

BYLAWS

OF

KNIK ARMS APARTMENTS CONDOMINIUM

ARTICLE I

CONDOMINIUM OWNERSHIP

1. Creation. The project known as KNIK ARMS APARTMENTS CONDOMINIUM consisting of that certain parcel of land and all improvements situate thereon, located in the Anchorage Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

Lot One "A" (1-A), Three "A" (3-A),
Four "A" (4-A) and Five "A" (5A),
Block Sixty-four (64), "L" Street
Slide Replat of the Original Town-
site of Anchorage according to
Plat 6730 in the Anchorage Recording
District, Third Judicial District,
State of Alaska;

has been submitted to the provisions of the Horizontal Property Regimes Act of the State of Alaska, Alaska Statutes ch. 34.07 (1975) hereinafter referred to as The Act.

ARTICLE II

MEMBERS

1. Definitions. The terms used herein shall have the same meanings as given to them in the Declaration, except as expressly otherwise provided herein.

2. Membership. All owners of apartments in the condominium shall be members of the Association. The membership of each apartment owner shall terminate when he ceases to be an apartment owner, and upon the sale, transfer or other disposition of his apartment, his membership in the Association shall automatically be transferred to the new apartment owner. The association may issue certificates evidencing membership therein.

3. Annual Meeting. The first annual meeting of the Association shall be held as soon as practicable after thirty (30) units are sold by the Declarant. Thereafter the annual meeting of the Association shall be held in the recreation room on the second Saturday of the month of April each year or such other date during the month of April as the Board of Directors shall determine. At such meetings, the unit owners shall elect a Board of Directors in accordance with the provisions of Article III of these Bylaws and may also transact such other business of the Association as may properly come before them. If the meeting date is other than the second Saturday in April, apartment owners shall be notified of the place and time of the annual meeting by the manager or one of the officers of the Association in writing at least ten (10) days in advance of the date of such meeting. Notice

RESALE CERTIFICATE

may be given in any one of the following ways: By leaving the same with the apartment owner personally or by leaving the notice at his residence or usual place of business or by mailing it 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 the section, the failure of any unit owner to receive actual notice of such meeting shall in no way invalidate the meeting or any proceedings thereat. The presence of any unit owner in person or by proxy at any meeting shall be deemed a waiver of any required notice as to such unit owner unless such unit owner shall at the opening thereof object to the holding of such meeting for non-compliance with the provisions of this section.

4. Special Meetings. Special meetings of the Association may be called by the Chairman or Secretary of the Board of Directors or by a majority of the Board of Directors, and must be called upon receipt of a written request from apartment owners holding at least thirty (30) percent of the voting power, stating the purpose of the meeting. Notice of special meetings shall be given to the apartment owners in the same manner as in the case of annual meetings, except that notices of special meetings shall state the purposes of the meeting. Business transacted at a special meeting shall be confined to such purposes.

5. Voting. The aggregate number of votes for all apartment owners shall be one hundred (100), which shall be divided among the respective apartment owners in accordance with their respective percentages of undivided interest in the common areas and facilities. Whenever any apartment is owned by two or more persons jointly, according to the records of the Association, the vote of such apartment may be exercised by any one of the persons then present in the absence of protest by a co-owner. In the event of a protest, however, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such apartment shall be disregarded completely in determining the proportion of votes given with respect to the matter. The Declarant may exercise the voting rights with respect to unsold apartments while owned by Declarant.

6. Quorum. A quorum of apartment owners for any meeting shall be constituted by apartment owners represented in person or by proxy and holding a majority of the votes entitled to be cast at such meeting.

ARTICLE IIIBOARD OF DIRECTORS

1. Interim Directors. Declarant shall exercise the powers and functions and shall perform all the duties of the Board of Directors of the Association until Declarant by virtue of powers conferred on Declarant by the Declaration has nominated the first Board of Directors, at which time the latter shall exercise such powers and functions and shall perform all such duties. The Board of Directors so nominated shall serve until the first annual general meeting of the Association at which meeting the first elections to the Board of Directors shall be held. Existing members of the Board of Directors at the time of such election may offer themselves for re-election but may resign or be removed from office as hereinafter provided during the intervening period.

2. Election and Term of Office. The Board of Directors of the Association to be nominated by Declarant and all successive Boards of Directors shall consist of not less than five persons, who shall hold office until their successors have been elected and qualified. At the first annual general meeting of the Association, the apartment owners shall elect five directors. The term of office of two of these Directors shall be fixed at one year, and the term of three of these Directors shall be fixed at two years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve for a term of two years, so that the terms of at least one-third of the Directors expire annually.

