

BYLAWS

OF

TONJESS ESTATES
HOMEOWNERS ASSOCIATION
SR2 BOX 6440
CHUGIAK, ALASKA 99567

ARTICLE I.

DEVELOPMENT

Section 1. Creation. The Project known as TONJESS ESTATES consists of that certain parcel of land, and all improvements situated thereon, situated in the Anchorage Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

Lots One through Seven (1-7), Block One (1);
Lots One (1), Two (2) and Lots Ten through
Twelve (10-12), Block Two (2); and Lots One
through Six (1-6), Block Three (3); TONJESS
ESTATES SUBDIVISION, according to Plat No.
_____, Anchorage Recording District, Third
Judicial District, State of Alaska.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Project which include the land and all the structures and improvements located thereon. All present and future Owners, tenants and occupants of any lots of the Project, are subject to these Bylaws. The mere acquisition, lease, rental or occupancy of any of the lots of the Project shall signify that these Bylaws are accepted and shall be complied with.

Section 3. Definitions. Unless otherwise specified, the following terms shall have the same meaning in these Bylaws as such terms have in the Declaration: Architectural Committee, Bylaws, Association, Common Expenses, Covered Property, Lot, Member, Owner, Dwelling, Board and Association Rules. The terms Owners and Members as used herein shall be synonymous. The following terms shall be applicable to the Bylaws and are defined as follows:

"Assessments": The following meanings shall be given to the assessments hereinafter defined:

"Regular Assessment" shall mean the amount which is to be paid by each Owner to the Association for common expenses.

"Special Assessment" shall mean a charge against a particular owner and his lot, directly attributable to the owner, equal to the cost incurred by the Association for corrective action performed; or attorney fees and other charges payable by such owner, pursuant to the provisions of the Declaration, plus interest thereon as provided for in the Declaration.

ARTICLE II.

ASSOCIATION OF OWNERS

Section 1. Membership. All Owners of lots in the Project shall constitute the Association of Owners, herein called the "Association". The Owner of any lot 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 lot 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 agreement of sale or by lease of any lot filed with the Board of Directors of the Association, the purchaser or the lessee of such lot shall be deemed to be the Owner thereof.

Section 2. Responsibilities. The Association shall have the responsibility of administering the Project through the Board of Directors.

Section 3. Place of Meetings. Meetings of the Association shall be held in such suitable place convenient to the Owners as may be designated by the Board of Directors by written notice to the members.

Section 4. Annual Meetings. The first annual meeting of lot Owners shall be held as soon as practicable, but not later than thirty (30) days, after the conveyance by Declarant of fifteen (15) lots or the 31st day of December, 1979, whichever occurs earlier.

Thereafter, the annual meeting of the Association shall be held within three (3) months after the end of each accounting year of the Project. At such meetings the Owners shall elect by ballot a Board of Directors in accordance with the provisions of Section 5 of Article III of these Bylaws 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 upon the call of twenty-five percent (25%) of the Owners, each Owner of a lot having one vote.

Section 6. Notice of Meetings. The Secretary shall at least ten (10) days before the date set for each annual and special meeting give written notice thereof to each 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 Owner to receive actual notice of such meeting shall in no way invalidate the meeting or any proceedings thereat. The presence of any Owner in person or by proxy at any meeting shall be deemed a waiver of any required notice as to such Owner unless such 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 sixty percent (60%) of Owners as herein defined shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The term "majority of Owners" shall mean Owners of more than fifty-one percent (51%) of the Owners present at a meeting where a quorum is obtained. The acts of a majority of the quorum present at any meeting shall be binding upon the Association except as otherwise provided herein.

Section 8. Voting. The Association shall have two (2) classes of voting membership.

Class A. Class A members shall be all Owners with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each lot in which they hold the interest required for membership. When more than one person owns a portion of the interest required for membership, the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

Class B. The Class B member shall be Declarant. The Class B member shall be entitled to three (3) votes for each lot in which it holds the interest required for membership; provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal seventy-five percent (75%) of the lots, or

(b) December 31, 1985.

In the event the lot is owned by more than one person, firm, corporation, trust, or a combination thereof, they must act unanimously to cast the vote allocated to that lot. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association for any lot 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 lot in such capacity.

