") including the total amount required for the cost of wages, taxes, materials, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, and such other expenses as the Board may deem proper, and shall on or before ten (10) days thereafter, notify each condominium unit owner in writing as to the amount of such estimate with reasonable itemization thereof. Said annual budget shall be assessed to each condominium unit and owner thereof according to the percentage of interest in the common areas and facilities as set forth herein and as the same may from time to time be amended, which said assessment shall be deemed a "Regular Assessment." The Regular Assessment against each condominium unit and owner shall be due and payable one-twelfth (1/12) monthly, except as provided in D. below. As collected, the funds shall be allocated and segregated into a Capital Improvement Reserve Trust Fund, sometimes hereinafter called "reserve fund" and a "working capital fund." The Capital Improvement Reserve Trust Fund shall be used for the periodic maintenance, repair and replacement of the common areas and facilities, shall be maintained out of the regular assessments herein provided for, and shall be adequate for the purposes set forth. The "working capital fund" shall be used to cover the routine operating expenses of the project. No Capital Improvement Reserve Trust Fund shall be established prior to the time the elected Board of Directors of the Association are to take office pursuant to 13. below, except upon written agreement of Declarant, and this provision shall not be amended except upon such written agreement.

The "working capital fund" shall initially be established in an amount equal to at least a two month's estimated assessment charge for such fund for each condominium unit. For this purpose a first purchaser of a condominium unit from Declarant shall be required to deposit with the Association such amount or reimburse Declarant such amount where Declarant has initially made such deposit. No interest shall be due or payable to owners on account of such deposits or other accounts or reserves of the Association. Conveyance of a condominium unit shall be deemed to transfer all right, title and interest to such reserves and deposits.

C. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of

defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, and general landscaping, provided that any such assessment shall have the assent of owners whose aggregate interest in the common areas and facilities is not less than 51% as determined by this Declaration and as the same may be amended from time to time, at a meeting duly called for this purpose.

**D. Enforcement and Collection.** The Board of Directors of the Association shall have the power, authority and duty to enforce collection of all Regular and Special Assessments, together with interest, costs and reasonable attorneys' fees, by all lawful means, including foreclosure to satisfy the lien and/or commencement and conclusion of a lawsuit against the owner responsible. Delinquency in the payment of a monthly installment due on a regular or special assessment for a period of thirty (30) days shall allow the Board of Directors of the Association to require full payment of the entire such assessment and to take appropriate action to collect same.

**E. Non-exemption for Assessments.** No owner nor condominium unit shall be exempted from the obligation to pay annual and special assessments by waiver of the use or enjoyment of the common areas and facilities or by abandonment of the condominium unit.

**F. Absence of Notification of Annual Assessment.** The failure of the Board to prepare an annual budget or to notify owners of annual assessments shall not constitute a waiver or release in any manner of the obligations to pay the assessments and charges herein provided for as and when the same shall be determined. In the absence of a new annual budget or adjusted budget or notification of Regular Assessment, each owner shall continue to pay at the then existing monthly rate established for the previous period until such time as a new rate is established.

**13. ADMINISTRATION.** Administration of the project shall be vested in its association of unit owners, hereinafter called "the Association," consisting of all condominium unit owners in the project. The owner of any unit, upon acquiring title thereto, shall automatically become a member of the Association, and shall remain a member thereof until such time as membership in the Association shall cease by virtue of no longer being an "Owner." Operation of the project and maintenance, repair, replacement and restoration of the common elements, and any additions or alterations thereto, shall be by such "Association" in accordance with the provisions of the Horizontal Property Regimes Act, this Declaration, and the Bylaws of the "Association;" and the "Association" shall have such rights regardless of any present or future encroachment(s) of the common elements upon another unit.

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Upon the recording of this Declaration, Declarant shall contemporaneously adopt Bylaws for such "Association" and cause the appointment (and acceptance of such appointments in writing) of officers and directors of the "Association." There shall be not less than three appointed directors and not less than two appointed officers (a President and a Secretary/Treasurer) but there may be as many appointed directors and officers as in the Bylaws are provided for. The appointed Board of Directors and appointed officers shall have all of the rights and powers of the "Association" set forth in this Declaration and in the Bylaws and shall be responsible for administration of the project until such time as elected directors take office. Nothing herein to the contrary withstanding, the elected Board of Directors shall take office within not more than one hundred twenty (120) days after completion of transfer of title to purchasers of units representing seventy percent (70%) of the voting strength of all unit owners as determined by the percentage of undivided interest in the common areas and facilities as herein provided for; or six hundred (600) days after the first conveyance of title to a condominium unit to an owner, whichever occurs the earlier.

Prior to the time the first elected Board of Directors of the Association takes office, the powers and duties of the Association and the Board of Directors thereof may be performed by either Declarant or Declarant's appointed Board of Directors.

The Declarant (prior to the election of the first Board, in accordance with the Bylaws of the Association) and thereafter the Board of Directors of the Association may at any time hereafter cause the formation of an Alaska not-for-profit corporation for the purpose of facilitating the administration and operation of the property, and in such event:

A. Each unit owner shall be a member of such corporation, which membership shall terminate upon the sale or other disposition by such member of his unit ownership, at which time the new unit owner shall automatically become a member therein;

B. The Bylaws of the Association provided for herein shall be the bylaws of such corporation;

C. The Articles of Incorporation and Bylaws shall contain such terms not inconsistent with this Declaration, as the Declarant or the Board shall deem desirable.

D. The name of such corporation shall be the Stonegate Royale Condominium Owners Association, or a similar name.

E. "The Association" as used in this instrument or elsewhere in connection with this project shall be the equivalent of such corporation, it being the intent that but one entity shall have authority for administration of the project.