3. Qualifications. Except for Directors nominated or designated by the Declarant, each Director shall be an apartment owner or the spouse of an apartment owner or, if an apartment owner is a corporation, partnership or trust, a Director may be an officer, partner or beneficiary of such apartment owner. If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant.

4. Vacancy. Any vacancy occurring in the Board of Directors may be filled by a majority vote of the remaining members thereof.

5. Annual Meeting. An annual meeting of the Board of Directors shall be held immediately following the annual meeting of apartment owners and at the same place. Special meetings of the Board of Directors shall be held upon call by the Chariman or by a majority of the Board of Directors on not less than 48 hours' notice in writing to each Director delivered personally. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board of Directors without a meeting.

6. Removal. Any Director may be removed from office by the vote of at least two-thirds of the votes of all apartment owners.

7. Compensation. Directors shall receive no compensation for their services unless compensation is expressly provided for in resolutions duly adopted by the apartment owners.

8. Powers and Duties. The Board of Directors shall have the following powers and duties:

(a) To elect the officers of the Association as hereinafter provided;

(b) To administer the affairs of the Association and the Property;

(c) To engage, subject to the provisions of the Declaration, the services of a Manager who shall manage and operate the Property and the common areas and facilities thereof for all of the apartment owners, upon such terms and for such compensation and with such authority as the Board of Directors may approve;

(d) To formulate policies for the administration, management and operation of the Property and the common areas and facilities thereof;

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(e) To adopt administrative rules and regulations governing the administration, management, operation and use of the Property and the common areas and facilities, and to amend such rules and regulations from time to time;

(f) To provide for the maintenance, repair, and replacement of the common areas and facilities and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the Manager;

(g) To provide for the designation, hiring and removal of employees and other personnel, including accountants, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and the common areas and facilities, and to delegate any such powers to the Manager (and any such employees or other personnel who may be the employees or other personnel who may be the employees of the Manager);

(h) To estimate the amount of the annual budget and to provide the manner of assessing and collecting from the apartment owners their respective shares of such estimated expenses, as hereinafter provided;

(i) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the apartment owners, as expressed in a resolution duly adopted at any annual or special meeting of the apartment owners;

(j) To appoint committees of members of the Association to overlook and assist in the day-to-day operations of the Condominium, without any executive powers, specifically in respect of items such as maintenance, security, beautification, public relations, and the welfare of residents;

(k) To exercise all other powers and duties of the Board of Directors or Association of apartment owners as referred to in The Act.

9. Meetings. The Board of Directors shall act by majority vote at its meetings with a quorum of not less than three members, in all matters involving the Condominium, including the adoption and amendment of House Rules which govern the details of the operation of the Condominium and the use of the common areas and facilities. Meetings of the Board of Directors shall be called, held and conducted in accordance with these Bylaws and the House Rules, but at least four meetings shall be held each year, one of which shall be held immediately following the annual meeting of the Association and shall be an organization meeting at which officers for the year then next ensuing shall be elected.

10. Notice. Service of notice in any matter which is common to all apartment owners upon any one member of the Board of Directors shall be deemed service upon all members of the Board of Directors and upon all apartment owners for whom the Board of Directors is acting as the common agent. The Board of Directors shall also act as party plaintiff or party defendant in any class action or suit.

ARTICLE IV

OFFICERS

1. Election. At each annual meeting, the Board of Directors shall elect the following officers of the Association:

(a) A Chairman, who shall be a Director and who shall preside over the meetings of the Board of Directors and of the Association, and who shall be the chief executive officer of the Association;

(b) A Vice Chairman, who shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman.

(c) A Secretary, who shall keep the minutes of all meetings of the Board of Directors and of the Association, who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Manager;

(d) A Treasurer, who shall keep the financial records and books of account;

(d) Such additional officers as the Board of Directors shall see fit to elect.

2. Term. Each officer shall hold office for the term of one year and until his successor shall have been elected and qualified.

3. Vacancies. Vacancies in any office shall be filled by the Board of Directors at special meetings thereof. Any officer may be removed at any time by the Board of Directors at a special meeting thereof.

4. Compensation. The officers shall receive no compensation for their services, unless compensation is expressly provided for in a resolution duly adopted by the Association.