Section 9. Proxies and Pledges. Votes may be cast in person or by proxy or by the respective Owners as shown by the record of ownership. The authority given by any Owner to another person to represent him at meetings 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 lot 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 Owners present, whether or not a quorum be present, without notice other than the announcement at 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. 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.

Section 12. 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 Officers.
- (g) Unfinished business.
- (h) New business.

Section 13. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Roberts Rules of Order, Revised.

Section 14. Complaints and Official Business. Any complaints and all official business shall be transmitted in writing, emergencies excepted, and such written business shall be submitted to the Board through the President if available, and the Secretary if the President is not available. The Board of Directors shall answer all official matters submitted to it in writing after it has acted upon it at the next regular meeting of the Board.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The direction and administration of the Project and the affairs of the Association shall be vested in a Board of Directors (hereinafter "Board") composed of at least five (5) persons, who shall be elected as hereinafter provided. Each member of the Board shall be an Owner, except for those elected and serving as first Directors; provided, however, that, in the event an Owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any officer, shareholder or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board.

Section 2. Powers and Duties. The Board 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 Bylaws, directed to be exercised and done only by the Owners. In addition to powers and duties conferred by these Bylaws, the Declaration or resolutions of the Association, the Board shall be responsible for, but not limited to, the following:

- (a) Management and operation of the Project;
- (b) Establishment and collection of assessments;
- (c) Appointment and dismissal of any personnel necessary for operation and maintenance of the Project;
- (d) Execution of contracts within the scope of their duties and powers;
- (e) Administration, interpretation and enforcement of the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and Bylaws;
- (f) Establishment, and enforcement of such reasonable rules and regulations as may be necessary for the operation, use and occupancy of this Project with the right to amend same from time to time;
- (g) Protection and defense of the entire project from loss and damage by suit or otherwise;
- (h) Purchase and maintenance at all times of all policies of insurance and bonds as may be provided by the Declaration or by this Bylaw or authorized by the Board;
- (i) Custody of all funds of the Association, and maintenance of full and accurate books of account and records of said funds;
- (j) Arbitration of disputes between Owners relating to the Project; and
- (k) In general to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the communal aspect of ownership.

Section 3. Managing Agent. The Board of Directors may employ management to manage and control the Project at such compensation and with such administrative powers and duties as the Board may establish and delegate, subject to prior approval of every such employment by a majority of Owners present at a meeting of Owners called for that purpose.

Any management agreement for the Project will be terminable by the Association for cause upon thirty (30) days written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

Section 4. Election and Term. At each annual meeting of the Owners, by a vote of a majority of the Owners present at such meeting, the Owners shall elect the Director or Directors to be elected. The Directors, except as otherwise in these Bylaws provided, shall hold office for a period of three (3) years and until their respective successors shall have been elected, except that at the first election of Directors, one (1) of the Directors shall be elected for one year, two (2) for two years and two (2) for three years.

Section 5. 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 State of Alaska for more than six (6) months, or his ceasing to be the sole Owner or Co-Owner of a lot shall cause his office to become vacant.

Section 6. Removal of Directors. At any regular meeting 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 Owners at the meeting 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 such meeting.

Section 7. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken. A director may not be an employee of the Association.

Section 8. Regular Meetings. A regular annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of the Owners. Other meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may, from time to time, adopt. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, addressed to his residence, or by telephone, at least three (3) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least three (3) days notice to each director, given personally or by mail, 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 directors.

Section 10. 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 of 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 11. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these Bylaws 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 12. Limitation of Board of Directors Liability. The Board of Directors shall not be liable for any failure of service to be obtained and paid for by the Board of Directors herein, or for injury or damage to person or property caused by the elements or by another Owner or person in the Project, unless caused by gross negligence of the Board of Directors.

ARTICLE IV.

OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, Vice-President, a Secretary and a 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, and assistant secretary, and such other officers as in its judgment may be necessary. One person may hold two offices, except that the offices of President and Secretary shall be filled by different persons.

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 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 or any special meeting 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 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. Treasurer. The Treasurer shall have the 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 affects 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.