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Each "owner" shall receive a true and correct copy of the Bylaws of the Association upon becoming an "owner", and shall acknowledge the receipt of same. The Bylaws shall be recorded as Exhibit D hereto, and, shall be deemed to be incorporated by reference herein as if fully set forth. Each "owner" shall be deemed to acquire title to a unit subject to the provisions of the Bylaws of the Association as existing at the time of acquisition of title.

14. SALE AND RETENTION OF CONDOMINIUM UNITS BY DECLARANT. Declarant contemplates sale of one hundred percent (100%) of the "Condominium Units;" however, Declarant reserves the right to retain unsold "Condominium Units" and sell, lease or rent them without the approval of other "Condominium Unit" owners.

15. WARRANTY. Declarant disclaims any intent to warrant or make representations by virtue of this Declaration, except as is set forth herein.

16. PARTITION NOT PERMITTED. Common areas and facilities shall be owned in common by the "Owners" of "Condominium Units", and no "Owner" may bring any action for partition thereof.

17. OWNER'S RIGHT TO INGRESS AND EGRESS. Each Owner shall have the right to ingress and egress over, upon and across the common areas necessary for access to his "Condominium Unit," and shall have the right to the horizontal and lateral support of his unit, and such rights shall be appurtenant to and pass with the title to each "Condominium Unit," without specific reference thereto in the conveyance instrument.

18. EASEMENTS DEEMED CREATED. Each unit owner has a nonexclusive easement for and may use the common areas and facilities in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful right of the other unit owners. All conveyances of condominium units hereafter made, whether by the Declarant, or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to the provisions hereof and of the Bylaws of The Association, even though no specific reference to such easements appears in any such conveyance, including, without limitation, easements for the use of "Limited Common Areas" that are described herein as appurtenant to a particular unit or units to the exclusion of other units in the "Project."

In addition to the foregoing, the "Association," its agents, employees and contractors, shall have the right to enter each unit in case of any emergency originating in or threatening such unit, or other units, and to effect maintenance and repairs which an owner is required to make but fails to make, and to maintain all improvements on the project, all regardless of any present or future encroachment(s) of the common elements upon another unit.

In the event that any portion of the common elements encroaches upon any unit, or any unit encroaches upon the common elements, or any unit encroaches upon any other unit

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as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the project, a valid easement for the encroachment or the maintenance of same shall exist so long as the encroachment exists, even though no specific reference to such easement appears in a conveyance instrument.

Declarant shall have an easement over and across the common areas for the purpose of completing improvements provided for in this Declaration and for the purpose of making repairs required pursuant to this Declaration or contracts of sale with condominium unit purchasers.

19. ASSESSMENTS AND TAXATION. Each "Condominium Unit" shall be assessed and taxed separately for all taxes, assessments and other charges of the State of Alaska, or any political subdivision, or any special improvement district, or any other taxing assessing authority, including, without limitation, special ad valorem levies and special assessments. No forfeiture or sale of any condominium unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other condominium unit.

20. LABOR AND MATERIAL LIENS. No labor performed or materials furnished for use in connection with any "Condominium Unit" with the consent of, or at the request of, an owner, or his agent, or subcontractor thereof, shall create any rights against any other condominium unit or against any interest in the common elements, except as to the undivided interest therein appurtenant to the condominium unit of the owner for whom such labor shall have been performed, and such materials shall have been furnished. Each owner shall indemnify and hold harmless the other owners from and against liability or loss arising from the claim of any lien against the project, or any part thereof, for labor performed, or for materials furnished on or for such owner's condominium unit.

21. RESERVATION TO GRANT EASEMENTS. Declarant reserves the right to grant, convey, transfer, cancel, relocate and otherwise deal with any and all utility easements now or hereafter located on or about the project; provided, however, that the effectiveness of any such action shall require the written consent of the holders of first mortgages on one hundred percent (100%) of the condominium units; and provided further no such action shall be taken that would substantially affect the appearance or structure of a unit; and provided further that as and when one hundred percent (100%) of the units have been sold the rights reserved under the Article shall be exercisable solely by and only by the "Association."

22. AMENDMENT. This Declaration may be amended by written consent of condominium unit owners representing sixty five percent (65%) or more of the undivided interest in the common areas and facilities under paragraph 7 above, and the written approval of eligible holders of first mortgages on condominium units to which at least fifty one percent (51%) of the undivided interest in the common areas and facilities under paragraph 7 above appertain, excepting however the following:

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A. The written consent of all condominium unit owners shall be required for any amendment effecting a change in (1) the boundaries of any unit, (2) the undivided interest in the common areas and facilities appertaining to any unit, (3) the liability for common expenses appertaining to a unit, (4) the voting strength appertaining to a particular condominium unit, or (5) the fundamental purposes to which any unit or the common areas and facilities are restricted.

B. The written approval of owners of condominium units to which at least eighty percent (80%) of the undivided interest in the common areas and facilities appertain shall be required to terminate the condominium regime.

C. An amendment providing for a change in the registered agent under paragraph 10 may be accomplished by resolution of the Board of Directors of the Association at a meeting duly called and convened for such purposes.

D. No substantial amendment shall be made to this Declaration between the time of execution and delivery of an agreement of purchase and sale to a purchaser and the time of closing without the consent of the purchaser or the providing to the purchaser of a written opportunity to rescind such agreement of purchase and receive any deposit such purchaser has previously made.

E. Not less than sixty percent (60%) of the number of condominium unit owners shall affirmatively vote for any amendment.

