

EXHIBIT F

DECLARATION FOR GRAND TERRE SUBDIVISION
(A Planned Community)

Occupancy Restrictions

1. Newspaper Delivery receptacles. Newspaper stands and receptacles on individual Units for the purpose of newspaper delivery are not permitted.
2. Private Landscaping Easements. No dog run, shed, greenhouse, wood-pile, play equipment, or any other similar structure shall be placed in private landscape easements.
3. Utility Lines, Aerials and Antennas. All electrical service, telephone lines and television cable shall be placed underground. No aerials or antennas shall be placed or erected upon any Unit or affixed in any manner to the exterior of any residential unit or structure on the property, except direct broadcast cable antennas which do not exceed one and one-half (1.5) feet in diameter and which are approved by the Executive Board, in its sole discretion, after reviewing the antennas' exact designs, locations, and placements. No dish antennas, short wave antennas, transmitters, or base stations for amateur radio transceivers or other radios shall be permitted.
4. Water and Sewer. No individual well or water system or sewage disposal system shall be installed on any Unit.
5. Sight Distance. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) feet and six (6) feet above the roadways shall be placed or permitted to remain on any corner Unit within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines or, in the case of a rounded property corner, from the intersection of the street property lines extended. The same sightline limitations shall apply on any Unit within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley. No trees shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of sight lines.
6. Temporary Structures. No temporary structure, boat, truck, trailer, camper, or recreational vehicle of any kind shall be used as a living area while located in the planned community; however, trailers or temporary structures for use incidental to the

initial construction of improvements on a Unit may be maintained thereon but shall be removed within a reasonable time after completion of construction of the project.

7. Additional Vehicle Restrictions. No repair or restoration of any motor vehicle, boat, trailer, aircraft, or other vehicle shall be permitted on any portion of any Unit except for emergency repairs thereto, and then only to the extent necessary to enable movement thereof to a proper repair facility. No vehicles or equipment shall be parked or placed in a public right-of-way for more than twenty-four (24) hours. No vehicle or equipment owned by or under the control of a resident or Unit Owner shall be placed on a public street within the planned community for more than forty-eight (48) cumulative hours in any week.

8. Commercial Vehicles. With the sole exception of marked police patrol vehicles in active service, no commercial or governmental vehicles, or commercial or construction equipment, shall be parked, placed, erected, or maintained on any Unit for any purpose except during the period of construction.

9. Vehicles, Boats, Campers, etc. All vehicles, inoperable or otherwise, including but not limited to automobiles, trucks, campers, boats, recreational vehicles, snow machines, or other machinery, shall be kept in a garage or other closed structure. The purpose of this provision is to keep all vehicles and equipment, whether frequently used or unused, out of sight. However, clearly marked sedan-type patrol vehicles, in active service, excluding unmarked patrol vehicles, may be parked on the driveway at any time.

10. Additional Waste Restrictions. Except on the day of trash pick-up, all trash containers must be screened. All equipment for the storage or disposal of such trash, garbage, or other waste shall be kept in a clean and sanitary condition. There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles therefor.

11. Natural Resource Extraction. No natural resource extraction operation of any nature shall be permitted upon or in any Unit, nor shall wells, tanks, tunnels, mineral excavations, or shafts be permitted upon or in any Unit. No derrick or other structure designed for use in oil or natural gas drilling shall be erected, maintained, or permitted upon any Unit.

12. Windows and Facades. No garments, rugs, or other objects shall be hung from the windows or facades of the improvements to a Unit, nor shall any garments, rugs, or other objects be dusted, shaken, or beaten from, about, or upon such windows or facades. Only customary curtains, shades, draperies, or some combination thereof, which are visible from the exterior of the improvements to a Unit, shall be used. Pursuant to and without limiting the

foregoing, no newspaper, metal foil, sheets, blankets, or similar materials shall be used as window coverings.

**Grand Terre Home Owners' Association
PO Box 92130
Anchorage AK 99509-2130**

**Schedule of Fines and Penalties
For Violations of the CC&R's
And/or Architectural Guidelines**

An initial fine of up to \$50.00 may be imposed for any infraction. For each subsequent violation a fine amount of \$100. If the violation is not remedied within reasonable timing as defined by the Board, the violation may be deemed a subsequent violation. Thereafter the Board or PMSI may impose an additional fine for the violation for each week or portion thereof that the violation is not definitively relieved. Any additional fines may be imposed without notice or an opportunity to be heard, and shall be fully enforceable.