Section 7. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board of Directors or of the Association; shall give all notices as provided by these Bylaws, and shall have other powers and duties as may be incidental to the office of Secretary, given to him by these Bylaws or assigned to him from time to time by the directors. If the Secretary shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore, who shall keep the minutes of such meeting and record them in the books provided for that purpose.

Section 8. Auditor. The Association may, at any meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association, and to perform such audits and fiscal duties as may be requested of him by the Association.

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 applicable to such instrument, by the President or Vice President and by the Treasurer or Secretary.

ARTICLE V.

COMMITTEES

Section 1. Committees of Directors. The Board of Directors may designate one or more committees, each of which shall consist of one or more Directors. Such committees, if composed entirely of Board members, shall have and exercise to the extent provided in the resolution establishing the committee, the authority of the Board of Directors in the management of the Association, but the designation of such committee shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

Section 2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or the Directors, and such committees may be composed of one or more members of the Association other than Board members.

ARTICLE VI.

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant for each lot owned by it, hereby covenants and agrees to pay, and each Owner of any lot by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the assessments of the Association, as set forth in these Bylaws of the Association. The assessments together with any penalty thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the lot against which such assessment is made. Each such assessment, together with such penalty, costs and reasonable attorney fees, shall also be the personal obligation of the Owner of such lot at the time when the assessment fell due. The personal obligation shall not pass to his successor in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of maintaining the nonprofit association in a sound financial condition, promoting the recreation, health, safety and welfare of the members and enhancing the value of the covered property.

Section 3. Regular Assessments. The amount and time of payment of assessments shall be determined by the Board pursuant to these Bylaws after giving due consideration to the current maintenance costs and future needs of the Association. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the total common expenses to be incurred for the forthcoming fiscal year. Estimated expenses shall include, but not be limited to, maintenance and operation of the Association and the Architectural Control Committee, expense of management, insurance premiums for insurance coverage as deemed desirable or necessary by the Board, legal and accounting fees, and taxes paid by the Association. The Board shall then determine the amount of the regular assessment against each Owner. Written notice of the annual regular assessments shall be sent to every Owner. Each Owner shall thereafter pay to the Association his regular assessment in installments as established by the Board.

The Board may provide for the payment of such annual assessment on a monthly basis. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all common expenses for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total common expenses and determine the revised amount of regular assessment against each Owner.

Section 4. Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots except that unimproved lots owned by the Declarant may be assessed at a rate of not less than one-half (1/2) of the rate fixed for improved lots.

Section 5. Certificate of Payment. The Association shall, upon demand, furnish to any member liable for assessments, a certificate in writing signed by an officer or authorized agent of the Association, setting forth whether the assessments on a specified lot have been paid, and the amount of delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 6. Special Assessments. Special assessments shall be levied by the Board of Directors of the Association against lots with respect to which particular costs have been incurred by the Association. In the event the Association undertakes to provide materials or services which benefit individual lots and which can be accepted or not by individual Owners, such as tree trimming, such Owners in accepting such materials or services may agree in writing that statements therefor from the Association shall be special assessments.

Section 7. Date of Commencement of Regular Assessments. The regular assessments shall commence as to all lots on the first day of the month following the conveyance of the first lot by Declarant. Provided that in the event the amount budgeted to meet common expenses for the current year proves to be excessive in light of the actual common expenses, the Board in its discretion may either reduce the amount of the regular assessments or may abate collection of regular assessments as it deems appropriate.

Section 8. No Offsets. All assessments shall be payable in the amount specified by the assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 9. Delinquency. Any assessment provided for herein which is not paid when due shall be delinquent. If any such assessment is not paid within thirty (30) days after the delinquency date, a late charge of Ten Dollars (\$10.00) shall be levied. The Association may, in addition to other options available to it, bring an action at law against the member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 10 hereof, to foreclose the lien against the lot. If action is commenced, there shall be added to the amount of such assessment the late charge, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said late charge, interest and reasonable attorney fees, together with the costs of action. Each member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such member or other members for the collection of such delinquent assessments.

Section 10. Foreclosure of Liens. The Board of Directors may file and record notices of claims of lien on the affected properties and may foreclose them in the manner provided for foreclosing a deed of trust in the State of Alaska.

