

FILED	
at the	
OFFICE of the ATTORNEY GENERAL	
DATE:	16 AUG 1989
TIME:	2:10 AM/PM
BY:	<i>[Signature]</i>
REGISTRAR OF CORPORATIONS	
Commonwealth of the Northern Mariana Islands	

ANAKS OCEAN VIEW HILL SAIPAN
HOMEOWNER ASSOCIATION, LTD.

BYLAWS

(a Non-Profit Corporation)

ARTICLE I. Definitions

Section 1.1. Agreement. "Agreement" shall mean that certain Sublease and Residential Sales Agreement entered into between ANAKS and the Buyers of the residential units in the Development.

Section 1.2. ANAKS. "ANAKS" shall mean ANAKS RESORT DEVELOPMENT, INC., a Commonwealth of the Northern Mariana Islands corporation, which is the developer of the Development.

Section 1.3. Apartment. "Apartment" shall mean the Premises and the Residence constructed on the Premises as defined in the Agreement.

Section 1.4. Common Areas. "Common Areas" shall mean roads, parking spaces, walkways, swimming pools, tennis courts, green areas and all other places made open by ANAKS for the use of the residents of the Development.

Section 1.5. Development. "Development" shall mean the residential and recreational resort project built by ANAKS on the Property.

Section 1.6. Owner. "Owner" shall mean the Buyer as defined in the Agreement and the assignee, successor or other holder of title to the Apartment.

Section 1.7. Property. "Property" shall mean all of that certain real property located on Puerto Rico, Saipan, Commonwealth of the Northern Mariana Islands, more particularly described in the lease agreement with Manuel S. Villagomez as recorded at the Commonwealth Recorder's Office on February 18, 1988 in Book 2 at Page 133 in File No. 88-527 and the lease agreement with Mr. Pedro M. Atalig as recorded at the Commonwealth Recorder's Office on November 17, 1988 in Book 3 at Page 64 in File No. 88-3692.

Section 1.8. Rules and Regulations. "Rules and Regulations" shall mean those administrative rules and regulations adopted pursuant to Section 8.5, infra, governing the conduct of persons owning or using the Development.

ARTICLE II. Applicability of Bylaws.

Section 2.1. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Development and to the use and occupancy thereof. All present and future Owners, mortgagees, lessees, and occupants of Apartments and their employees, and any other persons who may use the facilities of the Development in any manner are subject to these Bylaws, the Agreement and the Rules and Regulations.

Section 2.2. Acceptance of Agreement and Acceptance of Bylaws. The execution of the Agreement or the act of occupancy of an Apartment or other acquisition of an interest in the Development or the use of any of the facilities of the Development shall constitute an agreement that these Bylaws, the Rules and Regulations and the provisions of the Agreement are accepted, ratified and will be complied with.

Section 2.3. Office. The office of the Board of Directors ("Board") and of the Homeowners Association ("Association") shall be located at the Development or at such other place as to be determined by the Board. All meetings of the Association and of the Board shall be held at the Development unless some other place is stated in the call.

ARTICLE III. Membership.

Section 3.1. Qualification. All Owners of Apartments of the Development shall constitute the Association. The Owner of any Apartment upon acquiring a sublease and title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Apartment ceases for any reason, at which time his membership in the Association shall automatically cease. Any firm, corporation, trust or other legal entity or a combination thereof, owning any Apartment in the Development duly recorded in its name shall be a member of the Association.

Section 3.2. Proof of Membership. No person or persons shall exercise the rights of membership until satisfactory proof has been furnished to the secretary of the Association of qualification as a member or the nominee of a member. Such proof may consist of a copy of a duly executed and acknowledged Agreement. The sole qualification for membership shall be ownership of an Apartment in the Development. No membership may be separated from the Apartment to which it is appurtenant; provided, however, that the privileges of membership may be exercised by a nominee of

an Owner designated in writing so long as (1) the nominee is a resident of the Apartment to which the membership is appurtenant; and (2) any such assignment of privileges is revocable at the will of the Owner.