All fines must be paid within 30 days after assessment made by the Board or Property Management. If a fine is not paid within the aforementioned 30-day period, it may result in a lien being placed against the property, and/or marked for collection.

Alternatively, or cumulatively, the Board may prosecute all legal remedies at its disposal to enjoin the violator's wrongful conduct and to obtain damages caused by such disregard, including collection costs, attorney fees and court costs.

If a property owner is in violation of the CC&R's or the Architectural Guidelines, he/she shall be ineligible to vote on matters relating to the Grand Terre Home Owners' Association.

The fines and penalties are in accordance with Alaska Revised Statute ARS (XXX).

This "Schedule of Fines and Penalties" was unanimously approved and adopted by PMSI/Grand Terre HOA Board of Directors on XX/XX/XXXX.

CCR enforcement: Grand Terre CC&R enforcement processes

Grand Terre has two main types of CC&R's requiring enforcement: Architectural standards and use restrictions. Both have well defined processes for their enforcement, with the framework for enforcement defined by Alaska law and with many details filled in by our CC&R's and Owners Association policies. Most owners have very limited direct knowledge of our CC&R enforcement actions because we conduct them with confidentiality.

This is a general description of Grand Terre CC&R enforcement processes, broadly organized in three sections:

- * Confidentiality
- * Architectural review: An approval process
- * Use restrictions and special cases: Enforcement processes

Guiding principles throughout CC&R enforcement include these:

- * CC&R enforcement is for the benefit of all owners. Wherever possible, especially in architectural review, the goal is to serve the interests of both an individual owner and the community of all owners.
- * Enforcement is to be carried out uniformly: The same standards apply equally to all owners.
- * To the greatest extent possible the standards are the language of our governing documents, not the opinions or desires of the individuals who execute the enforcement processes.
- * CC&R's are part of a legally binding contract between each individual owner and the set of all other owners in Grand Terre. Homeowners literally sign this contract when they close escrow to buy their property.
- * Enforcement must recognize when CC&R's are overridden by higher sources of law. One important higher source is a provision of the Davis-Sterling act requiring that CC&R's be reasonable in order to be enforceable.

Confidentiality

As is the case with most HOA's, Grand Terre maintains confidentiality in CC&R enforcement. Key reasons for confidentiality are:

- * Owners have a reasonable right to privacy.
- * An owner could be harmed by an unjust accusation of a violation.
- * Owners who report violations should be able to do so in the knowledge that they can do so without harm. The worst case to guard against would involve a reported violator seeking reprisal. (Also see the note below about anonymity in reporting.)
- * Privacy facilitates interaction between the Association and a reported violator. Communication can be less guarded and more direct than it would be with a public process.
- * Mutual privacy helps the Association to sort out the facts in neighbor-against-neighbor disputes. We sometimes receive mutual complaints and counter-complaints from next-door neighbors; sometimes these are legitimate, sometimes they are exaggerated or fabricated. Maintenance of privacy helps us to sort out facts from feelings in such cases.

* In the most difficult cases confidentiality becomes important for legal reasons. One is maintenance of attorney-client privilege, which bears on disclosure requirements for litigation. Another is simply assuring an orderly and unbiased presentation of facts in court or in an arbitration proceeding. A final reason is that it is sometimes possible to reach a settlement in a lawsuit if the terms of the settlement and the facts relating to it are kept confidential. In some cases continued confidentiality is one of the terms of settlement.

* Confidentiality guards against adverse publicity and public misunderstanding for individual owners and for the Association. In unusual cases this could influence property values.

