

DECLARATION AND MASTER DEED.

PALMER HEIGHTS II

THIS DECLARATION AND MASTER DEED, made and executed by DAVE PHILLIPS and JANIE M. PHILLIPS, husband and wife, hereinafter "Declarant", pursuant to the Condominium Ownership Act, Sections 34-20-101 through 34-20-104, Wyoming Statutes Annotated (1977 Republished Edition) (hereinafter the "Act"), for the purpose of submitting the hereinafter described real property, together with all improvements thereon and all appurtenances thereto, to condominium ownership.

Declarant hereby makes the following declarations as to divisions, covenants, restrictions, limitations, conditions, and uses to which the hereinafter described real property, together with all improvements thereon and all appurtenances thereto, may be put, and hereby specifies that this DECLARATION AND MASTER DEED shall constitute covenants to run with the land and shall be binding upon Declarant and owners of all or any part of such real property, improvements, and appurtenances, together with their grantees, successors, heirs, executors, administrators, devisees, or assignees:

1. Definitions. The terms "Individual Air Space Unit", "Condominium Unit", "General Common Elements", and "Limited Common Elements" shall have the meanings as defined in Section 34-20-103 of the Act. Unless the context otherwise requires,

(a) "Owner" shall mean any natural person, corporation, firm, partnership, or other entity or association, or any combination of the foregoing, who or which is a record owner in fee simple of a Condominium Unit in Palmer Heights II, as shown on the records of the County Clerk of Albany County, Wyoming, and shall not include any mortgagee, trustee, or beneficiary under any mortgage or other security instrument by which a Condominium Unit is encumbered (unless such mortgagee, trustee, or beneficiary has acquired title for other than security purposes), nor shall it include persons or entities purchasing a Condominium Unit under contract (until such contract is fully performed and both legal and equitable title are conveyed of record);

(b) "Palmer Heights II" shall mean the real property, improvements, and appurtenances submitted to condominium ownership by this DECLARATION AND MASTER DEED;

(c) "Association" shall mean the Palmer Heights II Association, its successors and assigns, a nonprofit corporation organized pursuant to Sections 17-6-101 through 17-6-117, Wyoming Statutes Annotated (1977 Republished Edition), which corporation shall administer the management and operation of Palmer Heights II, and, of which corporation all Owners shall be members;

(d) "PLAT" shall mean that certain plat of Palmer Heights Condominiums Phase Two, prepared by Hammond Land Surveying, dated June 18, 1982, and filed concurrently with the filing and recording of this DELCARATION AND MASTER DEED in the Office of the County Clerk, Albany County, Wyoming;

(e) "CERTIFICATE OF INCORPORATION" shall mean the certificate of incorporation of the Association filed in the Office of the Secretary of State

of Wyoming pursuant to Section 17-6-101, Wyoming Statutes Annotated (1977 Republished Edition); and

(f) "CONDOMINIUM BYLAWS" shall mean the bylaws of the Association duly adopted by the Board of Directors in accordance with the CERTIFICATE OF INCORPORATION.

2. Description of Real Property. The real property hereby submitted to condominium ownership is commonly known as 1534 Palmer Drive and is more particularly described as all of Lot 1 except the West 1.0 Foot, all in Block 19 of the Wyoming Person Addition to the City of Laramie, Albany County, Wyoming, as set forth upon Sheet 1 of the PLAT.

3. Description of Improvements. The major improvements comprising Palmer Heights II are one residential building of two floors, the upper floor containing two single-family residences and the lower floor containing two single-family residences, and one detached garage building of one floor containing four one-car garages. The foregoing improvements in Palmer Heights II are described by boundary and dimension, upon sheet 1 of the PLAT.

4. Condominium Unit. Each Condominium Unit shall consist of the single-family residential Individual Air Space Unit in the residential building and its corresponding one-car garage Individual Air Space Unit in the garage building, such portions of each Condominium Unit being described by boundary, dimension, and volume and being identified upon the PLAT by an arabic number. The Individual Air Space Unit in both the residential and garage buildings shall consist of:

- (a) The interior surface of each bearing wall;
- (b) The interior surface of the ceiling;
- (c) The upper surface of the sub-floor;
- (d) The interior surface (including all glass or glass substitute) of the windows and doors set in bearing walls;
- (e) The air space enclosed within the area described and delimited in subparagraphs (a) through (d) of this paragraph;
- (f) Any and all walls, ceilings, floors, partitions, and dividers wholly within such air space (but excluding any pipes, ducts, wires, cables, conduits, bearing beams, or supports contained within such walls, ceilings, floors, partitions, and dividers, or within such air space); and
- (g) All plumbing, heating, ventilation, air conditioning, lighting, cooking, and other fixtures and equipment (exclusive of pipes, ducts, wires, cables, or conduits) located wholly or partly within such air space.