Section 3.3. No Additional Qualifications. No initiation fees, costs or dues shall be assessed against any person as a condition upon his exercise of the rights of membership except such assessments, levies and charges as are specifically authorized under these Bylaws or the Agreement.

Section 3.4. Annual Meeting. The annual meeting of the Association shall be held on the fourth Friday of June of each year, at the hour of 2:00 p.m., for the purpose of electing officers and directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day designated herein for any annual meeting of the members or at any adjournment thereof, the president or the Board shall cause the election to be held at a special meeting of the members as soon as practical thereafter.

Section 3.5. Special Meetings. Special Meetings of the Association for any purpose or purposes, unless

otherwise prescribed by statute, may be called by the president or by the Board.

Section 3.6. Place of Meeting. The Board may designate any place within or outside of the Commonwealth of the Northern Mariana Islands, as the place of meeting for any meeting. If no designation is made, the place of meeting shall be the principal office of the Association.

Section 3.7. Notice of Meeting. Notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) nor more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or person calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the mail, addressed to the member at his address as it appears on the books of the Association, with postage thereon prepaid.

Section 3.8. Fixing Record Date. For the purpose of determining members entitled to notice of, or to vote at,

any meeting of members or any adjournment thereof, the Board of the Association may fix in advance a date as the record date for any determination of members entitled to notice of any vote at any meeting, such date in any event to be not more than twenty (20) days prior to the date of such meeting.

If no record date is fixed for the determination of members entitled to notice of, or to vote at, a meeting of members, the date that notice of the meeting is dispatched shall be the record date for such determination of membership.

Section 3.9. Quorum. Unless a higher number is required by the Charter of Incorporation, those members of the Association entitled to vote, represented in person or by proxy, who are present at a duly-noticed meeting, shall constitute a quorum at a meeting of members.

Section 3.10. Proxies. Voting by proxy shall be permitted.

Section 3.11. Meeting of All Members. If all of the members shall meet at any time or place, within the Commonwealth of the Northern Mariana Islands, and consent to

the holding of a meeting at such time and place, such meeting shall be valid without call or notice and at such meeting any corporate action may be taken.

Section 3.12. Voting. In all matters, every member entitled to vote shall have one vote.

Section 3.13. Voting by Ballot. Voting on any question or in any election may be by voice unless the presiding officer shall order or any member shall demand that voting be by ballot.

Section 3.14. Informal Action by Members. Any action required to be taken at a meeting of the members or any other action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing setting forth the action to be taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

Section 3.15. Adjournment. Any meeting of the Association may be adjourned from time to time not less than forty-eight (48) hours from the time the original meeting was called as may be determined by a majority vote of the members

present, whether or not a quorum be present, without notice other than the announcement at such meeting. At any such 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.

Section 3.16. Order of Business. The order of business at all meetings of the Association shall be as follows:

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

ARTICLE IV. Board of Directors

Section 4.1. Number and Qualifications. The affairs of the Association shall be governed by the Board, composed of five (5) persons, each of whom may or may not be an owner or co-owner of record of an Apartment.

Section 4.2. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts

and things except as by law or by the Agreement or by these Bylaws may not be delegated to the Board by the Owners.

Section 4.3. Tenure. Directors shall be elected at the annual meeting of members and the term of office of each director shall be until the next annual meeting of members and the election and qualification of his successor.

Section 4.4. Compensation. No compensation shall be paid to directors for their services as directors unless otherwise determined at a meeting of the Association. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board before the services are undertaken.

Section 4.5. Organizational Meeting. An organizational meeting of the Board shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to any directors in order validly to constitute such meeting; provided, however, that a majority of the whole Board shall be present. At such meeting the Board shall elect the officers of the Association for the ensuing year.

Section 4.6. Regular Meetings. Regular meetings of the Board may be called and held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or messenger service at least three (3) days prior to the date of such meeting. Notice of the time and place of such meeting shall also be posted at a prominent place or places within the Common Areas of the Development.