Section 11. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by

the Association, the Board of Directors is hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to cover the costs of preparing and filing or recording such release together with the payment of such other costs, interest or fees as shall have been incurred.

Section 12. Cumulative Remedies. The assessment lien and the rights to foreclose and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 13. Subordination of Assessment Liens. If any lot subject to a monetary lien created by any provision hereof shall be subject to the lien of a deed of trust: (1) the foreclosure of any lien created by anything set forth in the Declaration shall not operate to affect or impair the lien of such deed of trust; and (2) the foreclosure of the lien, deed of trust, or the acceptance of a deed in lieu of sale included in such deed of trust (such events being hereinafter referred to as "events of foreclosure") shall not operate to affect or impair the lien hereof, except that any person who obtains an interest through any of the events of foreclosure shall take title free of the lien hereof for all said charges that have accrued up to the time of any of the events of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to any of the events of foreclosure. Nothing in this section shall be construed to release any owner from his obligation to pay for any assessment levied pursuant to the Declaration.

ARTICLE VII.

HANDLING OF FUNDS

Section 1. Accounts. The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the property. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. The Treasurer shall administer the various accounts in such a way that the funds are secure and that signature cards at the various institutions containing the funds are up to date.

ARTICLE VIII.

OBLIGATIONS OF THE OWNERS

Section 1. Rules and Regulations. The Board of Directors or the Managing Agent reserves the power to establish, make and enforce compliance with such additional rules and regulations as may be necessary for the operation, use and occupancy of this Project with the right to amend the same from time to time.

ARTICLE IX.

INSURANCE

Section 1. Types. The Association may purchase such insurance as it may deem necessary, including, but not limited to, fidelity bonds, workmen's compensation and officers' and directors' liability insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area, or any other factor which tends to indicate that either additional insurance policies or increased or decreased coverage under existing policies are necessary or desirable to protect the interests of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 2. Premiums and Proceeds. Insurance premiums obtained by the Association and any other insurance deemed necessary by the Association shall be a common expense to be included in the regular assessments levied by the Association. The Directors are hereby granted the authority to negotiate loss settlement with the appropriate insurance carriers.

ARTICLE X.

AMENDMENTS OF BYLAWS

Section 1. Procedure. These Bylaws may be amended in any respect not inconsistent with any provisions of law or the Declaration by vote of fifty-one percent (51%) of all Owners, at any meeting of the Association duly called for such purpose, provided a quorum is obtained.

"ASSESSMENTS AND SPECIAL ASSESSMENTS"

TONJESS ESTATES HOME OWNERS ASSOCIATION
SR-2 Box 6440
Chugiak, Alaska 99567

Please contact the following persons:

Treasurer ----- Antony Fend ----- 688-3784

President ----- Sal Aiello ----- 688-9675

ARTICLE XI

FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Association shall be on a calendar year.

ARTICLE XII.

COMPLIANCE

Section 1. Subordination. These Bylaws are subordinate and subject to the provisions of the Declaration and all amendments thereto.

Section 2. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provisions hereof which can be given effect.

Section 3. Nonprofit Corporation. This Association is not organized for profit. Nothing in these Bylaws 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 BYLAWS

The undersigned Declarant of said Project hereby adopts the foregoing Bylaws of its Association of Owners, this 1st day of June, 1983.

ADOPTION OF BYLAWS

We, the undersigned, being the first Board of Directors of TONJESS ESTATES HOMEOWNERS ASSOCIATION, hereby adopt the foregoing Bylaws as the Bylaws of such Association.

TONJESS ESTATES JOINT VENTURE,
an Alaska Partnership, Declarant

By Anthony M. Schaff
Anthony Schaff
General Partner

By Jesse L. Prince Jr
Jesse L. Prince, Jr.
General Partner

Salvatore A. Aiello

Director

Eugene A. Lend

Director

Ann M. Blodgett

Director

Block _____ Lot _____

TONJESS ESTATES

BY-LAWS

COVENANTS, CONDITIONS AND RESTRICTIONS

REVISED 1997

Please file in a safe place and pass to any subsequent owners of your lot.