The percentage assigned to each Condominium Unit in Palmer Heights II, as based upon the volume of each Condominium Unit as set forth below, represents the undivided ownership interest of each Owner in the General Common Elements, and

shall be determinative of the proportionate share of each Owner in the proceeds and expenses of administration and the value of the vote of each Owner at meetings of the Association.

	<u>Residence Volume</u>	<u>Garage Volume</u>	<u>Total Volume</u>	<u>Percentage</u>
Condominium Unit 1	6582.34 ft ³	1903.81 ft ³	8486.15 ft ³	25.11
Condominium Unit 2	6480.43 ft ³	1915.37 ft ³	8395.80 ft ³	24.85
Condominium Unit 3	6602.74 ft ³	1917.02 ft ³	8519.76 ft ³	25.21
Condominium Unit 4	6486.45 ft ³	1905.46 ft ³	8391.91 ft ³	24.83

5. Common Elements. The General Common Elements shall be as shown on the PLAT and as set forth in Section 34-20-103(a)(ii)(A) of the Act. Palmer Heights II shall have no Limited Common Elements.

6. Maintenance.

(a) Condominium Unit. Each Owner shall be solely responsible for and shall bear the cost of maintenance, repair, and replacement, within such Owner's Condominium Unit as defined in Paragraph 4 herein, of the following items: interior surfaces of all perimeter and interior walls, ceilings, and floors (including carpeting, tile, wallpaper, paint, or other covering); garbage disposals, ranges, refrigerators, dishwashers, and any and all other appliances of any nature whatsoever; heating, ventilating, and air conditioning equipment serving such Unit (although such equipment may be located in part outside such Unit); interior and exterior doors; window panes and light bulbs; plumbing and other fixtures of any nature whatsoever; "built-in" features; any decorative features; and, any furniture and furnishings.

(b) Common Elements. The cost of maintenance, repair, and replacement of General Common Elements (except to the extent such costs are borne by each Owner as set forth in subparagraph (a) of this paragraph) shall be an expense of administration of Palmer Heights II to be assessed in accordance with the CONDOMINIUM BYLAWS.

7. User and Easements. Each Owner shall have the exclusive right to use and occupy his Condominium Unit as defined in Paragraph 4 herein, and, as between all Owners, shall have the right to use the General Common Elements, subject, however, to the restrictions set forth in the CONDOMINIUM BYLAWS and the duly promulgated rules and regulations of the Association, and, in addition, shall have the following easements to, through, and over, the General Common Elements to the extent necessary for such Owner's maintenance, repair, and replacement in regard to his Condominium Unit:

(a) To paint, remove, and replace any finish on the interior surface of any General Common Element appurtenant to his Condominium Unit;

(b) To install, repair, maintain, remove, and/or replace any plumbing, heating, cooling, lighting, cooking, or other fixture or equipment which are a

part of his Condominium Unit or which would become a part thereof when installed in any bearing wall, floor, ceiling, or roof; and

(c) To drive and remove nails, screws, bolts, and the like into and from bearing walls, floors, ceilings, and roofs;

Provided, however, that any such action, installation, repair, maintenance, removal, and/or replacement shall not impair the structural integrity of the building in which his Condominium Unit is located, nor shall it adversely affect any adjacent Condominium Unit, nor shall it alter the external appearance of the building in which his Condominium Unit is located (unless the Association consents thereto).

Public utilities (or private companies) furnishing services to Palmer Heights II for common use, such as water, electricity, gas, telephone, and cable television, shall have access to the General Common Elements and to each Condominium Unit as may be necessary or desirable for the installation, repair, or maintenance of such services, and any costs incurred in opening and repairing any wall of Palmer Heights II to install, repair, or maintain such services shall be an expense of the administration of Palmer Heights II to be assessed in accordance with the CONDOMINIUM BYLAWS.

8. Assessments. Owners are subject to assessments for the expenses of the operation of Palmer Heights II, which assessments, in the event of nonpayment, may become liens against Condominium Units, all as set forth in the CONDOMINIUM BYLAWS.

9. Mortgages.

(a) Any first mortgagee, upon foreclosure of its lien on a Condominium Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall not be required to pay any unpaid assessments owing on such Unit which accrued prior to the acquisition of title to such Unit by such mortgagee. Any assessment lien created or claimed under the CONDOMINIUM BYLAWS shall be subject and subordinate to the rights of any first mortgagee of any duly recorded first mortgage upon a Condominium Unit made in good faith and for value. No lien created under the provisions of said CONDOMINIUM BYLAWS shall in any way defeat, invalidate, or impair the rights of any first mortgagee under any such duly recorded first mortgage unless such mortgagee thereunder shall expressly subordinate its interest, in writing, to such lien.