Section 4.7. Special Meetings. Special meetings of the Board may be called by the president on at least eight (8) hours' notice to each director, given personally or by telephone or messenger service, which notice shall state the time, place and purpose of such meeting. Special meetings of the Board shall be called by the president or secretary in like manner and with like notice on the written request of at least two (2) directors.

Section 4.8. Waiver of Notice. Before or at any meeting of the Board, 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, unless he objects to

the calling of the same, shall be a waiver of notice to him of such meeting. If all the directors are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

Section 4.9. Quorum of Board. At all meetings of the Board, a majority of the total number of directors established by these Bylaws shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.10. Fidelity Bonds. The Board may require that all officers, employees and agents of the Association handling or responsible for its funds, shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 4.11. Vacancies. Any vacancy occurring in the Board may be filled at a meeting of the Association. A

director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4.12 Presumption of Assent. A director of the Association who is present at a meeting of the Board at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written objection to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 4.13. Fiscal Affairs. In connection with the fiscal affairs of the Association, the Board shall have the following powers:

4.13.1. To make provision for the prompt discharge of obligations of the Association as they become due, including payment for any property or rights acquired by the Association.

4.13.2. To borrow money on the credit of the Association. No loan shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name, unless authorized by resolution at a meeting of

the Association. Such authorization may be general or may be confined to specified transaction.

4.13.3. To fix the compensation schedules for persons actually rendering services to the Association.

4.13.4. To select banks and other depositories for the funds of the Association.

4.13.5. To designate the officer, officers or employees who shall be authorized to sign checks, drafts, notes and other instruments on behalf of the Association. Until and unless other provisions are made by the Board, all such instruments shall be signed and co-signed by the president and the treasurer.

ARTICLE V. Officers

Section 5.1. Number. The officers of the Association shall be a president, a vice-president, a secretary and a treasurer, each of whom shall be elected by the Board. Other offices may be created and filled by the Board. The office of secretary and treasurer may be held by one person.

Section 5.2. Election and Term of Office. The officers of the Association shall be elected by the Board and the president shall be elected from among the directors.

Each officer shall hold office until his successor has been duly elected and qualified or until his death or until he resigns or is removed in the manner hereinafter provided.

Section 5.3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 5.4. Power and Duties of President. The president shall be the Association's principal executive officer and shall exercise general supervision and control over all the business and affairs of the Association. The president shall have the following specific powers and duties:

5.4.1. To preside at all meetings of the members and the Board.

5.4.2. To have general and active management of the affairs of the Association.

5.4.3. To see that all orders and resolutions of the Board and members are carried into effect.

5.4.4. When so authorized, to execute bonds, mortgages, deeds of trust and other contracts requiring a seal under the seal of the Association.

5.4.5. To have general supervision and direction of all the other officers of the Association and of the agents and employees thereof and to see that their respective duties are properly performed.

5.4.6. To operate and conduct the affairs of the Association according to the orders and resolutions of the Board and the members, and according to his own discretion whenever and wherever it is not expressly limited by such orders and resolutions.

5.4.7. In addition to the foregoing, the president shall have such other powers, duties and authorities as may be prescribed by the Board or the members from time to time.

Section 5.5. Powers and Duties of Vice-President. The vice-president shall exercise the powers and perform the functions that are from time to time assigned to him by the president, the Board or the members. The vice-president shall have the powers and shall exercise the duties of the president whenever the president, by reason of illness or other disability, is unable to act and at other times when specifically so directed by the president or the Board.

Section 5.6. Powers and Duties of Secretary. The secretary of the Association shall be the custodian of and shall maintain the books and records of the Association and shall be the recorder of the Association's formal actions and transactions. The secretary shall have the following specific powers and duties:

5.6.1. To record or see to the proper recording of the minutes and transactions of all meetings of the directors and the members and to maintain separate minute books at the principal office of the Association or such other place as the Board may order, of all such meetings in the form and manner required by law.

5.6.2. To keep at the principal office of the Association record books showing the details required by law with respect to the membership of the Association.