F. The prior written approval of mortgagees is required for certain amendments in accordance with paragraph 24 below.

23. DAMAGE OR DESTRUCTION OF CONDOMINIUM BUILDING(S).  
In the event of damage or destruction of one or more Condominium Buildings, the determination as to whether to rebuild, repair, or reconstruct same in accordance with the original plan shall be by majority vote of all unit owners in accordance with the Horizontal Property Regime Act in effect in the State of Alaska. Except for such a determination to rebuild, repair or reconstruct in accordance with the original plan, all other determinations shall require a unanimous vote of the unit owners, as well as the approval of holders of first mortgages as herein elsewhere provided for and as in the Bylaws may be provided for.

24. PROTECTION OF MORTGAGEES AND HOLDERS.

A. Anything in this Declaration or the Bylaws of the "Association" provided for herein to the contrary notwithstanding, prior written approval of the holders of first mortgages covering all or any portion of the project shall be a condition precedent to the effectiveness of any of the following action:

1. Removal of all or any portion of the property or project from the provisions of the Horizontal Property Regime Act pursuant to Alaska Statute 34.07.330, or as said statute may be amended from time to time.

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2. An act or omission seeking to abandon or terminate the condominium regime or to abandon, partition, subdivide, encumber, sell or transfer the common areas and facilities, or the partition or subdivision of a unit.

3. A change in the percentage interests of the unit owners including without limitation such changes due to periodic reappraisal pursuant to Alaska Statute 34.07.180(b) and the Bylaws.

4. Any material amendment to this Declaration or to the Bylaws of the Owners Association, including without limitation to the foregoing the addition of a "right of first refusal" in the Association to acquire a unit.

5. Termination of professional management of the project and assumption of self-management when professional management has previously been required.

B. A holder or insurer of a first mortgage (or designee), upon written request to the Association (such request to state the name and address of such holder or insurer and the unit number), and the filing of a true copy of the mortgage with the Association, will be entitled to timely written notice of:

1. Any proposed amendment of the condominium instruments effecting a change in (a) the boundaries of any unit, (b) the undivided interest in the common areas and facilities appertaining to any unit or the liability for common expenses appertaining thereof, or (c) the purposes to which any unit or the common areas and facilities are restricted.

2. Any proposed termination of the condominium regime.

3. Any condemnation or eminent domain proceeding affecting the condominium regime or any portion thereof.

4. Any default under the Declaration or Bylaws which gives rise to a cause of action against the owner of a condominium unit subject to the mortgage of such holder or insurer, where the default has not been cured within thirty (30) days.

5. Annual and special meetings of the Association.

6. Damage to a unit covered by a first mortgage that exceeds \$1,000.00 and/or damage to common areas and related facilities that exceeds \$10,000.00.

C. The holders or insurers of first mortgages (or designee) shall have the right to examine the books and records of the Owners Association during normal business hours, and to require the preparation and submission of annual financial statements for the immediately preceding fiscal year, but not earlier than ninety (90) days after the end of such fiscal year. First mortgagees may require audited financial statements or waive same in writing.

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**25. USE RESTRICTIONS.**

A. Nuisances. No noxious or offensive activities shall be carried on upon the project. The Association acting through the Board of Directors shall determine in its sole discretion but in a reasonable and lawful manner what constitutes a noxious or offensive activity. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a unit and its contents, shall be placed or used in any such unit. No loud noises shall be permitted on the project, and the Board of Directors of the Association shall have the right to determine if any noise or activity producing noise constitutes a nuisance. No owner shall permit or cause anything to be done or kept upon the project which will increase the rate of insurance thereon, or which will obstruct or interfere with the rights of other owners. Each owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a residence.

B. No Signs. No signs, posters, displays, or other advertising devices of any character shall be erected or maintained on, or shown or displayed from, a unit without prior written approval having been obtained from the Board of Directors of the Association; provided, however, that the restrictions of this paragraph shall not apply to any sign or notice of customary and reasonable dimension which states that the premises are for rent or sale. Address, identification signs and mail boxes shall be maintained by the Association. The Board of Directors may summarily cause all unauthorized signs to be removed and destroyed. This section shall not apply to any signs used by Declarant or its agents in connection with the original construction and sale of the units.

C. Outside Installations. No basketball standards or fixed sports apparatus shall be attached to any unit without the prior written approval of the Board of Directors.

D. Pet Regulations. No animals, livestock or poultry shall be kept on the project, except that domestic dogs, cats, fish and birds in inside bird cages may be kept as household pets within any unit provided they are not kept, bred, or raised therein for commercial purposes, or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the number of dogs, cats and birds to two (2). The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Directors of the Association, a nuisance to any other owner. Dogs and cats belonging to owners, occupants, or their licensees or invitees within the property must be either kept within an enclosure, an enclosed balcony, or on a leash being held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Board of Directors of the Association. Should any dog or cat belonging to an owner be found unattended out of the enclosure and not being held on

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a leash by a person capable of controlling the animal, such animal may be removed by Declarant (or other occupant or owner within the project), or a person designated by them so to do, to a pound under the jurisdiction of the local municipality in which the property is situated and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any owner shall be absolutely liable to each and all remaining owners, their families, guests and invitees, for any damage to persons or property caused by any pets brought or kept upon the project by an owner, or by members of his family, guests, licensees or invitees.

E. Business or Commercial Activity. No business or commercial activity shall be maintained or conducted from or about any unit except that Declarant, or a person designated by the Association as the Agent of the Association for purposes of managing the project, may maintain management offices and facilities in a unit or in a temporary structure constructed on the project. Provided, however, that professional and administrative occupations may be carried on within units so long as there exists no external evidence thereof.