***FIRST AMENDMENT TO THE BYLAWS OF
TONJESS ESTATES HOMEOWNERS ASSOCIATION***

This First Amendment to the Bylaws for Tonjess Estates Homeowners Association is made on the date hereinafter set forth by the Tonjess Estates Homeowners Association, Inc. an Alaska nonprofit corporation, having a principal place of business at Tonjess Estates, Chugiak, Alaska, hereinafter referred to as "Association", who are all the owners of Lots in Tonjess Estates Subdivision.

WHEREAS, the Association wishes to amend Articles I, II, III, IV, VI, VIII, and X and

WHEREAS, a resolution incorporation the amendments set forth herein was adopted at a meeting of the members of the Association on the 1st day of Sept, 1997 by a vote of the owners owning 70% of the Lots in the subdivision pursuant to Article X, Section 1 of the Bylaws;

NOW, THEREFORE, the Association hereby declares that all of the properties described above shall be held sold, and conveyed subject to the following amendments to the Bylaws.

BYLAWS
OF

TONJESS ESTATES
HOMEOWNERS ASSOCIATION
CHUGIAK, ALASKA 99567

ARTICLE I.

DEVELOPMENT

Section 1. Creation. The Subdivision known as TONJESS ESTATES consists of that certain parcel of land, and all improvements situated thereon, situated in the Anchorage Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

1. Lots One "A (1A) and Three through Seven (3-7), Block One (1); Lots One (1), Two (2), Ten (10), and Eleven (11), Block Two (2); and

Lots One through six (1-6), Block Three (3), TONJESS ESTATES SUBDIVISION, according to Plat 81-72, Anchorage Recording District, Third Judicial District, State of Alaska.

2. Lots Three through Nine (3-9), and Lots Twelve through Twenty-three (12-23), block Two(2), and Lots Seven through Twenty-four (7-24), Block Three (3), TONJESS ESTATES SUBDIVISION according to the Plat 82-59, Anchorage Recording District Third Judicial District, State of Alaska.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Subdivision which include the land and all the structures and improvements located thereon. All present and future Owners, tenants and occupants of any lots of the Subdivision are subject to these Bylaws. The mere acquisition, lease, rental or occupancy of any of the lots of the Subdivision shall signify that these Bylaws are accepted and shall be complied with.

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"Assessments": The following meanings shall be given to the assessments hereinafter defined:

"Regular Assessment" Shall mean the amount which is to be paid by each Owner to the Association for common expenses.

"Special Assessment" Shall mean a charge against a particular owner and his lot, directly attributable to the owner, equal to the cost incurred by the Association for individual services for corrective action performed; or attorney fees and other charges payable by such owner, pursuant to the provisions of the Declaration, plus interest thereon as provided for in the Declaration.

ARTICLE II

ASSOCIATION OF OWNERS

Section 1. Membership. All owners of lots in the subdivision shall constitute the Association of Owners, herein called the "Association". The Owner of any lot 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 lot ceases for any reason.

Section 2. Responsibilities. The Association shall have the responsibility of administering the declaration governing Tonjess Estates Subdivision through the Board of Directors.

Section 3. Place of Meetings. Meetings of the Association shall be held in such suitable place convenient to the Owners as may be designated by the Board of Directors by written notice to the members.

Section 4. Annual Meetings. The annual meeting of the Association shall be held within three (3) months after the end of each fiscal year. At such meetings the Owners shall elect by ballot a Board of Directors in accordance with the provisions of Section 5 of Article III of these Bylaws 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 upon the call of twenty-five percent (25%) of the Owners, each Owner of a lot having one vote.

Section 6. Notice of Meetings. The Secretary shall at least twenty-one (21) days before the date set for each annual and special meeting give

written notice thereof to each Owner according to the Associations record of ownership, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day 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 Owner to receive actual notice of such meeting shall in no way invalidate the meeting or any proceedings thereat. The presence of any Owner in person or by proxy at any meeting shall be deemed a waiver of any required notice as to such Owner unless such 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 sixty percent (60%) of Owners as herein defined shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The term "majority of Owners" shall mean Owners of more than fifty-one percent (51%) of the Owners present at a meeting where a quorum is obtained. The acts of a majority of the quorum present at any meeting shall be binding upon the Association except as otherwise provided herein.

Section 8. Voting. All members of the association have voting rights. In the event the lot is owned by more than one person, firm, corporation, trust, or a combination thereof, they must act unanimously to cast the vote allocated to that lot. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association for any lot 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 lot in such capacity.

