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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
INNESCRAIG
A PLANNED UNIT DEVELOPMENT

THIS DECLARATION, made on the date hereinafter set forth by THE INNESCRAIG PARTNERSHIP, a general partnership, having a principal place of business at 2520 East Tudor Road, Anchorage, Alaska 99507, hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in the Anchorage Recording District, Third Judicial District, State of Alaska, which is more particularly described as:

Lots 1-4, Block 1 of INNESCRAIG, A Planned Unit Development, according to Plat 77-102 and Lots 20-27, Block 1, Lots 30-39, Block 2; Tracts A-1, A-2, A-3, A-4, B-1, and B-4, of INNESCRAIG, a Planned Unit Development, according to Plat 78-128, all filed in the Anchorage Recording District, Third Judicial District, State of Alaska.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to INNESCRAIG TOWNHOUSE ASSOCIATION, INC., its successors and assigns.

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

Section 3. "Property" or "Properties" shall mean and refer to that certain real property herein described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation by Declarant or the "Association" under Article X of this Declaration. Nothing contained herein shall obligate Declarant or others to make additions or annexations.

Section 4. "Common Area" shall mean all real property, including the improvements thereto, owned by the Association for the common use and enjoyment of some or all of the "Owners". The Common Area owned by the Association is described as follows:

Tracts A-1, A-2, A-3, A-4, B-1, and B-4, according to Plat 78-128, Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

Section 5. "Lots".

"Lot", with respect to an "Owner", shall mean and refer to a parcel of land within the property, (a) which has been purchased by an Owner; or (b) with respect to which a Certificate of Occupancy has been issued to an Owner;

With respect to Declarant, shall mean and refer to a lot that is part of the "Properties" not conveyed to any Owner, but excluding "Common Area". Those lots not conveyed to an Owner shall be deemed to be owned by the Declarant, and each shall be a Class B member lot.

"Lot" includes the improvements thereon. "Lot" does not refer to the Common Areas.

There is a total of twenty-two (22) lots in the first phase of the Planned Unit Development subject to this Declaration.

Section 6. "Declarant" shall mean and refer to THE INNES CRAIG PARTNERSHIP, a general partnership, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. " Dwelling " shall mean the residential dwelling unit together with garage and other structures on the same Lot.

Section 8. "Mortgage", "Mortgagee", "Mortgagor". Reference in this Declaration to a "mortgage" shall be deemed to include a deed of trust; reference to a "mortgagee" shall be deemed to include the beneficiary of a deed of trust; reference to a "mortgagor" shall be deemed to include the trustor of a deed of trust.

Section 9. "Project" shall mean that portion of the entire project consisting of Phase I and each subsequent phase of the entire project as it is transferred to, submitted to, and annexed to the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to charge reasonable admission and other fees for the use of any facility as may be situated upon the Common Area;

B. The right of the Association to suspend the voting rights and right to use of the facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations adopted in accordance with the Bylaws of the Association.

C. The right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by those members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership, and those members entitled to cast two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication or transfer has been recorded; PROVIDED FURTHER, HOWEVER, that such restriction shall not apply when the transfer is for utility or similar easement to public authority or public utility companies.

Section 2. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on his lot, or Owners of other "Lots". Such Owner shall notify the Secretary of the Association in writing of the name of such delegate, and the rights and privileges of such delegate are subject to suspension to the same extent as those of an "Owner". No such notice shall be necessary for members of an Owner's family residing on the property.

Section 3. Parking. Each townhome Lot shall include a single or double garage and a single or double driveway thereto from a public street. Vehicle parking is allowed in these

areas at all times and is restricted for the exclusive use of the Owners.

Recreational vehicles may not be parked except within the designated recreational vehicle storage area.