5.6.3. To keep at the principal office, open to inspection by members at all reasonable times, the original or a certified copy of the Bylaws of the Association as amended or otherwise altered to date.

5.6.4. To keep the corporate seal and affix it to all papers and documents requiring a seal and to attest by his signature all documents requiring the same.

5.6.5. To perform all duties incidental to

the office of secretary and such other duties as may be assigned to the secretary by the president or the Board.

Section 5.7. Powers and Duties of Treasurer. The treasurer of the Association shall have the following power and duties:

5.7.1. To be custodian and take charge of and be responsible for all funds and securities of the Association.

5.7.2. To receive and give receipts for money due and paid to the Association from any source whatsoever.

5.7.3. To deposit all such monies paid to the Association in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with these Bylaws.

5.7.4. To perform all of the duties incidental to the office of treasurer and such other duties as may be assigned by the president or the Board.

5.7.5. To give a bond for faithful discharge of his duties when required to do so by the Board.

5.7.6. To disburse the funds of the Association for proper expenses, as he may be ordered by the Board and to take proper vouchers for such disbursements.

5.7.7. To render to the president and secretary or to the Board, whenever they may require it, an account of all his transactions as treasurer, and financial statements in forms satisfactory to them, showing the condition of the Association.

5.7.8. In addition to the foregoing, the treasurer shall have such other powers, duties and authority as may be set forth elsewhere in these Bylaws and as may be prescribed by the president or the Board from time to time.

Section 5.8. Auditor. The Association shall appoint annually a public accountant or accounting firm as auditor, who shall not be an officer or director of the Association nor own any interest in any Apartment, to audit the books and financial records of the Association as required by law or directed additionally by the Board.

ARTICLE VI. Books and Records

Section 6.1. Inspection by Owners. The governing instruments of the Association, the register of Owners, the books of account and the minutes of meetings of the Board and of Committees of the Board shall be available for inspection and copying by any member of the Association or by his duly appointed representative, for any purpose reasonably related

to his interest as a member, at the principal office of the Association, subject to the following:

6.1.1. Notice. At least two (2) days' written notice is given to the secretary of the Association by the member desiring to make the inspection or copying;

6.1.2. Time. Any such inspection is made during regular business hours; and

6.1.3. Fee. A fee of twenty--five cents (\$.25) per copy by the member requesting such copies.

Section 6.2. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director shall include the right to make extracts and copies of documents.

ARTICLE VII. Administration.

Section 7.1. Management of Common Areas. ANAKS shall at all times manage, operate and control the Common Areas and the electric generators, water and sewer lines.

Section 7.2. Management of Development. The Board shall at all times manage and control all areas of the Development not under the management and control of ANAKS pursuant to Section 7.1 supra.

Section 7.3. Powers and Duties. ANAKS and the Board shall each have the following powers and duties when carrying out their management responsibilities for their respective areas of concern of the Development:

7.3.1. Employ Personnel. Employment, supervision and dismissal of such personnel as may be necessary for the maintenance and operation of the Development;

7.3.2. Prepare Budget. Preparation at least sixty (60) days before each fiscal year of a proposed budget and schedule of assessments for such year;

7.3.3. Collect Assessments. Collection of installments of assessments levied and payment of all authorized expenses;

7.3.4. Purchase Insurance. Purchase and maintenance in effect of all policies of hazard and liability insurance and such other insurance and bonds as may be required and necessary;

7.3.5. Control Funds. Custody and control of all funds and maintenance of full and accurate books of account and records of such funds and preparation of regular financial reports thereof;

7.3.6. Notify Delinquents. Notification of all persons having any interest in any Apartment according to the record of ownership of delinquency exceeding sixty (60) days in the payment of any assessment against such Apartment; and

7.3.7. Fix Fines. Establishment of such penalties and fines as it deems appropriate with respect to enforcement of the provisions of these Bylaws and the Rules and Regulations adopted pursuant to Section 8.5 infra; provided, however, that such penalties and fines are not inconsistent with law or the provisions herein, and the unpaid amount of such penalties and fines against any Owner shall constitute a lien against his interest in his Apartment which may be foreclosed by the Board in the same manner as provided in the Agreement.