Anonymity in reporting violations: In general, we require that those who report CC&R violations to the Association disclose their identity to us, but we carefully protect their public anonymity. Our basic requirement is that violation reports are submitted in writing and signed, we normally do not follow up on reports submitted anonymously to the Association. There are several reasons for this policy:

1. Requirement for signed written reports allows us to contact the reporter when we need additional information. If an anonymous report is not specific enough we have no recourse for follow-up.
2. Requiring disclosure of a violation reporter's identity to the Association significantly reduces the number of frivolous or bogus complaints that we handle. Anonymous complaints often are signs of grudges rather than legitimate violations.
3. The Association itself cannot initiate enforcement action without due cause. Written complaints document that cause. This helps internally within the Association; directors who must act on any given problem can be assured that they see a reliable rendition of the complaint. If the matter eventually leads as far as resolution through arbitration or litigation, documentation of the reported violation is essential.
4. Maintaining public anonymity helps to protect reporters from any form of retaliation.

Architectural review an approval process

Architectural review normally does not involve enforcement of violations, it focuses on review of plans and proposals for compliance with the CC&R's' architectural standards. For work that will need a Municipal building permit, ARC approval is required prior to applying for the Municipal permit. Usually a simple go/no-go decision results from ARC review of an application.

Sometimes it's less simple than simple approval or disapproval of an application. Often part of an application is acceptable, but another part isn't. It's also common for an application to contain insufficient information for the ARC to reach a decision. A common example would be submission of plans that are incomplete or that lack sufficient detail -- for example lack of dimensions, showing only general forms without construction details or landscaping details, and not showing enough of the surrounding context of construction or landscaping. Often it's important for the ARC to know how the location of a change relates to property lines and to the layout of neighboring homes.

Architectural review catches a lot of potential problems before they can occur. For example, asking to place a basketball hoop 10 feet from a neighbor's bedroom or family room window usually leads to no less than a strong recommendation for changes to their site plan.

A majority of ARC applications are approved on their first submission. If the ARC rejects a submission it gives a reason. The committee may ask for additional information, or it may suggest one or more alternatives, which would be more appropriate under Grand Terre CC&R's. The second most likely case is for an owner who receives a rejection to resubmit a revised application, responding to the ARC's comments on a rejection.

A frequent problem in architectural review occurs when an owner begins work without realizing that it requires ARC approval. When we catch such work in progress we issue a stop-work order, unless the Municipality has already done this.

Sometimes we only learn of un-approved work after it has been completed. In that case we require submission of an ARC application for retroactive approval. If the ARC rejects the application, the Grand Terre board may order reversion of the property to its previous condition. It may require additional work to bring the project into compliance with the CC&R's. The word "may" is not hypothetical: This has happened in a few cases. The difference in impact to the neighborhood and the financial risk to owners who need to do additional work can be substantial.

In general, the ARC handles approval; the board handles enforcement. Occasionally, as with un-approved construction, the board and the ARC work together when the situation needs both approval and enforcement.

Use restrictions and special cases: Enforcement processes

Our goal in having CC&R's is to maintain a safe, attractive neighborhood where the property values of homeowners are protected. To that end, we have contracted with Property Management Services Inc. (PMSI), to assist us in enforcing our CC&R's impartially and reasonably. If there is an issue you feel needs to be addressed, please contact PMSI at 907-562-2929 or email them at pmsi@gci.net. All such comments are made in complete confidentiality.

The process will then transpire as follows:

PMSI will document the violation immediately following receipt of the complaint from a Board member. This documentation may be made via Polaroid or digital photo (when possible) or other means to verify the infraction and to make sure the complaint is not spurious or frivolous biweekly drive-by's will be conducted to assess any issues not yet brought to their attention.

A certified letter will be sent to the homeowner notifying them of the infraction. They will be given one week to remedy the situation. If there is no compliance after one week, a second and final certified letter will be sent out. At the end of a second weekly period, the property Management Company may take action depending on the nature of the violation. Any moneys or charges to remedy the violation will be assessable to the homeowner (per section {as amended} in the CC&R's), with their property as collateral against such an assessment. A lien may be filed against the property if the assessment is not paid in a timely manner.

For specific issues, such as dogs which are frequently allowed to roam loose and deposit "pointed presents" on neighbors lawns, a fine structure will be enforced, mirroring the Anchorage Municipal Leash Law fines which are assessable if such documentation can be provided.