Section 9. Proxies and Pledges. Votes may be cast by mail, by proxy, or by the owners in person at the meeting at which votes are taken.

A proxy given by the Owner to anyone individual to represent him at meetings of the Association shall be in writing, signed by such Owner and filed with the Secretary. A proxy is not valid after eleven months from the date of its execution, unless otherwise provided in the proxy. A proxy may be revoked in writing or by the appearance of the Owner at the meeting. A proxy is revoked by operation of law by the death or incapacity of the owner who signed the proxy.

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 Owners present, whether or not a quorum be present, without notice than the announcement at 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. 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.

Section 12. 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 13. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Roberts Rules of Order, Revised.

Section 14. Complaints and official Business. Any complaints and all

official business shall be transmitted in writing, emergencies excepted, and such written business shall be submitted to the Board through the President, if available, and the Secretary, if the President is not available. The Board of Directors shall answer all official matters submitted to it in writing after it has acted upon them at the next regular meeting of the Board.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The direction and administration of the Subdivision and the affairs of the Association shall be vested in a board of Directors (hereinafter "Board") composed of Seven (7) persons, who shall be elected as hereinafter provided. Each member of the Board shall be an Owner, provided, however, that, in the event an Owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any officer, shareholder or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board. Not more than one Board member shall be elected from each lot.

Section 2. Powers and Duties. The Board 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 Bylaws, directed to be exercised and done only by the Owners. In addition to powers and duties conferred by these Bylaws, the Declaration or resolutions of the Association, the Board shall be responsible for, but not limited to, the following:

(a) Management of the affairs of the Association;

(b) Administration of assessments as follows:

(i) The directors shall develop a proposed annual budget and include it with the annual meeting notice. The budget will be voted

upon during the annual meeting and must be approved by a majority of the owners. *

(ii) The budget may contain a contingency fund, the amount of which shall be determined at the annual meeting by a majority of the owners. *

(iii) The annual assessment shall be based upon the annual budget divided equally among each lot.

(iiii) The owners shall approve a Board recommended maximum cap for funds held in the treasury of the association as working capital by majority vote at the annual meeting. *

(iiiii) The owners shall approve a Board recommended limit on the amount of non-budgeted expenditures that may be spent each fiscal year by majority vote at the annual meeting.

* Any dollar amount recommended by the board must be included in the annual meeting notice to give the owners a chance to consider them prior to the meeting vote.

(d) Execution of contracts within the scope of their duties and powers;

(e) Administration, and enforcement of the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and Bylaws;

(f) Enforcement of such reasonable rules and regulations as may be necessary for the operation, use and occupancy of this Subdivision.

(g) Authority to initiate legal action on behalf of the Association as necessary.

(h) Purchase and maintenance at all times of all policies of insurance and bonds as may be provided by the Declaration or by this Bylaw or authorized by the Board;

(i) Custody of all funds of the Association, and maintenance of full and accurate books of account and records of said funds;

(j) Arbitration of disputes between Owners relating to the

Association; and

(k) In general to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the communal aspect of ownership.

Section 3. Agent. The Board of Directors may employ an agent at such compensation and with such administrative powers and duties as the board may establish and delegate, subject to prior approval of every such employment by a majority of Owners present at a meeting of Owners called for that purpose.

Any management agreement will be terminable by the Association for cause upon thirty (30) days written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

Section 4. Election and Term. At each annual meeting of the Owners, by a vote of a majority of the Owners present at such meeting, the Owners shall elect the Director or Directors to be elected. The Directors, shall hold office for a period of three (3) years and until their respective successors shall have been elected.

Section 5. 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 State of Alaska for more than six (6) months, or his ceasing to be the sole Owner or Co-Owner of a lot shall cause his office to become vacant.

Section 6. Removal of Directors. At any regular meeting 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 Owners at the meeting 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 such meeting.

Section 7. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director

for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are under taken. A director may not be an employee of the Association.