ARTICLE V

MANAGER

1. Appointment. To assist the Board of Directors in the discharge of its duties under the Declaration and these Bylaws, the Board of Directors may appoint and keep appointed and may remove from office, a Manager, who shall be in direct charge of the operation of the Condominium under the supervision of the Board of Directors.

2. Powers and Duties. In addition to such functions, duties, and powers as may be authorized or assigned to said Manager under the Declaration and these Bylaws, or from time to time be delegated to said Manager by the Board of Directors, the Manager shall have the following powers and duties and be responsible for:

(a) Immediate supervision of the management and operation of the Condominium.

(b) Purchase, maintenance, repair and restoration of all equipment and of all common areas and facilities.

(c) Employment, supervision, designation and removal of all personnel necessary for the maintenance, repair and replacement of the common areas and facilities such as janitors, maintenance personnel, carpenters, plumbers, masons and electricians.

(d) Keeping proper financial records and books of account under the supervision of the Treasurer and the books and records of the Association under the supervision of the Secretary.

(e) Making at regular intervals projections of receipts and expenses, and budgets for use by the Board of Directors.

(f) Preparing schedules of proposed assessments the aggregate dollar amount of which shall be sufficient to pay for the expenses of operation of the Condominium, including the establishment of reserves for nonrecurrent major repairs and capital improvements and recommending adoption by the Board of Directors of such schedules and the fixing of assessments against each apartment in conformity therewith.

(g) Approving payment vouchers and custody, safe-keeping and accounting of all funds, which shall be maintained in a separate bank account to be designated "Knik Arms Apartments Condominium".

(h) Collecting from apartment owners their respective assessments, and all real property taxes attributable to each apartment.

(i) Procurement of all required insurance coverage and periodic review of existing coverage to determine the adequacy thereof.

(j) Providing written notice to all first mortgagees of any loss to or taking of the common areas if such loss or taking exceeds in value of \$10,000.00.

3. Compensation. The Board of Directors shall determine the compensation to be paid the Manager and the prerequisites to which he may be entitled. The Manager may be required to live in Knik Arms either in a unit owned by the Association or in another unit in Knik Arms. Provisions for the appointment of the Manager shall not preclude or derogate from the power of the Board of Directors to operate the Condominium directly through employees and agents, to be appointed by the Board of Directors without the use of a Manager.

ARTICLE VI

OPERATION OF THE PROPERTY

1. Budget. The Board of Directors shall with the assistance of the Manager from time to time, but at least annually, prepare a budget for the Association, determine the amount of common charges required to meet common expenses of the Association, and assess such common charges against the Apartment owners in accordance with their percentage of undivided interest in common areas and facilities. The common expenses shall include, among other things, heat, electricity, maintenance, insurance and all other expenses,

direct or indirect, with respect to the property, and an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year.

2. Damage or Destruction. Subject to the provisions of Section 18 of the Declaration, in the event of damage or destruction as the result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration, exclusive, however, of furniture, furnishings, fixtures or equipment installed by apartment owners, and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense, and the Board of Directors may assess all apartment owners for such deficit as part of the common charges.

3. Payment of Common Charges. All apartment owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board of Directors shall determine. No apartment owner shall be liable for the payment of any part of the common charges assessed against his apartment subsequent to a sale, transfer or other conveyance by him thereof provided such sale, transfer or conveyance be made in accordance with the provisions of these Bylaws. The purchaser of an apartment shall be liable for the payment of common charges assessed against such apartment prior to the acquisition by him of such apartment, except that a mortgagee or other purchaser of an apartment at a foreclosure sale of such apartment shall not be liable for, and such apartment shall not be subject to, a lien for the payment of common charges assessed prior to the order confirming the foreclosure sale.

4. Assessment of Common Charges. The Board of Directors shall assess common charges against the apartment owners from time to time, but at least annually, and shall take prompt action to collect from apartment owners any common charge due which remains unpaid by him for more than thirty (30) days from the due date for its payments. Such prompt action may include any lawful method of enforcement including the severance of utility services under the procedures outlined in Alaska Statutes, Section 34.07.230 (1975).

5. Default in Payment. In the event of default by any apartment owner in paying to the Board of Directors the assessed common charges, such apartment owner shall be obligated to pay interest at the rate of ten (10%) percent per annum on such common charges from the date due thereof, together with all expenses, including attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid common charges, or any appeal therefrom. The Board of Directors shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expense of the proceeding, including attorneys' fees, in an action brought against such apartment owner, or by foreclosure of the lien on such apartment granted pursuant to The Act. The lien upon the apartment shall be prior to all other liens or encumbrances upon the apartment except:

- (a) Tax liens in favor of any governmental assessing unit or special district; and

(b) Sums unpaid on deeds of trust or mortgages of record.