Section 7.4. Representation. The president, subject to the direction of the Board, shall represent the Association in any action, suit, hearing or other proceeding concerning the Association, and on its behalf may institute,

defend, intervene in, prosecute and settle any such actions, suits and proceedings.

ARTICLE VIII. Obligations of Owners.

Section 8.1. Assessments. All assessments shall be made and collected in accordance with this Section 8.1 and the provisions of the Agreement. Each Owner shall be liable for a proportionate share of the common expenses. Such shares shall be the same as the percentage appurtenant to the Apartment owned by each Owner as set forth in Paragraph 1.10 of the Agreement. Within thirty (30) days prior to the end of the fiscal year, the Association shall estimate the common expenses for the following year. The estimated common expenses may include such amounts as the Association may deem proper for general working capital, for the general operating reserve, for a reserve fund for replacements and major maintenance, and shall take into account any expected income, surplus or deficit in the common expenses for any prior year. Estimated common expenses shall be presented at the annual meeting of the Association and thereafter shall be assessed on a monthly basis to the Owners in proportion to their percentage mentioned above. If the estimated common expenses prove inadequate for any reason, including non-payment of any Owner's assessments, the Association may make additional

assessments, which shall be assessed to the Owners in the same manner as the estimated common expenses. The funds received by the Association from the assessments shall be kept in either the capital account or in the common expense fund and shall be expended by the Association in accordance with the provisions of the Agreement and these Bylaws.

The failure by the Association before the expiration of any year to estimate the common expenses as required herein shall not be deemed a waiver or modification in any respect of the provisions of the Agreement or these Bylaws or a release of the Owners from the obligation to pay any past or future assessments, and the estimated common expenses fixed for the previous and current year shall continue until a new estimate is fixed.

Section 8.2. No Exemptions. No Owner may exempt himself from liability for common expenses by waiver of the use or enjoyment of any of the Development.

Section 8.3. Maintenance of Apartments. Every Owner shall at his own expense at all times repair, maintain, amend and keep his Apartment, including, without limitation, all internal installations therein such as water, electricity, gas, telephone, sewer, sanitation, air

conditioning, lights and all other fixtures and accessories belonging to or attached or provided to such Apartment and the interior decorated or finished surfaces of all walls, floors and ceilings of such Apartment, with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided by law or the Agreement, and shall be liable to others for all loss or damage whatsoever caused by his failure to perform any such work diligently. In case of such failure by the Owner to perform after reasonable notice by ANAKS or by the president of the Association, ANAKS or the Association shall have the right to perform any of such work on behalf of the Owner and be reimbursed by the Owner promptly on demand all expenses incurred by it in performing any such work. Every Owner and occupant shall reimburse and compensate to any other party for any losses, damages or expenses incurred by such third party due to the failure by the said Owner or occupant to perform pursuant to the provisions of these Bylaws or the Agreement. Every Owner and occupant shall give prompt notice to ANAKS of any loss or damage or other defect in the Development when discovered.

Section 8.4. Use of Development. The following limitations shall apply to the use of the Development:

8.4.1. Residential Use Only. All Apartments of the Development shall be used only for residential purposes and no Apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any trade or business whatsoever without prior written consent of ANAKS.

8.4.2. Common Areas Used for Designed Purposes. All Common Areas of the Development shall be used only for their respective purposes as designed.

8.4.3. No Blocking Common Areas. No Owner or occupant shall place, store or maintain in the Common Areas any furniture, packages or objects of any kind.

8.4.4. Apartments Kept Clean. Every Owner and occupant shall at all times keep his Apartment in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority, ANAKS or the Association for the time being applicable to the maintenance and use of the Development.

8.4.5. No Waste or Nuisance. No Owner or occupant shall make or suffer any stripping, destruction or waste or unlawful, improper or offensive use of his Apartment or the Development nor alter or remove any

structure, furnishings, facilities, fixtures or equipment of the Common Areas and the Apartment.