F. Temporary Structures. No temporary structures, boat, truck, trailer, camper or recreational vehicle of any kind shall be used as a living area while located on the project; however, trailers or temporary structures for use incidental to the initial construction of the improvements on the project may be maintained thereon; but shall be removed within a reasonable time upon completion of construction on the project.

G. Rubbish Removal. Trash, garbage, or other waste shall be disposed of only by depositing same, wrapped in a secure package, into designated trash receptacles; but this provision shall not prevent the use of garbage disposals. No owner shall permit or cause any trash or refuse to be disposed of on any portion of the project subject to this Declaration. No portion of the project shall be used for the storage of building materials, refuse or any other materials other than in connection with approved construction. There shall be no exterior fires whatsoever, except barbeque fires contained within receptacles therefor.

H. Trees. No trees may be removed from the Project without written consent from the Board of Directors of the "Association". It is the intent of this provision that all owners shall do their utmost to maintain the trees and the natural wooded surroundings of the project.

I. Renting - Leasing. With the exception of a lender in possession of a condominium unit following a default on a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to rent or lease a unit for transient or hotel purposes nor rent for a period of less than thirty (30) days. No unit owner may lease or rent less than the entire condominium unit. Any lease or rental agreement

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shall provide that the terms thereof 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 or rental agreement. All leases and rental agreements shall be required to be in writing.

J. Prohibited Work. No unit owner may do any work which will jeopardize the soundness or safety of the property, reduce its value, or impair any easement or hereditament, without the unanimous written consent of all of the other unit owners being first obtained, as well as the written consent of one hundred percent (100%) of the holders of first mortgages covering all or a portion of the project. Without in any way limiting the foregoing, the puncture of any wall or floor which forms all or a party of a floor or wall separating two units is expressly prohibited.

K. Modifications or Additions to Common Areas. No structures, additions, buildings, fences or any other items shall be placed upon the spaces designated as common areas, including those exterior common areas designated as limited common areas, without the consent of the Board of Directors of the Association, and any such consent shall be revocable at any time, with or without cause.

L. House Rules. The "Board" may from time to time adopt, modify, and revoke in whole or in part such reasonable rules and regulations, to be called House Rules, governing the conduct of persons on said project as it may deem necessary. Such House Rules, upon adoption, and every amendment, modification and revocation thereof, shall be delivered promptly to each owner and shall be binding upon all members of the Association and occupants of the building(s).

26. CONDEMNATION: In case at any time or times the common areas or facilities of the project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account thereof, shall be payable to such bank or trust company authorized to do business in the State of Alaska as the Board shall designate as Trustee for all unit owners and mortgagees according to the loss or damage to the respective units and appurtenant common interests. In the event such compensation is solely for land taken or condemned, the proceeds shall be paid to the mortgagees and unit owners as their respective interests may appear in any mortgage instruments duly recorded, and in accordance with the percentage of undivided interest in the common areas set forth in this Declaration and as it may be from time to time amended. In the event such compensation is for land and improvements taken or condemned, or solely for improvements taken or condemned, the determination as to whether to rebuild,

repair or reconstruct shall be made in accordance with paragraph 23 above.

Restoration of the project with less than all of the units after condemnation may be undertaken by the Association only pursuant to an amended Declaration, duly executed by the owners representing not less than one hundred percent (100%) of the common interests; consented to in writing by all holders of first mortgages affecting any of the units, the owners of which are executing such amended Declaration; removing the project from the horizontal property regime established hereby; reconstituting all of the remaining units and common elements to be restored as a new horizontal property regime; and providing for payment to each owner of a unit not to be restored of the agreed value of such unit and its common interest, which payment shall include, without prejudice to the generality of the foregoing, all of the proceeds of condemnation award payable for or on account of such condominium unit and the proportionate share of the "working capital" fund and Capital Improvement Reserve Trust Fund of the Association provided for in the Bylaws of the Association without deduction for the cost of such restoration except for proportionate share of the cost of debris removal.

Nothing in the foregoing to the contrary withstanding, if any unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, then the holder of any first mortgage on a unit will be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of any document establishing the project will entitle the owner of a unit or other party to priority over such holder with respect to the distribution to such unit of the proceeds of any award or settlement.

**27. CHANGES OR MODIFICATIONS BY THE DECLARANT.** Before the election of the first Board, as provided for in the Bylaws of the Association of Owners, the Declarant, shall have the right to change or modify any or all of the terms, restrictions and covenants herein contained, or contained in the Bylaws of the "Association," which changes or modifications shall be effective upon the recording thereof; provided, that no change or modification of this Declaration shall be made without the prior written approval of a holder of a first mortgage on the entire project, and/or the holder(s) of first mortgage(s) on any condominium unit or any portion of the common area; and provided further no substantial change shall be made between the time of execution and delivery of an agreement of purchase and sale to a purchaser and closing without consent of the purchaser or providing such purchaser the written opportunity to rescind the purchase agreement and receive any deposit such purchaser has previously made. In the event the Veterans Administration has issued an approval of these documents and in the further event that the Veterans Administration is involved in the financing of one or more units of this project, no such changes shall be made without the prior written approval of the Veterans Administration.

**28. BINDING EFFECT OF DECLARATIONS, BYLAWS, AND ARTICLES OF INCORPORATION OF OWNERS' ASSOCIATION.** All provisions of this Declaration, the Bylaws of the Owners' Association

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provided for herein, and the Articles of Incorporation of said Owners' Association provided for herein shall bind and be effective upon the owners of all condominium units in this project, their tenants, employees, contractors, and any and all other persons that may use or be on or about the project, or any part of it, in any manner.

