

BY-LAWS OF THE
ASSOCIATION OF APARTMENTS OWNERS
OF
VILLA ROSARIO CONDOMINIUM

A-1041

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REGISTRATION
Dept of the Interior
Government of Guam

REGISTRATION NO. 071

ARTICLE I

CONDOMINIUM OWNERSHIP

Section 1. Creation. The project known as "VILLA ROSARIO CONDOMINIUM" has been approved and is subject to the Horizontal Property Regime established by the Horizontal Property Act, Title VI, Part IV, Division Second, Civil Code of Guam, by Declaration of Horizontal Property Regime (herein called the "Declaration") intended to be recorded contemporaneously with these By-Laws.

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

ARTICLE II

ASSOCIATION OF APARTMENT OWNERS

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

Section 2. Responsibilities. The Association shall have the responsibility of administering the project, approving the annual budget, establishing and collecting all of the assessments for common expenses and arranging for the direct

management and operation of the project by a Managing Agent in accordance with the Declaration and the By-Laws except as is otherwise provided herein or in the Declaration or said Horizontal Property Act, all acts, decisions and resolutions of the Association shall require authorization by a majority of the apartment owners.

Section 3. Place of Meetings. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the apartment owners as may be designated by the Board of Directors.

Section 4. Annual Meetings. The first annual meeting of the Association shall be held as soon as practical after recording of the Declaration and these By-Laws, upon the call of at least ten percent (10%) of the apartment owners. Thereafter, the annual meetings of the Association shall be held within three (3) months after the end of each accounting year of the project. At such meetings the apartment owners shall elect by ballot a Board of Directors in accordance with the provisions of Section 3 of Article III of these By-Laws and may also transact such other business of the Association as may properly come before them.

Section 5. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President or a petition signed by apartment owners having at least twenty-five percent (25%) of the total vote and presented to the Secretary.

Section 6. Notice of Meetings. The Secretary shall at least three (3) days before the date set for each annual and special meeting give written notice thereof to every apartment owner according to the Association's record of ownership stating whether it is an annual or special meeting, the authority for the call thereof; the place, day and hour of such meeting; and the purpose therefor, in any of the following ways: (a) by leaving the same with him personally, or (b) by leaving the same at his residence or usual place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the record of ownership of the Association. If notice is given pursuant to the provisions of this section, the failure of any apartment owner to receive actual notice of such meeting shall in no way invalidate the meeting or any proceedings thereat. The

presence of any apartment owner in person or by proxy at any meeting shall be deemed a waiver of any required notice as to such apartment owner unless such apartment owner shall at the opening thereof object to the holding of such meeting for noncompliance with the provisions of this Section.

Section 7. Quorum. The presence at any meeting in person or by proxy of a majority of apartment owners as herein defined shall constitute a quorum, and the acts of a majority of the apartment owners present at any meeting at which a quorum is present shall be the act of the Association except as otherwise provided herein. The term "majority of apartment owners" shall mean the owners of apartments to which are appurtenant more than thirty percent (30%) of the common interests as established by the Declaration.

Section 8. Voting. Voting shall be on a fractional or percentage basis, and the fraction or percentage of the total vote to which the owner of any apartment is entitled shall be the fraction or percentage assigned to such apartment in the Declaration. Any specified fraction or percentage of the apartment owners means the owners of apartments to which are appurtenant such fraction or percentage of the common interests as established by the Declaration. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association the fraction or percentage of vote for any apartment owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Association's record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such apartment in such capacity. The vote for any apartment owned of record by two or more persons may be exercised by any one of them present at any meeting the absence of protest by the other or others, and in case of protest, each co-tenant shall be entitled to only a proportionate vote in proportion to his share of ownership in the apartment.

Section 9. Proxies and Pledges. Votes may be cast in person or by proxy by the respective apartment owners as shown by the record of ownership of the Association. The authority given by any apartment owner to another person to represent him at a meeting of the Association shall be in writing, signed by such owner and filed with the Secretary, and unless limited by its terms shall continue until revoked by writing filed with the Secretary or by the death or incapacity of such owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any apartment or interest therein, a true copy of which is filed with the Board of Directors through the Secretary or Managing

Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the said Board in like manner.