Recreational vehicle storage area is included as an integral part of the common area and will be a fenced storage yard for parking of such recreational vehicles. Each Owner will be provided access to the storage yard and will be responsible to see that the gate(s) is locked after each use thereof. Any damage which may result from an owner's failure to relock the parking area shall be the sole responsibility of that particular Owner. The term "recreational vehicles" shall include boats, snow machines, automobiles, trucks, and trailers for transporting same, campers, motor homes, and similar devices, but no vehicle stored or parked within the assigned recreational vehicle storage area shall be occupied overnight or for any period or purpose other than ingress and egress, cleaning and minor repairs and maintenance; motor rebuilding or overhauling or painting of motors or recreational vehicles shall not be allowed.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Declarant shall be a member of the Association in accordance with Section 3 below. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles of Incorporation and the Bylaws of the Association to the extent the provisions thereof are not in conflict with this Declaration. In the event of conflict between the terms and provisions of the Declaration, Bylaws, and Articles of Incorporation, the terms of the Declaration shall prevail.

Section 3. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to two (2) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

A. Upon the closing of a sale (conveyance) of a Class B membership lot to an Owner (but only as to the particular lot); or

B. Upon the issuance of a certificate of occupancy to an Owner for a lot but only as to that particular lot; or

C. December 1, 1980; or

D. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership.

Section 4. Each Owner shall receive a true and correct copy of the Bylaws of the Association upon becoming an Owner, and shall acknowledge receipt of same.

Section 5. Before the election of the first Board, as provided for in the Bylaws of the Association of Owners, the Declarant, or the Declarant's successors or assigns, shall have all the rights, powers and obligations of the Board herein provided for, and provided for in the Bylaws.

Section 6. The Association shall be managed by a person or company qualified by training and experience to manage a project such as Innesraig. 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 (1) year, renewable by agreement of the parties for successive one-year periods. Such professional management shall not be terminated by the Owners, nor by the Association, unless such termination shall have first been approved in writing by at least seventy-five percent (75%) of the holders of first mortgages or Deeds of Trust on lots in the project, based on one vote for each mortgage held.

ARTICLE IV

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, except as hereinbelow provided, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to

covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, late charges, if any, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time that the assessment fell due.

Unimproved lots shall be assessed at 50% of the amount of assessment of improved lots. Unimproved lots for the purpose of this Article shall mean a lot upon which no residence has been constructed and also a lot upon which a residence has been constructed, but such residence has not yet been occupied as a residence.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties; the improvement, repair, and maintenance of the individual lots, and the exterior of the dwellings thereon erected, and the Common Areas, including as examples and not by way of limitation, payment of insurance, taxes, utilities or other services billed to the Association or otherwise payable by it; maintenance, improvement, or repair to be performed by the Association; and for such other purposes as in these Declarations set forth, or reasonably implied therefrom. It is anticipated that Central Alaska Utilities will bill the "Association" directly for water service to each lot.

Further, the "Association" will be responsible (as between the "Association" and the particular utility) in the same manner as any customer for breaks, plug-ups, and freeze-ups and related problems of the common sewer service line extensions serving two residences as well as for freeze-ups of common water service line extensions. The responsibility of the "Association" for such common service lines shall only be up to the junction of the common lines with the lines providing individual household service to the individual residences. Maintenance and repair of the individual household service lines are the responsibility of each Lot owner. The "Association" shall charge back to the owners of lots served by the particular common line, pro rata, any amounts paid by it in connection with any such plug-ups or freeze-ups.

No Owner shall have or make any claim against the Association except for negligence in connection with the responsibilities herein set forth and each Owner agrees to save, protect and

hold harmless the Association from any liability, claim, demand or suit in connection with sewer or water line problems pertaining to each such Owner's lot.

Should for any reason the "Association" cease to do business (which can only be with the consent of the Anchorage Municipality), the individual lot owners will be billed and will pay their pro rata share of water charges supplied through common lines to one or more lots. Similarly, in such case, the individual lot owners will be responsible for and pay their pro rata share of repair and maintenance expenses for repair and maintenance of water and sewer lines that the "Association" is to be responsible for as provided above.

Section 3. Basis and Maximum of Annual Assessments. The maximum annual assessment is \$924.00, plus a pro rata share of the actual water charges paid by the Association, and a pro rata share of the actual real property taxes for the common area paid by the Association, which maximum annual assessment shall apply through December 31, 1979. In this regard, pro rata share means one divided by the number of lots for which the charge was incurred in the case of water and one divided by 22 in the case of common area real property taxes.