(b) No amendment to this DECLARATION AND MASTER DEED shall affect the rights of any such mortgagee if such mortgage is made in good faith and for value, provided that such mortgage is recorded prior to the recordation of such amendment and written notice of delivery and recordation of said mortgage is given to the Association pursuant to the CONDOMINIUM BYLAWS.

(c) Notwithstanding anything contained in this DECLARATION AND MASTER DEED to the contrary, the Association may, upon the affirmative vote of the Owners otherwise entitled to vote and holding in aggregate at least seventy-five percent (75%) interest in the percentage of value assigned to all Condominium Units in Palmer Heights II, execute a subordination agreement or extend the benefits of subparagraphs (a) and (b) of this paragraph to mortgages and mortgagees not otherwise entitled thereto.

(d) No breach of any provision of this DECLARATION AND MASTER DEED shall impair or invalidate any lien of any duly recorded mortgage made in good faith and for value encumbering a Condominium Unit, provided, however, that all the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights of way, liens, charges, and equitable servitudes contained in this DECLARATION AND MASTER DEED shall be binding upon and effective against any person who acquires title to or any beneficial interest in any Condominium Unit by way of foreclosure, or otherwise.

10. Damage or Destruction. If Palmer Heights II is totally or partially damaged or destroyed, or totally or partially taken by eminent domain, the repair, reconstruction, or disposition thereof shall be in accordance with the CONDOMINIUM BYLAWS.

11. Encroachments. In the event that any portion of a Condominium Unit or a General Common Element changes boundaries and thereby encroaches upon another Condominium Unit or General Common Element due to the shifting, settling, or moving of a building in Palmer Heights II, such changed boundaries shall be deemed to constitute the boundaries of the Condominium Units and the General Common Elements so affected.

12. Vacation or Modification. The ownership established for Palmer Heights II hereby shall not be vacated, waived, revoked, abandoned, or terminated, nor shall the percentage of value assigned to nor the dimensions of any Condominium Unit be changed, nor shall the General Common Elements be abandoned, partitioned, subdivided, encumbered, sold, or transferred, nor shall any other provisions of this DECLARATION AND MASTER DEED be amended (with the express exception of the CERTIFICATE OF INCORPORATION and the CONDOMINIUM BYLAWS, which may be amended in accordance therewith) unless approved by the affirmative vote of the Owners (exclusive of Declarant) otherwise entitled to vote and holding in aggregate at least seventy-five percent (75%) interest in the percentage of value assigned to all Condominium Units in Palmer Heights II, or, unless seventy-five percent (75%) of the first mortgagees (based upon one vote for each first mortgage) of all the mortgages covering Condominium Units agree to such vacation, waiver, revocation, abandonment, termination, partition, subdivision, encumbrance, sale, transfer, or amendment by an instrument to such effect duly recorded in the Office of the County Clerk, Albany County, Wyoming. Notwithstanding the generality of the foregoing, and notwithstanding anything herein to the contrary, Declarant may amend this DECLARATION AND MASTER DEED in order to:

(a) Correct survey or other errors made herein prior to the first annual meeting of the Association; and

(b) Conform with the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or any similar duly constituted federal or state governmental authority, with respect to condominium documentation, each by written instrument to such effect executed by Declarant only and duly recorded in the Office of the County Clerk, Albany County, Wyoming.

13. Binding Effect. All present and future Owners, tenants, visitors, servants, and occupants of Condominium Units shall be subject to, and shall comply with, the provisions of this DECLARATION AND MASTER DEED, the UNIT DEED,

the CERTIFICATE OF INCORPORATION, the CONDOMINIUM BYLAWS, and the rules and regulations of the Association, as they may be amended from time to time, and all items of record affecting title to the property. The acceptance of the UNIT DEED or the entering into occupancy of a Condominium Unit shall constitute an agreement that:

(a) This DECLARATION AND MASTER DEED, the UNIT DEED, the CERTIFICATE OF INCORPORATION, the CONDOMINIUM BYLAWS, and the rules and regulations of the Association, as they may be amended from time to time, and all items of record affecting title to the property, are accepted, ratified, and expressly confirmed by each such Owner, tenant, visitor, servant, or occupant, and all of such provisions shall be deemed to be covenants running with the land to bind any person having at any time any interest or estate in such Condominium Unit, as though such provisions were cited and stipulated in each and every UNIT DEED; and

(b) Violations of this DECLARATION AND MASTER DEED, the UNIT DEED, the CERTIFICATE OF INCORPORATION, the CONDOMINIUM BYLAWS, or the rules and regulations of the Association, as they may be amended from time to time, by any such person shall be deemed to be a substantial violation of the duties of Owner.