Section 10. 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 apartment owners present, whether or not a quorum be present, without notice other than the announcement of 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 11. 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 directors.
- (g) Unfinished business.
- (h) New business.

Section 12. Written Approval. Written approval by an apartment owner upon any matter, whether or not the subject of an Association meeting, shall be the same as if the person had cast the vote as if at the Association meeting and shall be of the same force and effect.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, each of whom shall be the sole owner or co-owner of record of an apartment. If a corporation is an apartment owner, any officer of such corporation shall be eligible to serve as director so long as he remains an officer of such corporation.

Section 2. Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not by law, by the Declaration or by these

By-Laws, directed to be exercised and done only by the apartment owners. Compensation, if any, of the directors shall be determined by the Association at a membership meeting and not by the Board. In addition to powers and duties conferred by these By-Laws, the Declaration or resolutions of the Association, the Board shall be responsible for the following:

(a) Management and operation of the project and maintenance, repair and rebuilding of the common elements thereof;

(b) Establishment and collection of monthly assessments against the apartment owners for common expenses; thereof;

(c) Appointment and dismissal of any personnel necessary for such operations and maintenance functions.

Section 3. Election and Term. Election of directors shall be by cumulative voting. The directors except as otherwise in these By-Laws provided, shall hold office for a period of one (1) year and until their respective successor shall have been elected. As required by §1289 of the Horizontal Property Regime Act, the terms of at least one-third (1/3) of the directors shall expire annually.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by the Association shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next annual meeting of the Association. Death, incapacity or resignation of any director, or his continuous absence from the Territory of Guam for more than six (6) months, or his ceasing to be the sole owner or co-owner of an apartment shall cause his office to become vacant.

Section 5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by vote of a majority of apartment 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 apartment owners shall be given an opportunity to be heard at such meeting.

Section 6. Annual Meeting. An organizational meeting of the Board of Directors shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to any director in order validly to constitute such meeting provided 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 7. Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one 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, by mail, telephone or telegram, at least three (3) days prior to the date of such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least 8 hours notice to each director, given personally or by telephone or telegraph, 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 9. 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 to him for 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 10. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these By-Laws, 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 11. Fidelity Bonds. The Board of Directors may require that all officers, employees and agents of Association handling or responsible for its funds, shall furnish adequate fidelity bonds. The premiums on such bond shall be paid by the Association.

ARTICLE IV

OFFICERS

Section 11. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and Treasurer, all of whom shall be elected by, and in the case of the President, from the Board of Directors. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary.

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

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. Subject to the control of the Board he shall exercise supervision over and direct the management and conduct of the business affairs of the Association. He shall also have such other powers and duties as may be provided by these By-Laws or assigned to him from time to time by the Board.

Section 5. Vice-President. The Vice-President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. He shall also have such other powers and duties as may be assigned to him from time to time by the Board.

Section 6. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Association and of the Board of Directors, give all notices thereof as provided by these By-Laws, maintain and keep a continuous and accurate record of ownership of all apartments, have charge of such books, documents and records of the Association as the Board may direct, and in general perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for all funds and securities of the Association, maintain and keep full and accurate accounts of all receipts and disbursements of the Association and render statements thereof in such form and as often as may be required by the Board of Directors, and 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.

Section 8. Auditor. The Association may appoint annually a public accountant or accounting firm as auditor, who shall not be an officer 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 of Director.

~~**Section 9. Execution of Instruments.** All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Association by such person or persons as shall be provided by general or special resolution of the Board of Directors or, in the absence of any such resolution application to such instrument, by the President or Vice-President and by the Treasurer or Secretary.~~

ARTICLE V

ADMINISTRATION

Section 1. Management. The Board of Directors shall at all times manage and control the project and shall have the following powers and where applicable shall pay for out of the maintenance reserve fund as provided in the Declaration, the following:

(a) Water, sewer, garbage, electrical, telephone, gas and other necessary utility services for the common elements and (if not separately metered or charged) for the apartments; and maintenance and gardening service for the common elements;

(b) A policy or policies of fire insurance, with extended coverage endorsement, in an insurance company authorized to do business in Guam, and in time of war against war damage to the extent such governmental insurance is obtainable at reasonable cost., for the full insurable value of the common elements and the apartments, payable as provided in the Declaration.