A. From and after December 31, 1979, the maximum annual assessment may be increased effective January 1, of each year without a vote of the membership by an amount up to 10% of the maximum annual assessment for the preceding year.

B. From and after December 31, 1979, the maximum permissible annual assessment under "A" above for a particular year may be increased by an amount greater than 10% of the maximum permissible annual assessment for the preceding year by a vote of the members for each succeeding period of one year from the effective date of such increase, provided that any such change shall have the assent of two-thirds ($\frac{2}{3}$) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

C. The Board of Directors of the Association may fix the annual assessment at an amount not in excess of the maximum.

D. The annual assessments shall be payable quarterly in advance, with the first such payment (or pro rata portion thereof) due upon conveyance of a Lot to an Owner.

Section 4. Special Assessments.

A. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, and general landscaping, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast at a meeting duly called for this purpose.

B. Special Assessments for Improvements or Repairs to Buildings and/or Lots. In addition to the annual assessments and special assessments for capital improvements authorized above, the association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair, replacement, beautification, or landscaping of or to any assessable building and/or Lot, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast at a meeting duly called for this purpose. Such a special assessment accrues solely against the Lot(s) assessed for such special assessment.

Section 5. Uniform Rate of Assessment. All assessments shall be fixed at a uniform rate for all improved lots and at a lesser but uniform rate for unimproved lots, and shall be collected on a quarterly basis.

Section 6. Date of Commencement of Annual Assessments:

Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the first sale by Declarant of a lot. The first annual assessment shall be adjusted according to the number of days remaining in the calendar year. Written notice of the annual assessment shall be sent to every Owner subject thereto on a quarterly basis, not less than fifteen (15) days prior to the date the assessment becomes effective. The due dates shall be January 1, April 1, July 1 and October 1 of each year. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of any assessment therein stated to have been paid.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment (or installment thereof) not paid within fifteen (15) days after the due date shall accrue a late charge of ten dollars (\$10), if not paid within those

fifteen days. The due date shall be in accordance with Section 6 above. The Association may, in addition to other sanctions available to it, bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area, or utilities or other services provided by or paid for by the Association, or abandonment of his Lot. All assessments are due without demand.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or First Deed of Trust, but sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage or Deed of Trust foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such event. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 9. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than ten (10) days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or or proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, 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 60 days following the preceding meeting.

Section 10. Liability for Assessments after Foreclosure. If the holder of a first mortgage or other purchaser of a lot obtains possession of the lot as a result of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, the possessor, his successors and assigns are not liable for the share of common expenses or assessments by the Association chargeable to the lot of common expenses or assessments is a common expense collectable from all of the Owners, including the possessor, his successors and assigns, pro rata.

Section 11. Conveyance - Liability Grantor and Grantee for Unpaid Common Expenses. In a voluntary conveyance the Grantee of a lot shall be jointly and severally liable with the Grantor for all unpaid assessments against the latter for his share of the common expenses up to the time of the Grantor's conveyance, without prejudice to the Grantee's right to recover from the

Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the Grantor and such Grantee shall not be liable for, nor shall the lot conveyed be subject to a lien for, any unpaid assessments against the Grantor in excess of the amount therein set forth.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. Land Use. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than single-family townhouses not exceeding three (3) stories in height.

Section 2. Architectural Control. No building or structure, shall be erected, altered, placed or permitted to remain on the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and/or specifications, showing the nature, kind, height, materials, and location of same shall have been submitted to, and approved in writing by the architectural control committee or the Board of Directors of the Association as to quality of workmanship and materials, harmony of exterior design with existing buildings and structures, and as to location with respect to topography and finished grade elevation. The Architectural Committee shall be composed of three representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within sixty (60) days or at the next regularly scheduled Board of Directors meeting after said plans and specifications have been submitted to it, approval will not be required and this section will be deemed to have been fully complied with.

Anything hereinabove to the contrary notwithstanding, the Anchorage Municipality Planning and Zoning Commission shall have overall Architectural Control over this Municipality approved "Planned Unit Development"; and neither the Committee nor the Board shall make any decisions which are not in accord with the Ordinances of the Municipality and the rules and regulations of such commission.