14. Severability. The invalidity of any provision of this DECLARATION AND MASTER DEED shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this DECLARATION AND MASTER DEED and, in such event, all the provisions of this DECLARATION AND MASTER DEED shall continue in full force and affect as if such invalid provision had never been included herein.

15. Non Waiver. No provision contained in this DECLARATION AND MASTER DEED shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

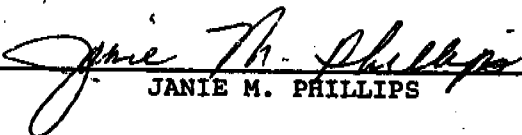
SUBJECT TO THAT CERTAIN MORTGAGE EXECUTED BY DAVID E. PHILLIPS AND JANIE M. PHILLIPS, HUSBAND AND WIFE, IN FAVOR OF WESTAMERICA MORTGAGE COMPANY, DATED OCTOBER 19, 1982, RECORDED OCTOBER 21, 1982, AND RECORDED IN BOOK 321 AT PAGE 155 IN THE OFFICE OF THE COUNTY CLERK OF ALBANY COUNTY, WYOMING.

ATTACHMENTS:

CERTIFICATE OF INCORPORATION

CONDOMINIUM BYLAWS

IN WITNESS WHEREOF, DAVE PHILLIPS and JANIE M. PHILLIPS, Declarant, have caused this DECLARATION AND MASTER DEED to be executed this 27th day of October, 1982.



 JANIE M. PHILLIPS

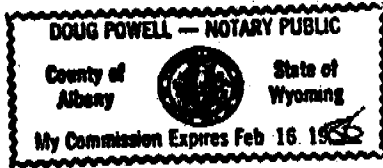


 DAVE PHILLIPS

STATE OF WYOMING)
) ss.
COUNTY OF Albany)

The foregoing instrument was acknowledged personally before me by DAVE PHILLIPS and JANIE M. PHILLIPS, this 27th day of October, 1982.

Witness my hand and official seal.



Doug Powell

NOTARY PUBLIC

My Commission Expires:

CERTIFICATE OF INCORPORATION
OF PALMER HEIGHTS II ASSOCIATION
A NONPROFIT CORPORATION

DAVE PHILLIPS, the undersigned natural person over the age of twenty-one years, acting as incorporator of a nonprofit corporation pursuant to Sections 17-6-101 through 17-6-117, Wyoming Statutes Annotated (1977 Republished Edition), hereby adopts this CERTIFICATE OF INCORPORATION for the "PALMER HEIGHTS II ASSOCIATION".

ARTICLE I. NAME

The name of the nonprofit corporation is the "PALMER HEIGHTS II ASSOCIATION"

ARTICLE II. DURATION

The Association shall exist perpetually or until dissolved pursuant to law.

ARTICLE III. PURPOSES

The Association is organized as a nonprofit corporation and shall be operated exclusively for the purpose of maintaining, operating, and governing Palmer Heights II, a condominium which is located in and upon that certain real property commonly known as 1534 Palmer Drive and more particularly described as all of Lot 1 except the West 1.0 Foot, all in Block 19 of the Wyoming Person Addition to the City of Laramie, Albany County, Wyoming.

The Association is organized and shall be operated to perform the functions and provide the services contemplated in the DECLARATION AND MASTER DEED PALMER HEIGHTS II, which document has been or will be recorded in the Office of the County Clerk of Albany County, Wyoming. No dividend shall be paid and no part of the net income of the Association, if any, shall be distributed to the Members, Directors, or Officers of the Association, except as otherwise provided in the DECLARATION AND MASTER DEED, in the CONDOMINIUM BYLAWS, or under the laws of the State of Wyoming.

ARTICLE IV. POWERS

Subject to the purposes declared in Article III herein and any limitations herein expressed, the Association shall have and may exercise each and all of the following powers and privileges:

(a) The power to do any and all things that the Association is authorized or required to do under the DECLARATION AND MASTER DEED, as the same may from time to time be amended, including, without limiting the generality of the foregoing, the specific power to fix, levy, and collect the assessments provided for in said DECLARATION;

(b) The power to purchase, acquire, own, hold, lease, mortgage, sell, and dispose of any and all kinds and character of real, personal, and mixed property (the foregoing particular enumeration in no sense being used by way of exclusion or limitation), and while the owner of any of the foregoing, to exercise all rights, powers, and privileges appertaining thereto; and

(c) The power to do any and all things that a nonprofit corporation may now or hereafter do under the laws of the State of Wyoming.