8.4.6. No Changes without Approval. No Owner or occupant shall erect or place in the Development any building or structure including fences or walls, nor make any additions or alternations to any area of the Development or to Apartments, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and also approved by a majority (including all Owners of Apartments thereby directly affected) of all Owners (or such larger percentage required by law or the Agreement).

8.4.7. No Decoration to Entrance Without Approval. No Owner shall decorate or landscape any entrance of his Apartment or any other portion of the Development except in accordance with standards therefor established by the Board or specific plans approved in writing by the Board.

8.4.8. No Loud Noises. All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions and amplifiers that may disturb other occupants.

8.4.9. No Garments Hung from Windows. No

garments, rugs or other objects shall be hung from the windows or facades of the Apartment.

8.4.10. No Rugs Dusted. No rugs or other objects shall be dusted or shaken from the windows of the Apartment or cleaned by beating or sweeping on any hallway or exterior part of the Apartment.

8.4.11. No Trash Except in Containers. No refuse, garbage or trash of any kind shall be thrown, placed or kept on any Common Areas of the Development outside of the disposal facilities provided for such purpose.

8.4.12. No Animals. No dogs, cats, livestock, poultry, rabbits, or other animals whatsoever shall be allowed or kept in any part of the Development.

8.4.13. No Wiring. No Owner or occupant shall without the written approval of the Board install any wiring for electrical or telephone installations, television antenna, machines or air conditioning units or other equipment or appurtenances whatsoever on the exterior of the Apartment or protruding through the walls, windows or roof thereof.

8.4.14. No Antennas. No Owner or occupant shall erect, place or maintain any television or other antennas on the Development visible from any point outside of the Apartment.

8.4.15. No Overload. Nothing shall be allowed, done or kept, in any Apartments of the Development which would overload or impair the floors, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

Section 8.5. Rules and Regulations. The Association shall authorize ANAKS to adopt, amend or repeal such rules and regulations, to be called "Rules and Regulations" governing the conduct of persons using the Development as it may deem necessary. Copies of such Rules and Regulations, upon adoption, amendment, modification or repeal thereof shall be delivered to each Apartment in the Development and shall be binding upon all members of the Association, occupants of the Apartment and other users of the Development. The Owner of each Apartment shall strictly comply with and cause all of the lessees, users and visitors to comply strictly with provisions of these Bylaws, the Rules and Regulations and the Agreement. Each Owner shall be responsible for the conducts of his lessees, users and visitors.

Section 8.6. litigation. If any action is brought by one or more but less than all Owners on behalf of the Association and recovery is had, the plaintiff's expenses, including reasonable counsel's fees shall be a common expense.

Complaints brought against the Association, the Board or the officers, employees or agents thereof, in their respective capacities as such, shall be directed to the Board, which shall promptly give written notice thereof to the Owners and any mortgagees and shall be defended by the Board, and the Owners and mortgagees shall have no right to participate other than through the Board in such defense. Complaints against one or more, but less than all Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to the mortgagees affecting such Apartments, and shall be defended by such Owners.

Section 8.7. Right of Entry. ANAKS and any person authorized by the Board shall have the right to enter each Apartment in case of any emergency originating in or threatening such Apartment whether or not the Owner or occupant is present at the time. Every Owner and occupant, when so required, shall be deemed to permit ANAKS, other

Owners or their representative to enter his Apartment at reasonable times for the purpose of performing maintenance, replacement, upkeep, installations, alterations or repairs of any of the Apartments and their fixtures or equipment, provided that requests for entry are made in advance.

Section 8.8. Moving-In and Moving-Out. Every Owner and occupant shall report in advance and in writing to the Board carriage into or removal out of his Apartment of furniture, equipment and other belongings.

ARTICLE IX. Liability of Parties.