Section 8. Regular Meetings. A regular annual meeting of the board shall be held immediately after, and at the same place as, the annual meeting of the Owners. Other meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may, from time to time, adopt. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, addressed to his residence, or by telephone, at least three (3) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least three (3) days notice to each director, given personally or by mail, 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 10. 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 of 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 11. Quorum of Board. At all meeting of the board of Directors a majority of the total number of directors established by these Bylaws 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 12. Limitation of Board of Directors Liability. The Board of

Directors shall not be liable for any failure of service to be obtained and paid for by the Board of Directors herein, or for injury or damage to person or property caused by the elements or by another Owner or person in the Project, unless caused by gross negligence of the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. Designation. the principal officers of the Association shall be the President, Vice-President, a Secretary and a 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, and assistant secretary, and such other officers as in its judgment may be necessary. One person may hold two offices, except that the offices of President and Secretary shall be filled by different persons.

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 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 or any special meeting 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 the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of 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. Treasurer. The Treasurer shall have the 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, or the oversight of agents employed by the Association. He shall be responsible for the deposit of all moneys 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.

Section 7. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board of Directors or of the Association; shall give all notices as provided by these Bylaws, and shall have other powers and duties as may be incidental to the office of Secretary, given to him by these Bylaws or assigned to him from time to time by the directors. If the Secretary is not present at any meeting, the presiding officer shall appoint a secretary pro tempore, who shall keep the minutes of such meeting and record them in the books provided for that purpose.

Section 8. Auditor. The Association may, at any meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association, and to perform such audits and fiscal duties as may be requested of him by the Association.

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 applicable to such instrument, by the President or Vice President and by the Treasurer or Secretary.

ARTICLE V.

COMMITTEES

Section 1. Committees of Directors. The Board of Directors may designate one or more committees, each of which shall consist of one or more Directors. Such committees, if composed entirely of Board members,

shall have and exercise to the extent provided in the resolution establishing the committee, the authority of the Board of Directors in the management of the Association, but the designation of such committee shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

Section 2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or the Directors, and such committees may be composed of one or more members of the Association other than Board members.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a lot by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the assessments of the Association, as set forth in these Bylaws of the Association. The assessments, together with any penalty thereon, and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the lot against which such assessment is made. Each such assessment, together with such penalty, costs and reasonable attorney fees, shall also be the personal obligation of the Owner of such lot at the time when the assessment fell due. The personal obligation shall not pass to his successor in title unless expressly assumed by the successor.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of maintaining the nonprofit association in a sound financial condition, promoting the recreation, health, safety and welfare of the members and enhancing the value of the covered property. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all common expenses for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total common expenses and determine the revised amount of regular assessment against each Owner.

Section 3. Regular Assessments. The amount and time of payment of assessments shall be proposed by the Board in accordance with Article III Section 2(b) of these Bylaws after giving due consideration to the current maintenance costs and future needs of the Association. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the total common expenses to be incurred for the forthcoming fiscal year. Estimated expenses shall include, but not be limited to, maintenance and operation of the Association and the Architectural Committee, expense of management, insurance premiums for insurance coverage as deemed desirable or necessary by the Board, legal and accounting fees, and taxes paid by the Association. After approval of the annual budget, the Board shall then determine the amount of the regular assessment against each Owner. Written notice of the annual regular assessments shall be sent to every Owner. Each Owner shall thereafter pay to the Association his regular assessment in installments as established by the Board.

The Board may provide for the payment of such annual assessment of a monthly basis. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all common expenses for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total common expenses and determine the revised amount of regular assessment against each Owner.

Section 4. Rate of Assessment. Annual assessments must be fixed at a uniform rate for all lots.

Section 5. Certificate of Payment. The Association shall, upon demand, furnish to any member liable for assessments, a certificate in writing signed by an officer or authorized agent of the Association, setting forth whether the assessments on a specified lot have been paid, and the amount of delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 6. Special Assessments. Special assessments shall be levied

by the Board of Directors of the Association against lots with respect to which particular costs have been incurred by the Association. In the event the Association undertakes to provide material or services which benefit individual lots and which can be accepted or not by individual Owners, such as tree trimming, such owners in accepting such materials or services shall agree in writing that statements therefor from the Association are special assessments.

Section 7. Date of Commencement of Regular Assessments. Assessments shall be determined in accordance with Article III, Section 2 para-B (i) thru (iii).