ARTICLE V. MEMBERSHIP

The Members of the Association shall be all Owners of Condominium Units within Palmer Heights II. If ownership of a Condominium Unit shall be in the name of two or more persons or entities, the Membership appertaining shall be held in the same manner as such ownership. Membership in the Association shall be mandatory and not optional. Membership in the Association shall begin immediately and automatically upon becoming an Owner of the Condominium Unit to which such Membership appertains and shall cease immediately and automatically upon ceasing to be an Owner of such Unit. Each Membership in the Association shall be appurtenant to and shall not be separated from the Condominium Unit to which it relates, and shall not be assigned, pledged, or transferred in any manner except as an appurtenance to such Unit. No Owner shall be required to pay any consideration whatsoever solely for his Membership in the Association. No person or entity other than an Owner of a Condominium Unit in Palmer Heights II may be a Member of the Association.

ARTICLE VI. MEMBERSHIP CERTIFICATES

The Association may issue certificates of Membership, but such certificates shall not be necessary to evidence Membership in the Association.

ARTICLE VII. VOTING RIGHTS

All voting rights of the Association shall be exercised by the Members, each Membership being entitled to the value of the vote relating to such Membership as set forth in the DECLARATION AND MASTER DEED. No Owner shall be entitled to vote at any meeting of the Association until such Owner has presented evidence to the Association of ownership of a Condominium Unit in Palmer Heights II. The vote of each Owner may only be cast by such Owner or by a proxy given by such Owner to his duly authorized representative. If title to a Condominium Unit shall be in the name of two or more Owners, any one of such Owners may vote as the Owner of such Condominium Unit at any meeting of the

Association and such vote shall be binding on such other Owners who are not present at such meeting until written notice to the contrary has been received by the Association in which case the unanimous actions of all such Owners (in person or by proxy) shall be required to cast their vote as Owners. With respect to matters to be voted upon by the Members as provided in the DECLARATION AND MASTER DEED and in the CONDOMINIUM BYLAWS, the voting requirements and proportions shall be as set forth in said DECLARATION and said BYLAWS. Cumulative voting is not permitted.

ARTICLE VIII. ASSESSMENTS

Members of the Association shall be subject to assessments by the Association from time to time in accordance with the provisions of the DECLARATION AND MASTER DEED and the CONDOMINIUM BYLAWS, and shall be liable to the Association for payment of such assessments. Members shall not be individually or personally liable for the debts or obligations of the Association.

ARTICLE IX. REGISTERED OFFICE AND REGISTERED AGENT

The address of the initial registered office of the Association is Suite 201, The Sandpiper Building, 1472 North Fifth Street (Post Office Box 1185), Laramie, Wyoming 82070, and the name of the initial registered agent of the Association at such address is RICHARD A. HENNIG.

ARTICLE X. BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors. Until such time as there shall be more than three (3) Members of the Association, the Board shall consist of three (3) Directors; upon there being more than three (3) Members of the Association, then the Board shall consist of four (4) Directors. Until there are more than three (3) Members of the Association, Directors need not be Members of the Association. After there are more than three (3) Members of the Association, Directors shall be Members of the Association. The names and addresses of the persons who are to serve as Directors until the first meeting of the Association and until their successors are elected and shall qualify are as follows:

<u>NAME</u>	<u>ADDRESS</u>
TED L. OLSON	1302 Bill Nye Avenue, Laramie, Wyoming 82070
DAVE PHILLIPS	1056 Bannock Drive, Laramie, Wyoming 82070
JANIE M. PHILLIPS	1056 Bannock Drive, Laramie, Wyoming 82070

ARTICLE XI. INDEPENDENT MANAGEMENT

The Board of Directors may by written contract delegate to a professional management organization or individual such of its managerial duties, responsibilities, functions, and powers as are properly delegable, subject to any restrictions set forth in the CONDOMINIUM BYLAWS.

ARTICLE XII. CONDOMINIUM BYLAWS

Provisions for the regulation of the internal affairs of the Association shall be set forth in the CONDOMINIUM BYLAWS, provided that such BYLAWS shall not be inconsistent with the provisions of this CERTIFICATE OF INCORPORATION or the DECLARATION AND MASTER DEED. The initial CONDOMINIUM BYLAWS of the Association shall be adopted by the Board of Directors.

ARTICLE XIII. RULES AND REGULATIONS

The Board of Directors may adopt, amend, repeal, and enforce reasonable rules and regulations governing the Association and the operation and use of Palmer Heights II, to the extent such rules and regulations are not inconsistent with the provisions of this CERTIFICATE OF INCORPORATION or of the DECLARATION AND MASTER DEED.

ARTICLE XIV. DISSOLUTION

In the event of dissolution, the assets of the Association shall be liquidated, the debts and obligations of the Association shall be satisfied from the proceeds thereof, and the net proceeds, if any, shall be allocated to each Condominium Unit in Palmer Heights II in proportion to the undivided interest in the Common Areas appurtenant thereto as set forth in the DECLARATION AND MASTER DEED and distributed to each Owner thereof in such proportion.