The failure of any unit owner to comply with the provisions of this Declaration, the Bylaws of the Owners Association provided for herein, and the Articles of Incorporation of said Owners Association provided for herein, shall constitute a breach of contract, and shall give rise to a cause of action in the "Association" and any aggrieved unit owner for the recovery of damages or injunctive relief or both. Any such action may be brought by the Board of Directors of the Association, or the Manager, in behalf of the Association.

29. SEVERABILITY. If any provision of this Declaration or the application thereof to any person or circumstance is held invalid by Judgment or Court Order, the remaining provisions and their application to other persons, or to other circumstances shall not be affected thereby, and shall remain in full force and effect.

30. EXPANSION OF CONDOMINIUM PROJECT. This condominium project will not be added to or expanded without the express written consent of one hundred percent (100%) of the holders of first mortgages on the condominium units herein provided for, and the written consent of one hundred percent (100%) of the owners of condominium units herein provided for.

31. AVAILABILITY OF CONDOMINIUM DOCUMENTS. During normal business hours or under other reasonable circumstances, the "Association" shall have available for inspection by owners, lenders and prospective purchasers current copies of the "Declaration," "Bylaws," "Articles of Incorporation" of the Association (if any), and other rules governing operation of this condominium project. In addition, owners and lenders shall be entitled to inspect the books, records and financial statements of the Association. A reasonable charge may be made for the labor, materials and other expense in supplying copies for removal from the office of the "Association."

32. MAINTENANCE AND REPAIR.

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

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

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C. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common areas and facilities damaged through his fault or the fault of such owner, family, guest or other invitee.

DATED at Anchorage, Alaska, the 26<sup>th</sup> day of

MAY, 1978.

ROYAL KREST CONSTRUCTION, INC.  
an Alaska corporation

BY: Robert W. Kubick

ROBERT W. KUBICK, President

BY: Joseph P. Cange

JOSEPH P. CANGE, Secretary

STATE OF ALASKA )

: ss.:

THIRD JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on the 26<sup>th</sup> day of MAY, 1978, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared ROBERT W. KUBICK, known to me to be the President, and JOSEPH P. CANGE, known to me to be the Secretary of ROYAL KREST CONSTRUCTION, INC., the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same pursuant to its bylaws or a resolution of its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

David L. Peck  
Notary Public in and for Alaska  
My Commission expires: 7-15-80

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## STONEGATE ROYALE CONDOMINIUM DECLARATION

## EXHIBIT "A"

DESCRIPTION OF UNITS

All units in this project contain two main levels. The lower level of each is denoted "first level" and the upper level of each is denoted "second level" on the above referred to floor plans and survey maps.

There are three different floor plans for the "first level" of the units within this project which floor plans are referred to as Floor Plans A, B and C for the purpose of this Exhibit. The "first level" of units built in accordance with Floor Plan A is divided or partitioned into a "family room"; and a "garage" which contains a furnace for the unit, a water heater for the unit, a space for a clothes washer and dryer, and a motor vehicle parking area.

The first level of units built to Floor Plan B is divided or partitioned into a full bath, a bedroom with closet; and a "garage" which contains a furnace for the unit, a water heater for the unit, a space for a clothes washer and dryer, and a motor vehicle parking area.

The first level of the units built to Floor Plan C is divided or partitioned into a full bath, a bedroom, a "recreation room"; and a "garage" which contains a furnace for the unit, a water heater for the unit, a space for a clothes washer and dryer, and a motor vehicle parking area.

Units 10 and 11 are built to Floor Plan A; units 13 and 15 are built to Floor Plan C; and all other units in the project are built to Floor Plan B.

The "first level" of each unit contains approximately 682 square feet.

Access to the "second level" of each unit is by way of a stairway from the first level to the second level.

The "second level" of units 2, 8, 9, 10, 11, 17, 18, 19, 24, 25, and 26 each contain approximately 827 square feet. The "second level" of units 1, 3, 4, 5, 6, 7, 12, 13, 14, 15, 16, 20, 21, 22, 23, and 27 each contain approximately 806 square feet.

The "second level" of each unit is divided or partitioned into two bedrooms, a living room, a dining area, a full bath, closets, storage space, and kitchen area. As to units 1, 3, 4, 5, 6, 7, 12, 13, 14, 15, 16, 20, 21, 22, 23, and 27 the dining and kitchen areas are separated by a counter. As to units 2, 8, 9, 10, 11, 17, 18, 19, 24, 25, and 26 the dining and kitchen areas are separated by a full wall.

The immediate common area to which each unit has access is the land described at Article I of the Declaration.

## STONEGATE ROYALE CONDOMINIUM DECLARATION

## EXHIBIT "B"

DESCRIPTION OF  
LIMITED COMMON AREAS AND FACILITIES

The following "limited common areas and facilities" are reserved for the use of the particular unit set forth below to the exclusion of all other units in the project:

A. Patios. The patios immediately adjacent to each unit and identified on the floor plans and survey maps referred to above by the letter P followed by the unit number to which such limited common area is appurtenant.

B. Driveways. The driveways immediately adjacent to each unit and identified on the floor plans and survey maps filed contemporaneously with the recording of this Declaration by the letter D followed by the unit number to which such limited common area is appurtenant.

Easements for the use of the limited common areas and facilities described above are appurtenant to the particular units described whether or not specifically set forth or referred to in conveyance of a unit. The owners of the particular unit to which such limited common areas and facilities are appurtenant are exclusively responsible for their maintenance, repair and condition.