(c) A policy or policies, insuring the Board, Association, apartment owners; Lessor, and Developer against any liability to the public or to the apartment owners and their invitees, or tenants, incident to the ownership and/or use of the common elements and apartments, and all roadways and sidewalks on or adjacent to the project, the liability under which insurance shall be not less than One Million Dollars (\$1,000,000) for injury to one or more persons in any one accident or occurrence and One Million Dollars (\$1,000,000.00) for property damage (such

limits to be reviewed at least annually by the Board and increased in its discretion, payable to the Board, in trust for the insureds;

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

(e) The services of a Managing Agent as hereinafter provided, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the project, including the maintenance, repair any replacement of any of the common elements thereof, whether such personnel are employed directly by the Board or are furnished by the Managing Agent; but in any case, the Board shall have the power to remove any of these personnel at its discretion;

(f) Legal and accounting services necessary or proper in the operation of the buildings or enforcement of these By-Laws;

(g) A fidelity bond naming the members of the Board and the Managing Agent, and such other persons as may be designated by the Board as principals and the apartment owners as obligees, for the first year as determined under owners as obligees, for the first year as determined under Section 1, of Article VI hereof, and for each year thereafter in an amount at least one-half the total sum collected through the maintenance reserve fund during the preceding year;

(h) Painting, maintenance and repair of the common elements and any balcony or lanai, together with the exterior surface of the perimeter wall abutting upon said balcony or lanai, when painted at the direction of the Board (but not including the interior surface of the apartments, which the apartment owner shall paint, maintain and repair) and such furnishings and equipment for the common elements as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the common elements;

(i) Real property taxes imposed upon the apartments and the common elements and the limited common elements. It is recognized that the taxes are the individual responsibility of each apartment owner, but to facilitate the payment of these items the Board will collect the taxes from each apartment owner and pay them to the taxing authorities;

(j) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure or pay for pursuant to the terms of these By-Laws or by law or which in

its opinion shall be necessary or proper for the operation of the buildings as apartment buildings or for the enforcement of these By-Laws, provided that if any such materials, supplies, furniture, labor, service, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for particular apartment, the cost thereof shall be specially assessed to the apartment owners of such apartments.

~~(k) Any amount necessary to discharge any lien or encumbrances levied against the entire Project or any part thereof which constitutes a lien against the common elements, rather than merely against the interests therein of particular agreement owners. Where one or more apartment owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board of reason of each lien or liens;~~

(l) Maintenance and repair of any apartment if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements and limited common elements or any other apartment, and the apartment owner or owners of said apartment have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair is delivered by the Board to said apartment owner or owner, provided that the Board shall levied a special assessment against such apartment owner for the cost of said maintenance or repair;

(m) Purchasing any apartments being sold at a foreclosure or other judicial sale, in the name of the Board of its designee, corporate or otherwise, on behalf of all the apartment owners having a majority of the voting power;

(n) Opening of bank accounts on behalf of the Association of Apartment Owners and designating the signatures required therefor;

(o) Selling, leasing, mortgaging, voting the votes appurtenant to (other than the election of members of the Board of Directors), or otherwise dealing with apartments acquired by, and subleasing apartments leased by the Board of Directors or its designee, corporate or otherwise, on behalf of all apartment owners;

(p) Organizing corporation to act as designee of the Board of Directors in acquiring title to or leasing of apartments on behalf of all apartment owners;

(q) Adopting and amending of Rules and Regulations covering the details of the operation and use of the Project;

(r) Determining of the common expenses required for the affairs of the Project, including, without limitation, the operation and maintenance of the Project.

The Board's powers hereinabove enumerated shall be ~~limited in that the Board shall have no authority to acquire and pay out of the maintenance reserve fund capital additions and improvements (other than for purposes of replacing portions of the common elements subject to all the provisions of the Declaration) having a total cost in excess of Five Thousand Dollars (\$5,000.00), without first obtaining the affirmative vote at a meeting called for such purpose, or the written consent, of voting owners having at least seventy-five per cent (75%) of the voting power, except as expressly provided herein.~~

Section 2. Managing Agent. Following the initial period during which Six D Enterprises will serve, a managing agent, the Board of Directors shall employ annually a responsible Guam agent as managing agent to manage and control the project at such compensation and with such administration powers, and duties as the Board may establish and delegate, subject to prior approval of every such employment contract by a majority of apartment owners. The Board may delegate to the managing agent all of the powers granted to the Board by the By-Laws other than the powers described in subparagraph (k), (l), (m), (n), (o), (p), and (q) of Section 1 hereinabove.