6. Foreclosure. In any foreclosure suit against an apartment, the apartment owner shall be required to pay during the pendency of such suit a reasonable rental for the apartment, and the Board of Directors, or its designee, as plaintiff in such foreclosure shall be entitled to the appointment of a receiver to take possession of said apartment and to collect the rents, issues and profits therefrom. The Board of Directors shall have the right to bid on the apartment at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same, subject only to statutory rights of redemption. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

7. Statement of Common Charges. The Board of Directors shall promptly provide any apartment owner who makes a request in writing with a written statement of his unpaid common charges.

8. Violation of Rule or Regulation. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws:

(a) To enter the apartment in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting apartment owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or

(b) To enjoin, abate, or remedy such thing or condition by appropriate legal proceedings. In the event of any such proceeding, the Board of Directors shall be entitled to recover its costs and attorneys' fees at trial and on appeal.

9. Maintenance and Repair. Maintenance and repair shall be accomplished as follows:

(a) All maintenance of and repairs to any apartment, structural or nonstructural, ordinary or extraordinary (other than maintenance of and repairs to any common areas and facilities not necessitated by the negligence, misuse or neglect of the owner of the apartment), shall be made by the owner of such apartment. Each apartment owner shall be responsible for all damage to any other apartment and to the common areas and facilities resulting from his failure to effect such maintenance and repairs;

(b) All maintenance, repairs and replacements to the common areas and facilities (unless necessitated by the negligence, misuse, or neglect of the apartment owner, in which case any such uninsured expense shall be charged to such apartment owner) shall be made by the Board of Directors and be charged to all the apartment owners as a common expense.

10. Alterations to Common Areas and Facilities. Whenever in the judgment of the Board of Directors the common areas

and facilities shall require additions, alterations, or improvements costing in excess of \$20,000, and the making of such additions, alterations, or improvements shall have been approved by a majority of the apartment owners, the Board of Directors shall proceed with such additions, alterations, or improvements and shall assess all apartment owners for the cost thereof as a common charge. Any additions, alterations, or improvements costing \$20,000 or less may be made by the Board of Directors without approval of the apartment owners, and the cost thereof shall constitute a common charge.

11. Alteration to Apartments. No apartment owner shall make any structural addition, alteration or improvement in or to his apartment without prior written consent thereto of the Board of Directors. The provisions of this section shall not apply to apartments owned by Declarant until such apartment shall have been initially conveyed by the Declarant.

12. Obstructions. The apartment owner shall not obstruct or otherwise impair, clutter or damage any of the common areas and facilities to which he has access or the right of access and use, to the deprivation of the rights of other apartments, their owners, guests or tenants.

13. Right of Access. An apartment owner shall grant a right of access to his apartment to the Board of Directors, the Manager, and any other person authorized by the Board of Directors to make inspections, or to correct any apartment or a common area or facility, or to install, alter or repair mechanical or electrical services or other common areas or facilities more conveniently accessible through his apartment or elsewhere in either of the buildings, or to correct any condition which violates the provisions of any mortgage covering another apartment. Requests for such entry shall be made in advance where convenient, and such entry shall be scheduled for a time convenient to the apartment owner. However, in case of an emergency, such right of entry shall be immediate, whether the apartment owner is present at the time or not.

14. Water, Electricity, Sewage and Garbage Disposal. All charges for water and electricity consumed, sewage and garbage disposal shall be paid by the Board of Directors as a common expense.

ARTICLE VII

MORTGAGES AND RENTALS

1. Record of Mortgages. An apartment owner who mortgages his apartment shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Apartments".

2. Report of Unpaid Charges. The Board of Directors, whenever so requested in writing by a mortgagee of an apartment, shall promptly report any then unpaid common charges or other default by the owner of the mortgaged apartment.

3. Notice of Default. The Board of Directors, when giving notice to an apartment owner of a default in paying

common charges or other default, shall send a copy of such notice to each holder of a mortgage covering such apartment whose name and address has theretofore been furnished to the Board of Directors.