ARTICLE VI

ENCROACHMENTS

Each lot within the properties is hereby declared to have an easement over all adjoining lots and the common area for the purpose of accommodating encroachments created by construction.

settling and overhangs or projections, as designed or constructed by the original builder, including without limitation party walls. There shall be valid easements for the maintenance of said encroachments so long as the same shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachments. In the event any townhouse or dwelling unit on any lot is partially or totally destroyed and then repaired or rebuilt substantially in accordance with the original plans thereof, the owners of each lot agree that encroachment over adjoining lots and the common area shall be permitted and there shall be valid easements for the maintenance of said encroachments so long as they shall exist. In this regard an Owner shall neither maintain any action for removal of a party wall, projection, or overhang created by construction, reconstruction, or setting, nor any action for damages.

ARTICLE VII

RESIDENCE AND USE RESTRICTIONS

Section 1. Single Family Residences. Lots shall be used exclusively for single family residential purposes. As used herein, "single family" shall mean one or more persons living as a single housekeeping unit, as distinguished from a group occupying a rooming house, club, fraternity house or hotel.

Section 2. Nuisances. No noxious or offensive activities (including, but not limited to, the repair of automobiles) shall be carried on upon the Properties. No horns, whistles, bells, or other sound devices, except security devices used exclusively to protect the security of a residence and its contents, shall be placed or used in any such residence. No loud noises shall be permitted on the Properties, and the Board of Directors of the Association shall have the right to determine if any noise or activity producing noise constitutes a nuisance. No owner shall permit or cause anything to be done or kept upon the Properties which will increase the rate of insurance thereon or which will obstruct or interfere with the rights of other owners, nor will he commit or permit any nuisance on the premises. Each owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a residence.

Section 3. No Signs. No signs, posters, displays, or other advertising devices of any character shall be erected or maintained on, or shown or displayed from, the residences without prior written approval having been obtained from the Board of Directors of the Association; provided, however, that the restrictions of this paragraph shall not apply to any sign or notice of customary and reasonable dimension which states that the premises are for rent or sale. Address, identification

signs, and mail boxes shall be maintained by the Association, at the expense of the Owner. The Board of Directors may summarily cause all unauthorized signs to be removed and destroyed. This section shall not apply to any signs used by Declarant or its agents in connection with the original construction and sale of the units. The type, size, and design of all signs to be used in conjunction with this Planned Unit Development, including temporary construction, real estate and "for sale" signs shall conform to the ordinances of the Anchorage Municipality.

Section 4. Outside Installations. No fences or basketball standards or fixed sports apparatus shall be attached to any residence or placed on any lot without the prior written approval of the Architectural Control Committee. No wiring for telephone or electrical purposes, nor television antennas, nor machines or air conditioning units, nor other equipment or appurtenances whatsoever shall be installed on the exterior of any residence (including, as example and not by way of limitation, protruding through walls, windows or roofs); nor on any lot without prior written approval of the Architectural Control Committee.

Section 5. Pet Regulations. No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish and birds in inside bird cages may be kept as household pets within any residence provided they are not kept, bred or raised therein for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the number of dogs, cats and birds to two (2) each. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Directors of the Association, a nuisance to any other Owner. Dogs and cats belonging to Owners, occupants or their licensees or invitees within the property must be either kept within an enclosure, an enclosed balcony, or on a leash being held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Board of Directors of the Association. Should any dog or cat belonging to an Owner be found unattended out of the enclosure and not being held on a leash by a person capable of controlling the animal, such animal may be removed by Declarant (or other occupant or Owner within the Properties), or a person designated by them so to do, to a pound under the jurisdiction of the local municipality in which the property is situated and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, and invitees, for any damage to person or property caused by any pet brought or kept upon the Property by an Owner or by members of his family, guests, licensees, or invitees.

Section 6. Business or Commercial Activity. No business or commercial activity shall be maintained or conducted on any Lot except that Declarant or a person designated by the Association as the Agent of the Association for purposes of managing the Property may maintain management offices and facilities on a Lot or in a temporary structure constructed on the Project. Provided, however, that professional and administrative occupations may be carried on within residences on Lots so long as there exists no external evidence thereof.

