

BYLAWS
OF
DEVONSHIRE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Devonshire Homeowners Association, Inc., hereinafter referred to as the "Association." The registered office of the corporation shall be as set forth in the Articles of Incorporation, but meetings of members and directors may be held at such places within the Anchorage Municipality, State of Alaska, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Devonshire Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Properties, excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Property" or "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions defined in Section 6 below, and such additions (annexations) thereto as may hereafter be brought within the jurisdiction of the Association by annexation under Article VIII thereof.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the "Owners" of Lots, as well as real property which the owners of lots are otherwise entitled to use and enjoy.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declaration" shall mean and refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Anchorage Recording District, Third Judicial District, State of Alaska in Book _____ at Page _____, on _____, 19____, and amendments thereto duly recorded.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Declaration Definitions." Words or phrases defined in the Declaration and not defined herein shall have the meanings set forth in the Declaration. Should a Declaration definition vary from a definition herein, the Declaration definition shall control.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Association shall be called by the Declarant, upon ten (10) days written notice, not later than ninety (90) days after the title to seventy percent (70%) of the "Phase One" lots have been conveyed to an Owner by Declarant or 335 days after conveyance of a lot to an Owner. Thereafter, an annual meeting of the Association shall be held at times selected by the Board of Directors of the Association, for the purpose of electing members of the Board and such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote, twenty-five percent (25%) of all the votes of the membership, or upon written request of members who are entitled to vote, twenty-five percent (25%) of all of the votes of the entire membership.

Section 3. Notice of Meetings. A written or printed notice of every meeting of the Association stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place, day, an hour thereof, and the purpose therefor shall be given by the Secretary or the person or persons calling the meeting at least ten (10) days before the date set for such meeting. Such notice shall be given to each member and first mortgagee in any of the following ways: (a) by leaving the same with him personally, or (b) by leaving the same at the

residence or usual place of business of such member, or (c) by mailing it, postage prepaid, addressed to such member at his address as it appears on the records of the Association, or (d) if such owner or mortgagee cannot be located by reasonable efforts, by publishing such notice in any newspaper of general circulation in Anchorage, Alaska, such notice to be published not less than two (2) times on successive days, the first publication thereof to be not less than three (3) days nor more than ten (10) days prior to the day assigned for the meeting. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat. Upon written request for notices mailed by certified mail addressed to the Secretary of the Association at the address of said project, the holder of a duly recorded first mortgage or Deed of Trust against a lot shall be sent copies of any and all notices permitted or required to be given, from and after receipt of said request until said request is withdrawn and said mortgage is discharged of record.

All first mortgagees known to the Association shall receive notices of all meetings in the manner above set forth, and are entitled to attend (by agent, employee or other designee) all such meetings.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided by the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Voting. Any person, firm, corporation, trust, or other legal entity or a combination thereof, owning a lot in said project duly recorded in his or its name, the ownership whereof shall be determined by the records of the Anchorage Recording District, shall be a member of the Association, and either in person or by proxy entitled to a vote, in accordance with the Declaration, at all meetings of the Association. Any provision to the contrary notwithstanding, co-owners or joint owners shall be deemed one owner. The authority given by a member to another person to represent such member at meetings of the Association shall be in writing, signed by such member or if a lot is jointly owned, then by all joint owners, or if such

member is a corporation, by the proper officers thereof, and shall be filed with the Secretary, and unless limited by its terms, such authority shall be deemed good until revoked in writing, or until the particular lot is conveyed. an executor, administrator, guardian, or trustee (but not including a trustee on a Deed of Trust) may vote in person or by proxy at any meeting of the Association with respect to any lot owned or held by him in such a capacity, whether or not the same shall have been transferred to his name by a duly recorded conveyance. In case such lot shall not have been so transferred to his name, he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such lot in such capacity. Whenever any such lot is owned by two or more jointly according to the records of said Recording District, the vote therefor may be exercised by any one of the owners present in the absence of protest by the other or others.