## STONEGATE ROYALE CONDOMINIUM DECLARATION

## EXHIBIT "C"

VALUE OF UNITS AND UNDIVIDED INTEREST  
IN COMMON AREAS AND FACILITIES

<u>UNIT NUMBER</u>	<u>VALUE</u>	<u>UNDIVIDED INTEREST IN COMMON AREAS</u>
1	\$70,000.00	3.7 percent
2	\$70,000.00	3.7 percent
3	\$70,000.00	3.7 percent
4	\$70,000.00	3.7 percent
5	\$70,000.00	3.7 percent
6	\$70,000.00	3.7 percent
7	\$70,000.00	3.7 percent
8	\$70,000.00	3.7 percent
9	\$70,000.00	3.7 percent
10	\$70,000.00	3.7 percent
11	\$70,000.00	3.7 percent
12	\$70,000.00	3.7 percent
13	\$70,000.00	3.7 percent
14	\$70,000.00	3.7 percent
15	\$70,000.00	3.7 percent
16	\$70,000.00	3.7 percent
17	\$70,000.00	3.7 percent
18	\$70,000.00	3.7 percent
19	\$70,000.00	3.7 percent
20	\$70,000.00	3.7 percent
21	\$70,000.00	3.7 percent
22	\$70,000.00	3.7 percent
23	\$70,000.00	3.7 percent
24	\$70,000.00	3.7 percent
25	\$70,000.00	3.7 percent
26	\$70,000.00	3.7 percent
27	\$70,000.00	3.7 percent
TOTAL:	\$1,890,000.00	99.9 percent

## STONEGATE ROYALE CONDOMINIUM DECLARATION

## EXHIBIT "D"

## BYLAWS OF

## ASSOCIATION OF OWNERS OF

STONEGATE ROYALE CONDOMINIUMS

## ARTICLE I

CONDOMINIUM OWNERSHIP

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

Tract 2-B-1, Block 1, STONEGATE TOWNHOUSE ADDITION NO. 3, according to the official plat thereof, filed under Plat No. 77-217, Records of the Anchorage Recording District, Third Judicial District, State of Alaska,

has been submitted to the provisions of the Horizontal Property Regimes Act (Chapter 34.07, Alaska Statutes) as now existing or as hereafter amended by ROYAL KREST CONSTRUCTION, INC., an Alaska Corporation, hereinafter referred to as "Developer."

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

## ARTICLE II

OFFICE

Section 1. Principal Office: The principal office of the Association shall be maintained at WCK Investments, 621 West Dimond Blvd., Anchorage, Alaska, 99502, or elsewhere as the Board of Directors may determine. Such office shall be the "Registered" office of the corporation upon incorporation of the "Association."

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

## ARTICLE III

ASSOCIATION OF OWNERS

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

Section 2. Annual meeting. The first annual meeting of the Association shall be called by the Developer, upon ten (10) days' written notice, not later than ninety (90) days after completion of transfer of title to purchasers representing seventy percent (70%) of the voting strength of all condominium owners as determined by the percentage of undivided interest in the common areas and facilities as provided in the Declaration or 600 days after the first conveyance of title to a condominium unit to an owner, whichever shall earlier occur. Thereafter, an annual meeting of the Association shall be held on a weekday not more than ten (10) days removed from the anniversary date of the first annual meeting for the purpose of electing members of the board and such other business as may come before the meeting.

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

Section 4. Notice of meetings. A written or printed notice of every meeting of the Association stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place, day, and hour thereof, and the purpose therefor shall be given by the Secretary or the person or persons calling the meeting at least ten (10) days before the date set for such meeting. Such notice shall be given to each member and first mortgagee in any of the following ways: (a) by leaving the same with him personally, or (b) by leaving the same at the residence or usual place of business of such member, or (c) by mailing it, postage prepaid, addressed to such member at his address as it appears on the records of the Association, or (d) if such owner or mortgagee cannot be located by reasonable efforts, by publishing such notice in any newspaper of general circulation in Anchorage, Alaska, such notice to be published not less than two (2) times, on successive days, the first publication thereof to be not less than three days nor more than ten days prior to the day assigned for the

meeting. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat.

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

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

**Section 7. Voting.** Any person, firm, corporation, trust, or other legal entity or a combination thereof, owning any condominium unit in said project duly recorded in his or its name, the ownership whereof shall be determined by the records of the Anchorage Recording District shall be a member of the Association, and either in person or by proxy entitled to a vote equivalent to his percentage interest in the common areas and facilities for each condominium unit so owned at all meetings of the Association. Any provision to the contrary notwithstanding, co-owners or joint owners shall be deemed one owner. The authority given by a member to another person to represent such member at meetings of the Association shall be in writing, signed by such member or if a condominium is jointly owned, then by all joint owners, or if such member is a corporation, by the proper officers thereof, and shall be filed with the Secretary, and unless limited by its terms, such authority shall be deemed good until revoked in writing. An executor, administrator, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any condominium unit owned or held by him in such a capacity, whether or not the same shall have been transferred to his name by a duly recorded conveyance. In case such unit shall not have so been transferred to his name, he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such unit in such capacity. Whenever any such unit is owned by two or more jointly according to the records of said recording district, the vote therefor may be exercised by any one of the owners present in the absence of protest by the other or others.

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

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

#### ARTICLE IV

##### BOARD OF DIRECTORS

Section 1. Number and qualification. After control of the Association is vested in the owners as provided in the Declaration, the direction and administration of the project and the affairs of the Association shall be vested in a Board of Directors (hereinafter "Board") composed of three (3) persons, who shall be elected as hereinafter provided. Each member of the Board shall be an owner, provided, however, that, in the event an apartment owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any officer, shareholder or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board.