Section 3. Representation. The President or managing agent, subject to the direction of the Board of Directors, shall represent the Association or any two or more apartment owners similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the common elements or more than one apartment and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings, individually to appear, sue or be sued. Service of process on two or more apartment owners in any such action, suit or proceeding may be made on the President of managing agent.

ARTICLE VI

OBLIGATIONS OF APARTMENT OWNERS

Section 1. Assessments and other charges. All apartment

owners are obligated to pay the monthly assessments against them imposed by the Association to meet the common expenses of the project, including without limitation the management and operation thereof, maintenance, repair and rebuilding of the common elements and premiums for liability and hazard insurance. All assessments shall be made pro-rata according to the fractional shares of the respective apartments as established by the Declaration and all apartment owners shall also pay a monthly amount sufficient to accumulate and pay when due the full amount of all rent, taxes, assessments, and other charges payable by the apartment owner. All such monthly payments shall be payable by the apartment owner. All such monthly payments shall be payable in advance on the first day of the month. In the event any owner is delinquent in the payment of any monthly assessment for a period in excess of thirty (30) days., the Board may at its discretion sever or disconnect all utility connections to his apartment.

Section 2. Repair and Maintenance.

(a) Every apartment owner shall from time to time and at all times well and substantially repair, maintain, amend and keep his apartment with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided by law or the Declaration, and without limitation shall perform promptly all such work within his apartment the omission of which would affect any common elements or other apartments and shall be responsible for all loss and damage caused by his failure to do so.

(b) All repairs of internal installations within each apartment such as water, light, gas, power, sewage, telephones, air conditioning, sanitation, doors, windows, lamps and all other fixtures and accessories belonging to such apartment, including interior walls and partitions and the inner decorated or finished surfaces of the perimeter walls, floors and ceilings of such apartment and the interior surfaces of any adjacent limited common elements appurtenant to such apartment, shall be at the apartment owner's expense.

(c) The apartment owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common elements or furniture, furnishings and equipment thereon damages or lost through the fault of such apartment owner or any person using the project under him and shall give prompt notice to the Managing Agent of any such damage, loss or other defect when discovered.

Section 3. Use of Project.

(a) All apartments of the project shall be used for residential purposes only except that one unit may be used for business purposes including but not limited to a "laundry unit". No apartment shall be used in connection with the carrying on of any trade or business whatsoever.

(b) All common elements of the project shall be used for their respective purposes as designed.

(c) No apartment owner or occupant shall place, store or maintain in the halls, lobbies, stairways, grounds or other common elements of similar nature any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.

(d) Every apartment owner and occupant shall at all times keep his apartment in a strictly clean and sanitary condition, and shall observe and perform all laws, ordinances, rules and regulations now hereafter made by any governmental authority and all By-Laws, rules, regulations, agreements, decisions and determinations duly made by the Association for the time being applicable to the project or the use thereof and all restrictions, covenants, conditions and provisions of the Declaration and amendments thereof duly made affecting the project.

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment or the project or alter or remove any furniture, furnishings or equipment of the common elements.

Section 4. Construction of Improvements.

(a) No apartment owner or occupant shall erect or place on the project any building or structure including fences and walls, nor make any additions or structural alterations to or exterior changes of any common elements of the project, except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board of Directors, first approval in writing by the Board and also approved by a majority of apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected. Provided, that the Purchase Agreement provides for balcony improvements if fifty-one percent (51%) of the buyers agrees.

(b) No apartment owner shall decorate or landscape any entrance, hallway, or planting area appurtenant to his apartment

except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

Section 5. Right of Entry.

(a) The Managing Agent and any other person authorized by the Board of Directors 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.

(b) Every apartment owner and occupant, when so required, shall permit the Board of Directors or their representatives to enter his apartment at reasonable times for the purpose of performing authorized installations, alterations or repairs to the common elements therein for central services, provided that requests for entry are made in advance.

Section 6. Rules of Conduct.

(a) No owner or occupant shall post any advertisement, bill, poster or other sign on or about the project, although not visible outside the project, except as authorized by the Board of Directors.