Section 7. Temporary Structures. No temporary structure, boat, truck, trailer, camper or recreation vehicle of any kind shall be used as a living area while located on the Project; however, trailers or temporary structures for use incidental to the initial construction of the improvements on the Property may be maintained thereon; but shall be removed within a reasonable time upon completion of construction on the Project.

Section 8. Rubbish Removal. Trash, garbage, or other waste shall be disposed of only by depositing same, wrapped in a secure package, into designated trash containers. No Owner shall permit or cause any trash or refuse to be disposed of on any portion of the Property subject to this Declaration, except for such designated trash containers. No garbage/trash cans shall be stored in such manner so as to be visible from a road or from the common area. No portion of the Property shall be used for the storage of building materials, refuse or any other materials other than in connection with approved construction. There shall be no exterior fires whatsoever except barbeque fires contained within receptacles therefor.

Section 9. Trees. No trees may be removed from any Lot, except those Lots or that area owned by Declarant. It is the intent of this provision that all Owners shall do their utmost to maintain the trees and the natural wooded surroundings of their respective Lots.

Section 10. Prohibited Work. No Owner may do any work which will jeopardize the soundness or safety of the property, reduce its value, or impair any easement or hereditament, without the unanimous written consent of all of the other owners being first obtained.

Section 11. Modifications or Additions to Common Areas. No structures, additions, buildings, fences or any other items shall be placed upon the spaces designated as common areas, without the consent of the Architectural Control Committee of the Association, and any such consent shall be revocable at any time, with or without cause.

Section 12. Renting, Leasing. With the exception of a lender in possession of a townhouse following a default on a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner shall be permitted to rent or may lease or rent less than the entire townhouse. Any lease or rental agreement shall provide that the terms thereof shall be subject in all respects to the provisions of the Declaration and the Bylaws, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease or rental agreement. All leases and rental agreements shall be required to be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease or rent a townhouse.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE IX

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: grounds maintenance on individual lots and common areas, including lawn care and snow removal; paint, repair, replace and care for roofs, gutters, downspouts, and exterior building surfaces (but such exterior maintenance shall not include glass surfaces); the exterior surfaces of fences on Lots where installed by Declarant, or subsequently replaced or added to by the Association. Except as hereinabove expressly set forth, all other maintenance or repairs on a "Lot" shall be the sole responsibility of the "Owner" thereof.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

In the event an Owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject. See also Article XI, Section 8, Partial Damage or Destruction.

ARTICLE X

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. It is contemplated that the construction and development of InnesCraig shall occur in three (3) or more phases; HOWEVER, no assurances are made or given that all phases will be undertaken or completed or, if they are undertaken and completed, when such completion will occur.

Phases Defined. The two (2) other contemplated phases of Innesraig Townhomes are defined as follows:

Phase II: Lots fifteen (15) through twenty-nine (29), Block Two (2); and Lots eleven (11) through nineteen (19), Block One; including the common areas described as Tracts B-2, B-3, A-5, and A-6;

Phase III: Lots One (1) through Fourteen (14), Block Two (2); Lots Five (5) through Ten (10), Block One (1); including the common areas described as Tract B-5.

In connection with the phased development of this project, the Declarant shall retain no rights to substantially change the style, and quality of future buildings to be constructed as part of the project.

Declarant expects to complete all phases, but is not required to complete Phases II or III. If neither of such phases is in fact completed, Phase I shall constitute a complete, fully operational Planned Unit Development and the land described for Phase II or III may be used for any other lawful purpose in Declarant's discretion. Access over and across Phase I is reserved to utility lines specified or established in and for Phase I, and the right to connect thereto is reserved, such reservations being for the purpose either of completing the subsequent phase, or otherwise developing portions of the land, if not completed as a planned unit development, for other purposes. Access over and across Phase I and any other phase subsequently established is reserved to Declarant or Declarant's successors or assigns over the easements, roadways and utility lines hereinafter specified or established in and for Phase I, and the right to connect thereto is reserved, such reservations being for the purpose either of completing the subsequent phases, or developing portions of the land, if not completed as a planned unit development, for other purposes.