ARTICLE XV. DEFINED TERMS

Except as otherwise provided herein or as may otherwise be required by the context, all terms defined in the DECLARATION AND MASTER DEED shall have such defined meanings when used in this CERTIFICATE OF INCORPORATION.

ARTICLE XVI. INCORPORATOR

The name and address of the incorporator of the Association is as follows:

<u>NAME</u>	<u>ADDRESS</u>
DAVE PHILLIPS	1056 Bannock Drive, Laramie, Wyoming 82070

CONDOMINIUM BYLAWS
OF
PALMER HEIGHTS II ASSOCIATION
A NONPROFIT CORPORATION

I. THE ASSOCIATION

1.01. Definitions. Except as otherwise provided herein or as may otherwise be required by the context, all terms defined in the DECLARATION AND MASTER DEED and in the CERTIFICATE OF INCORPORATION shall have such defined meanings when used in these CONDOMINIUM BYLAWS.

1.02. Principal Office. The principal office of the Association shall be at 1302 Bill Nye Avenue, Laramie, Wyoming 82070.

1.03. Members. Membership in the Association and voting by Members of the Association shall be in accordance with the DECLARATION AND MASTER DEED and the CERTIFICATE OF AUTHORITY, and the following provisions:

(a) **Annual Meetings.** The annual meetings shall be held on the third Saturday in December at 10:00 o'clock a.m., beginning in 1983, except that the initial meeting shall be held within ninety (90) days after conveyance by Declarant of three of the four Condominium Units in Palmer Heights II, or at such earlier date as Declarant elects.

(b) **Special Meetings.** Special meetings may be called at any time by the President or the Board of Directors.

(c) **Place of Meetings.** The Board of Directors may designate any place in Laramie, Wyoming, as the place of meeting, unless a waiver specifying a place outside of Laramie, Wyoming, is signed by all Members. If no designation is made, the place of the meeting shall be at the principal office of the Association.

(d) **Notice of Meetings.** Notice of time, place, and subject matter of all meetings shall be personally delivered to each Member or shall be mailed to such Member or to the individual representative designated by such Member at the address given by such Member to the Association. If any Member shall fail to give an address to the Association for the mailing of notices, all notices shall be sent to the Condominium Unit of such Member, and such Member shall be deemed to have been given notice of any such meeting irrespective of the actual receipt of such notice.

(e) **Quorum.** Except as otherwise provided by Wyoming law, or these CONDOMINIUM BYLAWS, the presence of members holding in aggregate two-thirds (2/3) of the total votes of the Association shall constitute a quorum. If,

however, such quorum shall not be present, the Members present shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present. If a quorum shall be present at such meeting held in lieu of the adjourned meeting(s), any business may be transacted at such meeting as originally notified.

(f) Proxies. At any meeting of the Members, votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association at or before the appointed time of each meeting.

(g) Votes. When a quorum is present, the vote of Members holding in aggregate fifty-one percent (51%) or more of the percentage of values of those Members present at such meeting shall decide any question brought before such meeting, unless the question is one upon which by express provision of Wyoming law, the DECLARATION AND MASTER DEED, the CERTIFICATE OF INCORPORATION, or these CONDOMINIUM BYLAWS, a different vote is required, in which case such express provision shall govern and control the decision of such question.

(h) Informal Action. Any action that is required or permitted to be taken at a meeting may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all Members.

1.04. Directors. The Board of Directors of the Association shall be constituted in accordance with the CERTIFICATE OF INCORPORATION.

(a) Powers. The property, affairs, and business of the Association shall be managed by the Board of Directors. The Board of Directors may exercise all of the powers of the Association, except such powers as are by Wyoming law, the DECLARATION AND MASTER DEED, the CERTIFICATE OF INCORPORATION, or these CONDOMINIUM BYLAWS vested solely in the Members.

(b) Election and Tenure. The Directors shall be elected at each annual meeting of the Members for a term of one year, and shall serve until the next annual meeting of the Members and/or until their successors are elected and shall qualify.

(c) Regular Meetings. The regular annual meetings shall be held without notice other than this BYLAW immediately after, and at the same place as, the annual meetings of the Members. The Board of Directors may provide by resolution for additional regular meetings.

(d) Special Meetings. Special meetings may be called by any Director or the President. Written notice of special meetings shall be given at least ten (10) days prior thereto and may be delivered personally or mailed to each Director at his registered address.

(e) Quorum and Manner of Voting. A majority of the Directors shall constitute a quorum. The act of a majority of directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

(f) Compensation. No Director shall receive any compensation for any services that he may render to the Association as a Director, except that a Director may be reimbursed for expenses incurred in such service as authorized by the Board of Directors and may be compensated for services rendered to the Association in a capacity other than as Director.