4. Examination of Records. Each apartment owner and each mortgagee of an apartment shall be permitted to examine the books of account of the Association at all reasonable times on business days, but not more often than once each month. Additionally, should a mortgagee determine that the Board of Directors is not providing proper and adequate maintenance and repair for the Association or adequate insurances, management and services as contemplated by these Bylaws, then said mortgagee shall have the right subject to the Requirements of the Declaration to attend annual or special meetings of apartment owners and to vote at such meetings upon all matters to come before such meetings for and in behalf of its mortgagor.

5. Notice of Sale, Rental or Lease. Immediately upon the sale, rental, or lease of any apartment, the apartment owner shall promptly inform the Manager of the name and address of said vendee, sublessee, or tenant. It is understood that this provision is for the security, convenience and peaceful enjoyment of the Condominium by all apartment owners and the residents of apartments, in order that the Board of Directors may as necessary exercise the authority conferred upon it in the next succeeding section in the interest of apartment owners and residents.

6. Abatement of Conduct. The Board of Directors shall at all times have the power to give notice to any apartment owner in respect of conduct by any resident of said apartment owner's apartment prejudicial to the security, peace, welfare, comfort, and good order of the other residents of the Condominium, the operation of the Condominium and value of the Property. If such conduct is not promptly abated, the Board of Directors shall give notice to the apartment owner for the abatement of such action, and if such action is not promptly abated after receipt of such notice by the apartment owner, the Board of Directors shall have the right to request vacation of the apartment by the resident and to enforce its action by recourse to a court of law. In the event that such action is by a resident apartment owner, and is not abated promptly upon notice given by the Board of Directors, the latter may file an action in a court of law to have such conduct abated. Upon the Board of Directors obtaining favorable judgment, the apartment owner concerned shall, in each case, pay the Association reasonable costs and attorneys' fees at trial or upon appeal.

ARTICLE VIII

RECORDS AND REPORTS

1. Records. The Board of Directors or the Manager shall keep detailed records of the action of the Board of Directors and the Manager, minutes of the meetings of the Board of Directors, minutes of the meetings of the Association, financial records and books of account of the Association, including a chronological listing of receipts and expenditures.

2. Annual Report. An annual report of receipts and expenditures of the Association, certified by an independent certified public accountant, shall be rendered by the Board of Directors to all apartment owners and to all mortgagees of apartments who have requested the same, promptly at the end of each fiscal year. The cost and expense of such audit shall be a common expense.

ARTICLE IX

MISCELLANEOUS

1. Notice. All notices to apartment owners shall be sent in accordance with the provisions of Article II for notice of Association meetings except as otherwise provided in these Bylaws. All notices to mortgagees of apartments shall be sent by regular mail to their respective addresses as designated by them from time to time.

2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

4. Gender and Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and the neuter, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

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

6. Conflicts. In case any of these Bylaws conflict with the provisions of the statutes of the State of Alaska or of the Declaration, the provisions of such statute or of the Declaration, as the case may be, shall control.

ARTICLE X

APARTMENT UNITS OWNED BY THE ASSOCIATION

1. If the Board of Directors does not require the manager to live in the unit owned by the Association or does not employ a manager, it shall make all practicable efforts to secure income from the rental of said apartment unit. Income from said rental shall be applied to the common expenses of the Association.

ARTICLE XI

AMENDMENTS

1. Adoption. Except as hereinafter provided otherwise, these Bylaws may be modified or amended by the vote of 51

percent of the total voting power; provided, however, that the Bylaws may not be amended without the consent in writing of the Declarant so long as the Declarant shall be the owner of one or more apartments. The amendment shall become effective after the approving vote is certified by the Chairman and Secretary of the Association.

2. How Proposed. Amendments to the Bylaws shall be proposed either by a majority of the Board or by holders of 30 percent of the total voting power. The proposed amendment must be in writing and accompanied by the opinion of legal counsel as to whether the amendment is permitted under the Declaration. A copy of the proposed amendment shall be included in the notice of any meeting at which action is to be taken thereon.

ARTICLE XII

PERIODIC REAPPRAISALS

1. Reappraisal of Units and Common Areas. The units and common areas shall be periodically reappraised with a recomputation if necessary of the percentage interest of each owner in the common areas and facilities as expressed in the Declaration. The reappraisal shall be ordered at 10 year intervals from the date of the filing of the Declaration unless otherwise directed by the Board of Directors.

ARTICLE XIII

FISCAL YEAR

The fiscal year shall begin on the first day of January in each year, or as the Board of Directors shall otherwise establish.

SIXTH AVENUE CORPORATION

By _____

By _____