Section 2. Amendments to Existing Phase. In altering the project to create the lots and common areas, the Declarant may, without the joinder or consent of any persons having an interest in the existing units, amend this Declaration to (1) create the additional lots and common areas, (ii) add, withdraw, realign and grant utility easements over, under, across and upon the common areas, including but not limited to easements, and/or rights of way for electric, gas, or telephone services, television, subscription services, water, sewer and storm pipe lines, refuse disposal, driveways, parking areas and roadways provided

that such easements or rights of way do not materially impair the use of any lot, and (iii) provide for or add additional common areas.

Such amended Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration. Future buildings and improvements as well as the common areas shall be of comparable style and quality to those established in Phase I. Should any lot in the project be subject to FHA/VA financing, the FHA and VA shall as a condition precedent to such annexation, determine that it is in accord with the general plan approved by them.

The amendments and additions authorized under this Article shall be made effective by filing of record an amendment to this Declaration with respect to the project as expanded which shall extend to the additional property and the owners thereof. Such additional property shall be subject to the Bylaws at the time of such filing and as from time to time amended. Should any lot in the project be subject to FHA/VA financing, the FHA and VA shall, as a condition precedent to such annexation, determine that it is in accord with the general plan approved by them.

Section 2. The Association may, at any time, annex additional real property to the "Property" described herein, and so add to its membership, provided that any such annexation shall have the affirmative vote of seventy-five percent (75%) of the total number of votes eligible to be cast and seventy-five percent (75%) of the first mortgages or Deeds of Trust, based on one vote for each mortgage held, and the approval of the Anchorage Municipality Planning and Zoning Commission. The provisions of this Section 2 shall be in addition to and not in limitation of Section 1 above.

ARTICLE XI

GENERAL PROVISIONS

Section 1. **Enforcement.** The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than fifty-one percent (51%) of the Lot Owners, unless otherwise provided herein. Any amendment must be recorded.

Section 4. Access. For the purpose of performing the maintenance, improvement and repair provided for in this Declaration, and for reasonable inspection in connection therewith, the Declarant, the Association and the duly authorized designees of either shall have the right, at reasonable times and upon reasonable notice, to enter upon any Lot or the exterior of any structure or improvement thereon, as well as the common area, and such activity by them or any of them shall give rise to no legal or equitable remedy against them or any of them, including an action for trespass. Each Owner agrees to permit access within and under any building situated upon the Owner's Lot for inspection, alterations, repair, removal, utility shut-off and maintenance.

Section 5. Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat, otherwise implied herein, or as thereafter amended. Within these easements no structure, planting or other material shall be placed nor permitted to remain, which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage facilities in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement of each lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

The "Association" has and shall have a non-exclusive easement for the operation, maintenance and repair of all underground utilities including water service lines, storm drain lines, sanitary sewer lines and landscape watering lines (if any) on the project. Each Owner has a non-exclusive easement for and may use the common areas and facilities in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful right of the other Owners.

All conveyances of Lots hereafter made, whether by the Declarant, or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to the provisions hereof and of the Bylaws of the Association, even though no specific reference to such easements appears in any such conveyance.

Without limitation to the foregoing, the "Association", its agents, employees and contractors, shall have the right to enter any lot and the residence thereon constructed in case of any emergency originating in or threatening it or other residences, and to effect maintenance and repairs which an Owner is required to make but fails to make, and to maintain all improvements on the project, all regardless of any present or future encroachment(s) of the common elements upon another unit.

In the event that any portion of the common elements encroaches upon any unit, or any unit encroaches upon the common elements, or any unit encroaches upon any other unit as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the project, a valid easement for the encroachment or the maintenance of same shall exist so long as the encroachment exists, even though no specific reference to such easement appears in a conveyance instrument.

Section 6. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 7. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a townhouse project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provisions or any other provisions hereof.