(g) Resignation and Removal. A Director may resign at any time by delivery of a written resignation to the President or the Board of Directors. Unless otherwise specified, the resignation shall be effective upon delivery. Any Director may be removed with or without cause at a special meeting of the Members duly called for such purpose.

(h) Vacancies. If any vacancy shall occur on the Board of Directors, such vacancy shall be filled by a vote of the Directors then in office, though less than a quorum.

(i) Informal Action. Any action that is required or permitted to be taken at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors.

1.05. Officers. The Officers of the Association shall be a President, Secretary, and Treasurer, and such other officers as may from time to time be appointed by the Board of Directors.

(a) Election, Tenure, and Qualification. The Officers shall be chosen by the Board of Directors at each regular annual meeting of the Board of Directors for a term of one year, and shall serve until the next regular annual meeting of the Board of Directors and/or until their successors are elected and shall qualify. The President and Secretary shall be Directors and Members. The Secretary need not be a Director or Member.

(b) Resignation and Removal. An Officer may resign at any time by delivery of a written resignation to the President or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Officer may be removed with or without cause by the Board of Directors.

(c) Vacancies. If any vacancy shall occur in any office or if a new office shall be created, such vacancy may be filled by the Board of Directors at any regular or special meeting.

(d) The President. The President shall preside at meetings of the Board of Directors and at meetings of the Members. The President shall have all powers and shall perform all duties normally incident to the office of a president of a nonprofit corporation and shall exercise such other powers and perform such other duties as may from time to time be assigned to him by the Board of Directors.

(e) The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as may be required under law or by these CONDOMINIUM BYLAWS, the DECLARATION AND MASTER DEED, or any

resolution of the Board of Directors. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board of Directors may require of him.

(f) The Treasurer. The Treasurer shall have charge and supervision over and shall be responsible for the funds of the Association, subject to the action of the Board of Directors, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the Members and any meeting of the Board of Directors. He shall perform such other duties as the Board of Directors may require of him.

(g) Compensation. No Officer shall receive compensation for any services that he may render to the Association as an Officer, except that an Officer may be reimbursed for expenses incurred in such service as authorized by the Board of Directors and may be compensated for services rendered to the Association in a capacity other than as an Officer.

1.06. Execution of Instruments. The Board of Directors may, subject to any limitation contained in the DECLARATION AND MASTER DEED, the CERTIFICATE OF INCORPORATION, these CONDOMINIUM BYLAWS, or Wyoming law, authorize in writing any Officer or agent to execute and deliver any contract or other instrument in the name and on behalf of the Association; any such authorization may be general or confined to specific instances.

1.07. Loans. No loan or advance shall be contracted on behalf of the Association, no negotiable paper or other evidence of its obligation under any loan or advance shall be issued in its name, and no property of the Association shall be mortgaged, pledged, hypothecated, transferred, or conveyed as security for the payment of any loan, advance, indebtedness, or liability of the Association, unless and except as authorized by the Board of Directors. Any such authorization may be general or confined to specific instances.

1.08. Accounts and Checks. The Board of Directors shall designate depositories and open accounts for the funds of the Association. All notes, drafts, acceptance, checks, endorsements, and evidences of indebtedness of the Association shall be signed by such Officers or agents and in such manner as the Board of Directors may from time to time determine. Endorsements for deposit to the credit of the Association in any of its duly authorized depositories shall be in such manner as the Board of Directors may from time to time determine.

1.09. Indemnification Generally. The Association shall indemnify any Director or Officer or former Director or Officer of the Association against liability, amounts paid in settlement, and expenses (including attorneys' fees) actually and necessarily incurred by him in connection with the defense of any action, suit, or proceeding in which he is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjudicated in such action, suit, or proceeding to be liable for misconduct in the performance of his duties to the Association.

1.10. Books. The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts in the administration of Palmer Heights II. Such books shall be open for inspection by the Members and their mortgagees during reasonable hours designated by the Board of Directors.

1.11. Fiscal Year. The fiscal year of the Association shall be the calendar year.

1.12. Seal. The Board of Directors may by resolution provide for a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Corporate Seal."

II. INDEPENDENT MANAGEMENT

The Association may provide for independent management of Palmer Heights II. Such independent management may jointly manage Palmer Heights II and other property, provided that the Association shall not be required to bear in excess of its pro rata share (based on the ratio that the number of Condominium Units in Palmer Heights II bears to the number of total units of whatever type so jointly managed) of such independent management expense. Any agreement for independent professional management of Palmer Heights II shall provide that the management contract may be terminated without cause or payment of a termination fee on ninety (90) days' written notice, and the term of any such contract shall not exceed three (3) years.

III. ASSESSMENTS

3.01. Personal Property. The Association shall be assessed as the entity in possession of any tangible personal property of Palmer Heights II owned or possessed in common by the Members, and personal property taxes based thereon shall be treated as expenses of administration of Palmer Heights II.