Section 8. No offsets. All assessments shall be payable in the amount specified by the assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 9. Delinquency. Any assessment provided for herein which is not paid when due shall be delinquent. If any such assessment is not paid within thirty (30) days after the delinquency date, a late charge of Ten Dollars (\$10.00), plus interest at eighteen percent (18%) per year (1 1/2% per month) shall be levied. The Association may, in addition to other options available to it, bring an action at law against the member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 10 hereof, to foreclose the lien against the lot. If action is commenced, there shall be added to the amount of such assessment the late charge and accrued interest, the costs of preparing and filing the complaint in such action, and, in the event a judgment is obtained, such judgment shall include said late charge, interest and reasonable attorney fees, together with the costs of action. Each member vests in the Association or its assigns, the right and power to bring all action at law or lien foreclosure against such member or other members for the collection of such delinquent assessments.

Section 10. Foreclosure of Liens. The Board of Directors may file and

record notices of claims of lien on the affected properties and may foreclose them in the manner provided for foreclosing a deed of trust in the State of Alaska.

Section 11. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the Board of Directors is hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to cover the costs of preparing and filing or recording such release together with the payment of such other costs, interest or fees as shall have been incurred.

Section 12. Cumulative Remedies. The assessment lien and the rights to foreclose and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 13. Subordination of Assessment Liens. If any lot subject to a monetary lien created by any provision hereof shall be subject to the lien of a deed of trust: (1) the foreclosure of any lien created by anything set forth in the Declaration shall not operate to affect or impair the lien of such deed of trust; and (2) the foreclosure of the lien, deed of trust, or the acceptance of a deed in lieu of sale included in such deed of trust (such events being hereinafter referred to as "events of foreclosure") shall not operate to affect or impair the lien hereof, except that any person who obtains an interest through any of the events of foreclosure shall take title free of the lien hereof for all said charges that have accrued up to the time of any of the events of foreclosure, but subject to the lien hereof for all said charges that shall accrued subsequent to any of the events of foreclosure. Nothing in this section shall be construed to release any owner from his obligation to pay for any assessment levied pursuant to the Declaration.

ARTICLE VII

HANDLING OF FUNDS

Section 1. Accounts. The association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the property. Overall superintendence of these funds shall be the

responsibility of the Treasurer of the Association. The Treasurer shall administer the various accounts in such a way that the funds are secure and that signature cards at the various institutions containing the funds are up to date.

ARTICLE VIII.

AMENDMENTS OF BYLAWS

Section 1. Rules and Regulations. The Board of Directors reserves the power to enforce compliance with such additional rules and regulations as may be necessary for the operation, use and occupancy of this Subdivision.

ARTICLE IX

INSURANCE

Section 1. Types. The Association may purchase such insurance as it may deem necessary, including, but not limited to, fidelity bonds, workmen's compensation and officers' and directors' liability insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area, or any other factor which tends to indicate that either additional insurance policies or increased or decreased coverage under existing policies are necessary or desirable to protect the interest of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 2 ..Premiums and Proceeds. Insurance premiums obtained by the Association and any other insurance deemed necessary by the Association shall be a common expense to be included in the regular assessment levied by the Association. The Directors are hereby granted the authority to negotiate loss settlement with appropriate insurance carriers.

ARTICLE X

AMENDMENTS OF BYLAWS

Section 1. Procedure. These Bylaws may be amended in any respect not inconsistent with any provisions of law or the Declaration by vote of fifty-one percent (51%) of all Owners present at any meeting of the Association duly called for such purpose, provided a quorum is obtained.

ARTICLE XI

FISCAL YEAR

Section 1 Fiscal Year. The fiscal year of the Association shall be on a calendar year.

ARTICLE XII

COMPLIANCE

Section 1. Subordination. These Bylaws are subordinate and subject to the provisions of the Declaration and all amendments thereto.

Section 2. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provisions hereof which can be given effect.

Section 3. Nonprofit Corporation. This Association is not organized for profit. Nothing in these Bylaws 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 BYLAWS AND AMENDMENTS

Dated this 1st day of Sept., 1997

TONJESS ESTATES HOMEOWNERS
ASSOCIATION

By: _____

Its: _____

By: _____

Its: _____