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BYLAWS OF
HILLCREST CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. NAME

The name of the corporation is Hillcrest Condominium Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located in Anchorage, Alaska.

Section 2. BYLAWS APPLICABILITY AND MEMBERSHIP

The provisions of these Bylaws are applicable to the Project known as Hillcrest Condominium located in the Municipality of Anchorage, Alaska. (The term "Project" as used herein shall include the land and the structures and improvements thereon.) All owners of units in the condominium Project shall be members of the Association. The membership of each unit owner shall terminate when he ceases to be a unit owner and upon the sale, transfer or other disposition of his unit, his membership in the Association shall automatically be transferred to the new unit owner.

Section 3. PERSONAL APPLICATION

All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws and in the recorded Declaration of Restrictions (the "Declaration" herein).

The mere acquisition or rental of any of the units of the Project, or the mere act of occupancy of any of the units, will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. VOTING

Voting shall be on a percentage basis, and the percentage of the total vote to which the owner of a unit is

entitled shall be the percentage assigned to each unit in the Declaration.

In the event the unit is owned by more than one person, those persons must act unanimously to cast the vote allocated to that unit.

Section 2. MAJORITY OF OWNERS

As used in these Bylaws, the term "majority of owners" shall mean those owners holding fifty-one percent (51%) of the votes in the Project.

Section 3. QUORUM

Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of owners", as defined in Section 2 of this Article, shall constitute a quorum.

Section 4. PROXIES

Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section 1. ASSOCIATION RESPONSIBILITIES

The members shall have the responsibility of electing a Board of Directors in accordance with the provisions of Article IV of these Bylaws, approving the annual budget and such other responsibilities as are contained in its Articles of Incorporation or as are not delegated to the Board of Directors. Except as otherwise provided, decisions and resolutions of the members shall require approval by a majority of owners.

Section 2. PLACE OF MEETINGS

Meetings of the members shall be held at the principal office of the Project, or such other suitable place in Anchorage, Alaska, convenient to the owners as may be designated by the Board of Directors.

Section 3. ANNUAL MEETINGS

The first annual meeting shall be held after fifty-one percent (51%) of the units have been sold, or within one (1) year after the sale of the first unit in the project, whichever occurs first. Thereafter, the annual meetings of the Association shall be held on the third ~~Monday~~ ~~of~~ ~~each~~ ~~year~~ ~~of~~ ~~each~~ ~~year~~ Tuesday of May of each succeeding year. At such meetings, there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS

It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of four-fifths of the owners present, either in person or by proxy.

Section 5. NOTICE OF MEETINGS

It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each owner of record, at least seven (7), but not more than fifteen (15), days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. ADJOURNED MEETINGS

If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called.

Section 7. ORDER OF BUSINESS

The order of business at all meetings of the owners of units shall be as follows: (a) roll call; (b) proof of notice or waiver of notice; (c) reading of minutes

of preceding meeting; (d) reports of officers; (e) report of committees; (f) election of Directors; (g) unfinished business; and (h) new business.

Section 8. ACTION WITHOUT MEETING

Any action, which under the provisions of the Alaska Statutes may be taken at a meeting of the owners, may be taken without a meeting if authorized by a writing signed by all of the owners who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION

The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom, except for those appointed and serving as first Directors, must be owners of condominiums in the Project.

Section 2. 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 Project.

(c) To engage, subject to the provisions of the Declaration, the services of a Manager, who shall manage and operate the Project and the common areas and facilities thereof for all of the 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 Project and the common areas and facilities thereof.

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

Section 4. MANAGEMENT AGENT

The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. ELECTION AND TERM OF OFFICE

At the first annual meeting of the Association, new Directors shall be elected for a term of one (1) year. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 6. BOOKS, AUDIT

The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals, shall obtain an independent audit of such books and records. A copy of each such audit shall be delivered to a member within thirty (30) days after the completion of such audit, upon written request from a member.

Section 7. VACANCIES

Vacancies in the Board of Directors caused by any reason, other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 8. REMOVAL OF DIRECTOR

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

(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 Project 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 of the Manager).

(h) To estimate the amount of the annual budget and to provide the manner of assessing and collecting from the 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 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 the Association of owners, as referred to in the Horizontal Property Regimes Act as enacted in the State of Alaska.

Section 3. OTHER DUTIES

In addition to duties imposed by these Bylaws, or by resolutions of the Association, the Board of Directors shall be responsible for the following: (a) care, upkeep and surveillance of the Project and the common areas and facilities; (b) collection of all assessments from the owners; and (c) designation and dismissal of the personnel necessary for the maintenance and operation of the Project, the common areas and facilities.

Section 9. ORGANIZATION MEETING

The first meeting of a newly-elected Board of Directors shall be held immediately following the Board's election at the Association organizational meeting.

Section 10. REGULAR MEETINGS

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 two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 11. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 12. 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 by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. BOARD OF DIRECTORS' QUORUM

At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn

the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. ACTION WITHOUT 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.

Section 15. FIDELITY BONDS

The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE V

OFFICERS

Section 1. DESIGNATION

The principal officers of the Association shall be a President, Vice President, a Secretary and a Treasurer, all of which shall be elected by the Board of Directors. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary.

Section 2. ELECTION OF OFFICERS

The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS

Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. PRESIDENT

The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an Association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. VICE PRESIDENT

The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. SECRETARY

The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. TREASURER

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall 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 of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. ASSESSMENTS

(a) All owners are obligated to pay all assessments imposed by the Association to meet all project ex-

penses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. MAINTENANCE AND REPAIR

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which, if omitted, would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his own fault.

ARTICLE VII

AMENDMENTS

These Bylaws may be amended by the Association in a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by at least seventy-five percent (75%) of the unit owners of all condominiums in the project as shown in the Declaration.

ARTICLE VIII

MORTGAGES

Section 1. NOTICE TO ASSOCIATION

An owner who mortgages his condominium shall notify the Association through the Management Agent, if any, or the President of the Board of Directors, in the event there is no Management Agent, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums". Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. NOTICE OF UNPAID ASSESSMENTS

The Association shall, at the request of a mortgagee of a unit, report any unpaid assessments due from the owner of such unit.

ARTICLE IX

CONSTRUCTION OF TERMS

The following terms, as used in these Bylaws, shall have the same meanings as are applied to such terms in the Declaration: "Project", "Condominium", "Common Areas", "Unit", "Mortgage" and "Mortgagee".

ARTICLE X

PERIODIC REAPPRAISALS

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 ten-year intervals from the date of filing of the Declaration, unless otherwise directed by the Board of Directors, and such reappraisal and recomputation shall be approved by the Association only by a vote of at least seventy-five percent (75%) of the unit owners.

ARTICLE XI

APPLICABLE LAW

In case any of these Bylaws conflict with any provisions of the laws of the State of Alaska, such conflicting Bylaw shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect.

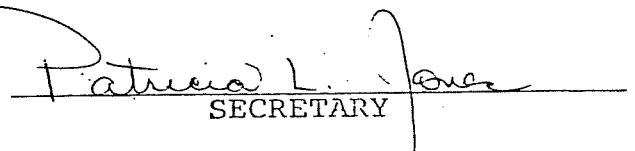
CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of Hillcrest Condominium Association, an Alaska nonprofit corporation; and,

2. The foregoing Bylaws, comprising of eleven (11) pages, including this page, constitute the Bylaws of the corporation duly adopted at the meeting of the Board of Directors thereof duly held on June 7, 1977.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the corporation this 7th day of June, 1977.


SECRETARY

(SEAL)