(b) No garments, rugs or other objects shall be hung from the windows or facades of the project.

(c) No rugs or other objects shall be dusted or shaken from the windows of the project or cleaned by beating or sweeping on any exterior part of the project.

(d) No garbage, refuse or trash of any kind shall be thrown, placed or kept on any common elements of the project outside of the disposal facilities provided for such purpose.

(e) No apartment owner or occupant shall, without the written approval of the Board of Directors, install any wiring for electrical or telephone installations, televisions, antenna, machines or air-conditioning units, or other equipment or appurtenances whatsoever on the exterior of the project or protruding through the walls, windows or roof thereof.

(f) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floors, walls or roof 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, nor shall any noxious or offensive activity or nuisance be made or suffered thereon.

Section 7. Foreclosure of Lien. In any suit to foreclose the lien against an apartment owner for delinquent assessment, such delinquent owner shall be required to pay to the Association a reasonable rent for such apartment until sale on foreclosure together with all costs and reasonable attorneys' fees.

Section 8. Title. Every apartment owner shall promptly cause to be duly recorded the lease, assignment or other conveyance to him of his apartment or other evidence of his title thereto and file such evidence of his title with the Board of Directors through the Managing Agent, and the Secretary shall maintain such information in the record of ownership of the Association.

Section 9. House Rules. The Board of Directors, upon notice to all apartment owners in the same manner as herein provided for notice of meetings of the Association and opportunity to be heard thereon, may adopt or amend any supplemental rules and regulations called House Rules, governing details of the operation and use of the common elements not inconsistent with any provisions of law, these By-Laws or the Declaration.

ARTICLE VII

AMENDMENTS OF BY-LAWS

Section 1. Procedure. These By-Laws may be amended in any respect not inconsistent with any provisions of law of the Declaration by vote of seventy-five percent (75%) of the apartment owners, at any such meeting of the Association duly called for such purpose, only upon the recording of an amendment to the Declaration setting forth such amendment of By-Laws as provided by law.

ARTICLE VIII

MORTGAGEES

Section 1. Notice to Association. Any apartment owner who mortgages his interest in an apartment shall notify the Association through the Managing Agent of the name and address of his mortgagee, and the Secretary shall maintain such information on the record of ownership of the Association.

Section 2. Notice of Unpaid Assessments. The Managing Agent or Board of Directors at the request of any mortgagee or prospective purchaser of any apartment or interest therein shall report to such person the amount of any unpaid assessments due from the owner of such apartment.

ARTICLE IX

INDEMNIFICATION

Section 1. Expenses and Liability. The Association shall indemnify every director and officer, and his executors and administrators, against all expenses reasonably incurred by or imposed on him in connection with any action, suit or proceeding to which he may be made a party by reason of being or having been a director or officer of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matter as to which the Association is advised by its legal counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

ARTICLE X

COMPLIANCE

Section 1. Subordination. These By-Laws are subordinate and subject to the provisions of the Declaration and all amendments thereto, and said Horizontal Property Act, and in case of any conflict the latter shall control. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration of said Act.

Section 2. Interpretation. In case of any provision of these By-Laws shall be held invalid, such invalidity shall not render invalid any other provisions hereof which can be given effect. Nothing in these By-Laws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any active business for profit on behalf of any or all of the owners.

ADOPTION OF BY-LAWS

The undersigned Developer hereby adopts the foregoing as the By-Laws of the Association of Apartment owners of VILLA ROSARIO CONDOMINIUM this 8 day of November, 1990.

SIX D ENTERPRISES, INC.

By:

Ely Del Carmen
ELY DEL CARMEN, President

TERRITORY OF GUAM)
(ss.:
CITY OF AGANA)

On this 8th day of November, 1990, before me, a Notary Public, in and for the Territory of Guam, personally appeared Ely Del Carmen, known to me to be the President of SIX D ENTERPRISES, which executed the foregoing By-Laws of Apartments Owners, and he acknowledged to me that such corporation executed the same.

Witness my hand and official seal.

) Seal (

Evelyn D. Gonzales
NOTARY PUBLIC

EVELYN D. GONZALES
NOTARY PUBLIC

In and for the Territory of Guam U.S.A.
My Commission Expires: April 9, 1994

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R:N:Villa.Bye.545