Section 6. Adjournment. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the members present, whether a quorum be present or not, without notice other than the announcement at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number and qualification. The direction and administration of the project and the affairs of the Association shall be vested in a Board of Directors (hereinafter "Board"). The initial Board of Directors named in the Articles of Incorporation for this corporation is composed of three (3) persons. The elected Board of Directors shall be composed of three (3) persons, who shall be elected as hereinafter provided. The number of Directors may be increased by the vote of a simple majority of members at an annual meeting or a special meeting duly called for such purpose and regardless of other provisions for amendment herein set forth.

Section 2. Election. The original Board consisting of three (3) Directors named in the Articles of Incorporation shall continue in office until the first annual meeting of members. At the first annual meeting of members, the members shall elect the entire Board for the forthcoming year. Members of the Board shall serve for one year and

until their successors are elected. Vacancies in the Board shall be filled by vote of the remaining members.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor; provided, however, that no director removed by such majority vote shall be so selected as his or her own replacement.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be made by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority

of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

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

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

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by twenty-five percent (25%) of the members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and notify Lot Owners at least fifteen (15) days prior to its effective date;

(2) send written notice of each special assessment to every Owner subject thereto at least thirty (30) days in advance of its due date or the due date of an installment thereof;

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

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

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, a Vice President, a Secretary and a Treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors immediately following the annual meeting of the members at which said Directors were elected to the Board.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or at any later time specified therein, and unless

otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4. of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks over five hundred dollars (\$500.00) and Promissory Notes.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, maintain files of all correspondence generated by or reviewed by the homeowners association, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall

disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; cause an annual audit of the Association books to be made by an audit committee at the completion of each fiscal year; shall prepare a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members; shall mail out annual assessment notices at least thirty (30) days before the due date, shall provide copies of all notices to the secretary for filing; and shall co-sign all checks and promissory notes.

ARTICLE IX

COMMITTEES

The Board of Directors may appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose, or as may from time to time be required or requested by institutional holders of first mortgages or Deeds of Trust as defined in the "Declaration."

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the following words, or abbreviations thereof: Devonshire HOA, Inc.

ARTICLE XII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by

proxy, except that amendment of any provision which by its terms requires a vote in excess of such majority for action under said provision may only be amended upon approval of the number of votes required for such action under such provision prior to amendment, provided, however, that the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, Alaska Housing Finance Corporation, H.U.D. and the Federal Home Loan Mortgage Corporation shall have the right to veto amendments while there is a Class B membership (but only while such entities are involved in the financing of one or more lots).

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII

LIABILITY OF OFFICERS AND DIRECTORS

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

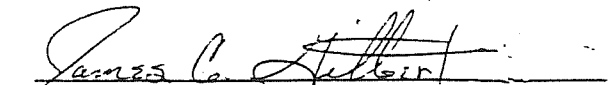
Section 2. Indemnification. Every director, officer, and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including attorneys' fees) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his having been an officer or member or director of the Association whether or not he continues to be such director, officer or member of the Association at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence to the Association in the performance of his duties or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representative of such person. Such right of indemnification applies only to such costs, expenses or liabilities not covered by insurance.


ARTICLE XIV

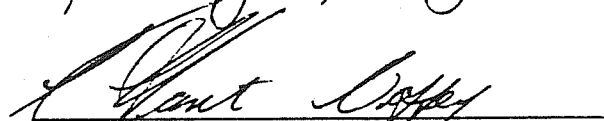
MISCELLANEOUS

The fiscal year of the Association shall begin on the date that the Association is activated by adoption of the Bylaws by the initial directors of the Association and may be changed by the Board of Directors, as such Board sees fit.

IN WITNESS WHEREOF, we being all of the initial Directors of Devonshire Homeowners Association, Inc., have hereunto set our hands this 23 day of April, 1991.


JAMES C. GILBERT


LINDA J. RITCHEY


R. HANTON COFFEY