3.02. Annual Budget.

(a) The Board of Directors shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, and maintenance of Palmer Heights II, including a reasonable allowance for contingencies and reserves. Such reserves shall include without limitation an adequate reserve fund for the maintenance, repair, and replacement of those General Common Elements that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessments. The assessment for such year shall be established by the adoption of such annual budget by the Board of Directors. Copies of such budget shall be delivered to each Member, although the delivery of a copy of the budget to each Member shall not affect the liability of any Member for any existing or future assessments.

(b) Special assessments, being assessments other than those described in subparagraph (a) of this paragraph, may be made by the Board of Directors, in

their sole discretion, at any time, and from time to time, to meet other needs or requirements of the Association and Palmer Heights II, provided, however, that any such special assessment in excess of \$100.00 shall not be levied without the prior approval of the Members.

3.03. Allocation. All assessments levied against the Members to cover expenses of the Association and Palmer Heights II shall be apportioned among and paid by the Members in accordance with the percentages of value assigned to each Condominium Unit according to the DECLARATION AND MASTER DEED. Assessments shall be due and payable at such times as the Association shall determine (Declarant shall bear all assessments levied against Condominium Units owned by Declarant in accordance with the aggregate percentage of value assigned thereto).

3.04. Default and Remedies.

(a) The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the highest lawful rate per annum from the due date until paid. Each Member shall be, and remain, personally liable for the payment of all assessments which may be levied against such Member by the Association in accordance with these CONDOMINIUM BYLAWS, and any unpaid assessments may at the option of the Association be collected out of the sale proceeds of such Condominium Unit. In addition, to the extent permitted by law, unpaid assessments may become a lien against the Condominium Unit, subject only to: assessments, liens, and charges in favor of the state and any political subdivision thereof for taxes past due and unpaid on such Condominium Unit; and amounts due under any mortgage instruments duly recorded. Such lien may be recorded in the Office of the County Clerk, Albany County, Wyoming, and may be enforced by foreclosure, and the expenses incurred therefor including interest, costs, and attorneys' fees shall be chargeable to the Member in default.

(b) The Association may, in addition to its rights under subparagraph (b) of this paragraph, enforce collection of delinquent assessments by an action at law for a money judgment, and the expenses incurred in collecting unpaid assessments including interest, costs, and attorneys' fees shall be chargeable to the Member in default. The Association may also discontinue the furnishing of any utilities or other services to a Member in default upon seven (7) days' written notice to such Member. A Member in default as set forth herein shall not be entitled to vote at any meeting of the Association so long as such default is in existence.

3.05. Nonexemption. No Member may exempt himself from liability for his contribution toward the expenses of the Association and Palmer Heights II by waiver of the use or enjoyment of any portion of his Condominium Unit, or by reason of any grievance against the Association, Declarant, or any other Member.

IV. LEGAL ACTION

Without limiting the other legal rights of any Member or the Association, legal action may be brought by the Association in its sole discretion on behalf of any Members with respect to any cause of action relating to the General Common Elements.

V. INSURANCE

5.01. Master Policy. The Association shall carry a master policy of fire and extended coverage, vandalism and malicious mischief, and liability insurance, and, if required by law, workmen's compensation insurance, (hereinafter the "Master Policy"), with respect to Palmer Heights II and the Association's administration thereof in accordance with the following provisions:

(a) The Master Policy shall be purchased by the Association for the benefit of the Association, the Members, and their mortgagees, as their interests may appear, and provision shall be made for the issuance of appropriate mortgagee endorsements to the mortgagees of the Members. The Members shall obtain insurance coverage upon their personal property at their own expense. The Association and the Members shall use their best efforts to see that all property and liability insurance carried by a Member shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Members and their respective tenants, servants, agents, and guests.

(b) All buildings, improvements, personal property, and other General Common Elements of Palmer Heights II shall be insured against fire and other perils covered by a standard extended coverage endorsement (with appropriate endorsement to cover fixtures, installations, or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of individual Condominium Units initially installed, or replacements thereof, in accordance with the original plans and specifications for Palmer Heights II), in an amount equal to the maximum insurable replacement value thereof, excluding the cost of excavations, foundations, and footings, as determined annually by the Board of Directors, provided, however, such amount shall be not less than eighty percent (80%) of the maximum insurable value based upon replacement cost. The Association may, in its sole discretion, elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location, and use. The Association shall use its best efforts to see that the liability insurance carried by the Association shall cover the General Common Elements and shall contain, if available, cross-liability endorsements or appropriate provisions for the benefit of the Members, individually and as a group, the Board of Directors, and the management company, if any, insuring each insured against liability to each other insured. The Association may also elect to carry fidelity coverage against dishonest acts on the part of Directors, Officers, Members, the management company, if any, and