Reporting

The first step in enforcement is to identify that a CC&R violation has occurred. In most cases this discovery process happens through our property manager's weekly checks of the neighborhood. The second most common way to initiate this process is receipt by our property manager of signed written complaints from any owner. Occasionally, Association officers, mainly directors, as part of their duty to the Association, submit complaints to the property manager. When we get complaints only by phone we don't regard the phone call itself as the complaint, but the property manager often follows up with a special check of the reported situation on the next neighborhood inspection. It's also very common for calls to report problems that already are in the enforcement process.

Resolution by informal contact

The mildest form of enforcement is an informal contact -- a phone call or personal conversation. This happens most often for minor matters, such as children's playthings or construction debris visible from the street. It's also more likely to involve contact by a board member, who's also a Grand Terre resident and may personally know the owner in question. Our property management company typically makes contact with owners in writing in order to keep a clearly verifiable record of communications.

Resolution by HOA-specific processes

Going forward, the formal enforcement will transition through these steps, which are amended as the Grand Terre Fine Schedule:

* First offense, warning letter. The first notice of a violation informs the owner of the infraction and requests voluntary action to bring the reported condition into compliance with the CC&R's. Files of recent cases have routinely shown that our property manager mails a warning letter no later than one business day after receiving a report.

* Second offense, violation letter. If the violation is repeated or is a continuing violation, the Association sends a second letter. At the Association's discretion it may initiate a process to assess a fine \$50. As required by law in the Davis-Sterling Act, the violation letter requests that the owner attend a hearing in executive session at the next meeting of the board of directors. The purpose of the hearing is to gather information that may be relevant to a board decision on whether to issue a fine or how otherwise to proceed. In at least half of the cases that reach this point the notice of a hearing having been scheduled will be sufficient motivation for the owner to resolve the problem. After listening to the owner in the hearing, the board deliberates privately to decide whether to assess a fine. If the owner does not attend the hearing and the violation is known to be unresolved, the decision is almost always to assess the fine.

* Subsequent or continuing offenses: Additional letters are sent as needed. After the initial \$50 fine has been assessed, the Association may assess additional fines of \$100 for a repeated or continuing violation. Our fine policy provides latitude for the board to decide how often a \$100 fine should be assessed for continuing violations. Usually this is \$100 per month, but the board may in fact authorize repetition of this fine, as often as weekly, when resolution of a problem is urgent and prior enforcement actions have not succeeded.

Special cases

At any given time the Association may be handling at least one situation that could be called a special case. For example, we sometimes receive an urgent report of startup of unauthorized construction. We check out such a report promptly, usually with a minimum of our property manager and the president of the board involved, often consulting with the Municipal Building department. In any case we initiate communication with the owner promptly. Necessary response ranges from obtaining ARC approval before continuing to require that partially completed works are reverted, leaving the property in its previous condition.

Other examples of special cases are hard to classify; each tends to be unique and requires case-specific handling.

If the HOA-specific processes fail to resolve a CC&R violation the Association can proceed to two levels of remedies through the legal system. The description below is only a brief summary; judicial remedies are a topic much too large to discuss fully in this notice.

Alternative Dispute Resolution (ADR): Arbitration or Mediation

ADR is defined in law as one of three processes: Binding arbitration, non-binding arbitration, or mediation. Typically binding arbitration is preferred. The fact that it is binding insures that the situation will be resolved in one way or another. This is not guaranteed with either non-binding arbitration or mediation. An arbitration hearing is one step short of a court trial. It's less expensive and faster than litigation, and should, in most cases, produce results as legally significant as other proceedings up to. This may be including jury trials Arbitration, and does not entirely displace litigation, but it serves well to reduce the need for litigation.

The Davis-Sterling Act, which governs homeowner associations, basically requires that the Association offer to use Alternative Dispute Resolution instead of litigation. Litigation may still result An owner can decline to use ADR, and there are forms of judicial action other than ordinary civil suits that can be appropriate, depending on the exact situation.

Law suits

The form of judicial action most likely to be used by the Association is to sue for injunctive relief. This can be a court order to stop an action by an owner, or it can be a court order to enable an action by the Association. The Association can sue an individual owner to recover the cost of damages to the Association due to the owner's actions or negligence. This is a very uncommon reason for us to litigate. Our main objective in the overall enforcement process is simply to secure CC&R compliance. However, in extremely troublesome cases it's possible to incur enough administrative and legal expenses that our fiduciary duty to the Association's membership warrants additional action to recover expenses.