Section 9.1. Exculpation. ANAKS, members of the Board and the officers, agents and employees of the Association and ANAKS (i) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or gross negligence; (ii) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (iii) shall have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue of acts performed by them, or acts performed for them in their capacity as such;

and (iv) shall have no personal liability arising out of the use, misuse or condition of the Development which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

Section 9.2. Indemnification. The Owners shall indemnify and hold harmless, any person, his heirs and personal representatives from and against all personal liability and all expenses including counsel fees, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more Owners, or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board or an officer or agent or employee of the Association or ANAKS, other than to the extent if any, that such liability or expense shall be attributable to his willful misconduct or bad faith; provided, that in the case of any settlement, the Board or ANAKS shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as matter of law or agreement or otherwise. The indemnification by the Owners as contained herein shall be

paid by the Board on behalf of the Owners and shall constitute a common expense and shall be assessed and collectible as such.

ARTICLE X. Miscellaneous.

Section 10.1. Amendment to Bylaws. These Bylaws may be amended, modified or revoked in any respect from time to time by the affirmative vote of seventy-five percent (75%) of all the Owners at a meeting duly called for such purpose. No amendment to these Bylaws shall have the effect of amending the Agreement.

Section 10.2. Subordination. These Bylaws are subordinate and subject to all provisions of the Agreement and any amendments thereto, which shall control in case of any conflict. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Agreement.

Section 10.3. No Waiver. The failure of ANAKS or the Board or its contractors to insist, in one or more instances, upon the strict performance by the Owners of any of the terms, covenants, conditions or restrictions of the Agreement or these Bylaws, or to exercise any right or option herein contained, or to serve any notice or to

institute any action shall not be construed as a waiver or relinquishment, for the future, of such term, covenant, condition, or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by ANAKS, the Board or its contractor of the payment of any assessment from an Owner, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by ANAKS or the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by ANAKS or the Board.

Section 10.4. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or Board to conduct or engage in active business for profit on behalf of any or all of the Owners.

Section 10.5. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provisions hereof.

Section 10.6. Effective Date. These Bylaws shall take effect upon incorporation of the Association.

Section 10.7. Tax-Exempt Status. The Board and members of the Association shall conduct the business of the Association in such manner that the Association qualify and be considered an organization exempt from Federal and Commonwealth of the Northern Mariana Islands income taxes.

Section 10.8. Filing. The Board shall cause to be timely filed any annual election for tax-exempt status as may be required under Federal and Commonwealth of the Northern Mariana Islands law, and shall undertake to cause the Association to comply with statutes, rules and regulations which have been or shall be adopted by Federal and Commonwealth of the Northern Mariana Islands agencies pertaining to such exemptions.

Section 10.9. Fiscal Year. The fiscal year of the Association shall be such as from time to time be established by the Association.

CERTIFICATE OF ADOPTION

The undersigned, being the Directors, Officers and the Owner of all Apartments of the Development hereby adopts the foregoing as the Bylaws of the Association of Apartment

Owners of "ANAKS OCEAN VIEW HILL SAIPAN HOME OWNERS ASSOCIATION, LTD." this 14th day of August, 1989.

Kim B. Batcheller
Kim B. Batcheller
President

Marcia R. Bell
Marcia R. Bell
Vice-President

Ruth T. Sablan
Ruth T. Sablan
Secretary/Treasurer

Milma N. Accad
Milma N. Accad

Juanita Fajardo
Juanita Fajardo

COMMONWEALTH OF THE NORTHERN)
MARIANA ISLANDS) ss.
SAIPAN, MARIANA ISLANDS)

The foregoing Bylaws were acknowledged to before me this 14th day of August, 1989, by Kim B. Batcheller, Marcia R. Bell, Ruth T. Sablan, Milma N. Accad and Juanita Fajardo.

) S E A L (Virginia B. Reyes
NOTARY PUBLIC

CORP02:ANAKS.BYL

VIRGINIA B. REYES
NOTARY PUBLIC IN AND FOR
SAIPAN, NORTHERN MARIANA ISLANDS
MY COMMISSION EXPIRES ON THE
2 March 1991