Section 2. Election and Term of Office. At each annual meeting of the Association, the owners shall, by a vote of a majority of owners present at such meeting, elect the entire Board for the forthcoming year. The first elected Board of Directors shall be elected at the first annual meeting of Unit owners hereinabove provided for and shall take office not more than thirty days following their election. Members of the Board shall serve without compensation for a term of one (1) year, and until their successors are elected. Vacancies in the Board shall be filled by vote of the remaining members of the Board.

Section 3. Removal of directors. At any regular meeting or special meeting duly called, any one or more of the directors may be removed with or without cause by the affirmative vote of a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 4. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity,

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

Section 5. Regular meetings. A regular annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of the Association. Other meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may, from time to time, adopt. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, addressed to his residence, or by telephone, at least three(3) days prior to the day named for such meeting.

Section 6. Special meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each director, given personally or by mail, addressed to his residence, or by telephone, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors.

Section 7. Waiver of notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Board of Directors' quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

#### ARTICLE V

##### OFFICERS

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

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

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

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

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

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

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

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

## ARTICLE VI

POWERS AND DUTIES OF  
THE BOARD OF DIRECTORS AND THE ASSOCIATION

Section 1. Powers. The Board of Directors shall have power to:

A. adopt and publish rules and regulations governing the use of the common areas and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

B. suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations;

C. do all things necessary for the administration of the affairs of the Association and the administration of the project, as are not by law, the Declaration or by these Bylaws directed to be exercised and done by the owners;

D. declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

E. employ a manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties;

F. perform its duties in behalf of the Association more particularly described below;

G. in the event any owner is delinquent in the payment of utility charges paid by the Association to the utility for a period in excess of thirty (30) days, the Board of Directors is authorized to sever or disconnect such utility connections to the condominium unit; and

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

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AND SHERMAN AND STERN  
AND SHERMAN AND STERN  
AND SHERMAN AND STERN

Section 2. Duties. It shall be the duty of the Board of Directors to:

A. cause to be kept a complete record of all its acts and to present a statement thereof to the owners at the annual meeting of the Association or at any special meeting when such statement is requested in writing by owners whose interest in the common areas and facilities constitutes not less than twenty five percent (25%);

B. supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

C. as provided in the Declaration to:

1. levy, collect and enforce the collection of regular and special assessments;

2. send written notice of each assessment to every owner subject thereto; and

3. foreclose the lien against any condominium unit which assessments are not paid or bring an action at law against the owner personally obligated to pay the same.

D. issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

E. procure and maintain such policies of fire and hazard insurance included within the term "extended coverage" with respect to the project as may be provided by the Declaration or authorized by the Board or reasonably requested by the holder of a first mortgage on a unit or units. Such insurance and bonds will be such as to meet the requirements of any holder of a first mortgage or deed of trust on any unit but in any event fire, extended coverage and casualty insurance shall be maintained in an amount equal to the value of the project (exclusive of raw land value) and liability insurance in the amount of at least ONE MILLION DOLLARS (\$1,000,000.00) shall be maintained to protect the Association and the individual unit owners from liabilities caused by acts and omissions of all officers, agents or employees of the Owners Association and the condition of the common areas. Notwithstanding any other provisions herein or in the Declaration for this project, so long as the Federal National Mortgage Association or Government National Mortgage Association or the Federal Home Loan Mortgage Corporation or the Federal Housing Administration or the Veterans Administration or their successors or assigns is a mortgagee or owner of a condominium unit in the project, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bonds meeting the insurance and fidelity bond requirements as

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established by any of the foregoing for condominium projects, except to the extent that the same are waived in writing by all such entities having such interest regardless of other or different requirements of the Association, the owner, beneficiaries or mortgagees or other interested parties;

F. maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of such Association and all others who handle or are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

1. all such fidelity bonds shall name the Association as an obligee;

2. such fidelity bonds shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the planned unit development, including reserves;

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

4. such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the holders of first mortgages or the designees thereof, as such holders are defined in the Declaration.

G. cause the common area to be maintained;

H. cause other maintenance and repair to the properties as provided for in the Declaration, or by law;

I. perform all other duties required by law the Declaration or these Bylaws or reasonably implied therefrom;

J. provide for charges to build up and maintain a reasonable reserve for contingencies and replacements as may be required by reasonable business prudence and/or the holders of the beneficial interest of first deeds of trust or mortgages on units. If the annual budget proves inadequate for any reason, including nonpayment of any owner's assessment, the Board may at any time levy a further assessment which shall be assessed to the owner(s) and condominium units according to the percentage of interest in the common areas and facilities appurtenant to each condominium unit. The Board shall serve notice of such further assessment in the manner provided for a special assessment in the Declaration;

K. unless such requirement is waived in writing by the holders of first mortgages on one hundred percent (100%) of the units in the project, the Board of Directors shall employ for the Association an experienced professional management agent or manager, at a compensation established by the Board to perform such duties and services as the Board shall authorize. The duties conferred upon the management agent or manager by the Board of Directors may be at any moment revoked, modified, or amplified by the majority of owners in a duly constituted meeting, and all employment agreements for such management shall be in writing and shall contain provisions giving effect to the following:

1. The agreement shall be terminable with or without cause by the giving of a thirty-day written notice by the Board, and without payment of a termination fee.
2. The term of any such agreement may not exceed one year, although it may be renewable by the parties for successive one-year terms.

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

#### ARTICLE VII

##### EXECUTION OF INSTRUMENTS

Section 1. Instruments Generally. All checks, drafts, notes, bonds, acceptances, contracts and all other instruments except conveyances shall be signed by such person or persons as shall be provided by general resolution applicable thereto. Such instruments shall be signed by the President or the Vice President and by the Treasurer or Secretary or Assistant Treasurer or Assistant Secretary.

#### ARTICLE VIII

##### LIABILITY OF BOARD MEMBERS AND OFFICERS

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

Section 2. Indemnification. Every director, officer, and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his having been an officer, director or member of the Association whether or not he continues to be such director, officer or member of the Association at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters in

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JOHN L. HANCOCK, 1978-1979  
PRESIDENT, 1978-1979  
VICE PRESIDENT, 1979-1980  
TREASURER, 1980-1981  
SECRETARY, 1981-1982

to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence to the Association in the performance of his duties or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representative of such person, and shall not apply to the extent any such liability, damage, injury or other expense is covered by any type of insurance.

#### ARTICLE IX

##### FISCAL YEAR

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

#### ARTICLE X

##### BYLAWS

Section 1. Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by vote of the members of the Association whose aggregate interest in the common elements constitutes seventy-five percent (75%) at a meeting duly called for the purpose, PROVIDED, HOWEVER, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the Horizontal Property Act; and PROVIDED, FURTHER, that no substantial change shall be made to the provisions of these Bylaws between the time of execution and delivery of an agreement of purchase and sale by a purchaser and the time of closing without the consent of the purchaser, unless such purchaser is provided the written opportunity to rescind the purchase agreement and receive any deposit previously made on the purchase.

Section 2. Conflict. In the event of any conflict between these Bylaws and the Declaration, the Declaration shall control, and in the event of conflict with the mandatory provisions of the Horizontal Property Regimes Act, the latter shall control.

#### ARTICLE XI

##### EVIDENCE OF OWNERSHIP AND REGISTRATION OF MAILING ADDRESS

Section 1. Proof of Ownership. Except for those owners who initially purchase a unit from Developer, any person or entity on becoming an owner shall furnish to the secretary of the "Association" and any Managing Agent a machine or a certified copy of the recorded instrument vesting that person or entity with an interest or ownership in the lot, which copy shall remain in the files of the Association.

Section 2. Registration of Mailing Address. The owners or several owners of an individual unit shall have one and the same registered mailing address to be used by

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the Association for mailing of statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address shall be furnished by such owners to the secretary of the Association and any Managing Agent within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the owners of the lot or by such persons as are authorized by law to represent the interest of (all of) the owners thereof.

## ARTICLE XII

### DAMAGE OR DESTRUCTION

In the event of damage to or destruction of the common areas and facilities, all available insurance proceeds, including proceeds on any policy(s) taken out by unit owners, shall be payable to such bank or trust company authorized to do business in the State of Alaska as the Board shall designate as Trustee for all unit owners and mortgagees as their interests may appear in the respective units and appurtenant common areas, and shall be used promptly by the Association to the extent necessary for rebuilding, repairing or reconstructing such improvements in accordance with the original plans and specifications, or if the work according to the original plans and specifications is not permissible under then applicable laws and regulations, then in accordance with such plans and specifications as modified by the Board to the extent necessary to permit the work to proceed.

In the event of any deficiency between said insurance proceeds and the cost of the work, each Owner shall pay his proportionate share of said deficiency as common expenses in accordance with Article VI, Section 1 above.

Subject to the foregoing, the Board shall have the authority, as agent of all Owners, to enter into a contract or contracts to accomplish the work. The foregoing rebuilding, repair and reconstruction shall be on the vote or consent or acquiescence of unit owners representing over 50% of the undivided interest in the common areas and facilities. Unless owners representing over 50% of the undivided interest in the common areas and facilities have filed with the Board and recorded and notice that they do not desire the rebuilding, repair or reconstruction prior to the time fifty five (55) days have passed from the occurrence of such events, such majority vote shall be deemed to have been made.

Except for such determination to repair, rebuild or reconstruct, all other determinations shall be effected only pursuant to an amended Declaration, duly executed by the owners representing not less than one hundred percent (100%) of the common interests and consented to in writing by all holders of first mortgages affecting any of the units.

## ARTICLE XIII

DEFINITIONS

All words used in these Bylaws defined in the Declaration Submitting Real Property to the Horizontal Property Regime to which these Bylaws are attached for recording purposes shall have the identical meaning as in said Declaration. "Condominium" or "Condominiums" as used in these Bylaws shall mean "Condominium Unit" as defined in said Declaration.

## ARTICLE XIV

PERIODIC REAPPRAISAL

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

## ARTICLE XV

ADOPTION OF BYLAWS

The undersigned owner and Developer of said project hereby adopts the foregoing Bylaws of its Association of Unit Owners this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

ROYAL KREST CONSTRUCTION, INC.

BY: \_\_\_\_\_  
ROBERT W. KUBICK, President

BY: \_\_\_\_\_  
JOSEPH P. CANGE, Secretary

STATE OF ALASKA )  
: ss.:  
THIRD JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared ROBERT W. KUBICK, known to me to be the President and JOSEPH P. CANGE, known to me to be the Secretary of ROYAL KREST CONSTRUCTION, INC., the corporation that executed the within instrument, and known to me to be the person(s) who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same pursuant to its bylaws or a resolution of its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

78-027297

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RECORDED - PREP  
ANCHORAGE REC.  
DISTRICT

Notary Public in and for Alaska  
My Commission expires: \_\_\_\_\_

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MAY 30 8 43 AM '78

REQUESTED BY \_\_\_\_\_ LAWYERS TITLE INSURANCE AGENCY, INC.  
ADDRESS \_\_\_\_\_

105657

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ANCHORAGE REC. DISTRICT