Section 8. Partial Damage or Destruction. In the event that any lot, building, structure or other improvement within the project, is damaged or destroyed by any casualty loss, partially or completely, such owner and/or the Association shall promptly repair or replace such property. Failure of a lot owner to promptly repair or replace any property damaged or destroyed within his lot, shall give rise to a right in the Association to undertake such repair or replacement and to charge the owner of such lot therefor. In the event that any such damage or partial destruction shall affect more than twenty-five percent (25%) of the lots in the project, or shall cause a diminution in the market value of lots within the project equal to or greater than twenty-five percent (25%) of

the market value of all such lots immediately prior to the casualty loss, the Association shall determine by majority vote whether or not the repair or replacement of such property should be undertaken by the Association. The Association shall promptly notify all holders of first mortgages or first Deeds of Trust of any loss, damage or destruction of common areas or related facilities which exceeds ten thousand dollars (\$10,000.00).

Section 9. Insurance. Notwithstanding any other provisions herein, the Association shall continuously maintain a master policy of insurance effecting such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by the Federal National Mortgage Association and Government National Mortgage Association, so long as either is the mortgagee or owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association or the Government National Mortgage Association.

ARTICLE XII

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Area shall have the assent of seventy-five percent (75%) of the votes eligible to be cast.

ARTICLE XIII

EVIDENCE OF OWNERSHIP AND REGISTRATION OF MAILING ADDRESS

Section 1. Proof of Ownership. Except for those Owners who initially purchase a Lot from Declarant, any person or entity on becoming an Owner shall furnish to the secretary of the "Association" and any Managing Agent a machine or a certified copy of the recorded instrument vesting that person or entity with an interest or ownership in the Lot, which copy shall remain in the files of the Association.

Section 2. Registration of Mailing Address. The owners or several owners of an individual lot shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address shall be furnished by such owners to the secretary of the Association and any Managing Agent within fifteen (15) days

after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the owners of the Lot or by such persons as are authorized by law to represent the interest of (all of) the owners thereof.

ARTICLE XIV

RIGHTS OF MORTGAGEE

Section 1. Priority. Where the mortgagee of a first mortgage of record which is recorded prior to the date on which the assessment lien became effective, or other lot owner obtains title to the same as a result of foreclosure of any such first mortgage, or as the result of a deed taken in lieu of foreclosure, the acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such lot which became due prior to the acquisition of title to such lot by such acquirer, but shall be subject to any future assessments which become due subsequent to his acquisition of title. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the lots including such acquirer, his successors and assigns.

Section 2. Default. A breach of any of the provisions, covenants, restrictions or limitations hereof, or the recordation of any lien or assessment hereunder, or the pursuit of any remedy hereunder, shall not defeat or render invalid the lien of any mortgage made by a lot owner in good faith and for value upon the interest of a lot owner. All of the provisions herein shall be binding upon and effective against any owner whose title to said property is hereafter acquired through foreclosure or trustee's sale.

Section 3. Condemnation. If any lot or portion thereof or the common area and facilities or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage of a lot will be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of any document establishing the project will entitle the owner of a lot or any other party to priority over such institutional holder of any first mortgage with respect to the distribution to such lot of the proceeds of any award or settlement.

Section 4. No Right of First Refusal. The right of a lot owner to sell, transfer, or otherwise convey the owner's lot will not be subject to any right of first refusal or any similar restriction in favor of the Association.

Section 5. Notice to Mortgagee. The first mortgagee shall be entitled to written notification of any default by the lot owner in the performance of the lot owner's obligations under this Declaration or the Articles of Incorporation and Bylaws of the Association, which default is not cured within thirty (30) days, and of any damages to a lot covered by a first mortgage exceeding \$1,000.00, and no disposition thereof shall disturb mortgagee's first lien priority.

Section 6. Prior Approval. Nothing in this Declaration or the Bylaws of the Association of the lot owners provided for herein to the contrary, prior written approval of the holders of the first mortgages or deed of trust covering all or any portion of the project shall be a condition precedent to the effectiveness of any of the following actions:

(A) A change in the pro rata interest or obligation of any lot owner for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds of condemnation awards.

(B) Any abandonment, partition, subdivision, of all or any portion of the properties.

(C) Any change or abandonment of any scheme of regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance or exterior maintenance of the dwellings on the lots.

(D) Any alienation, release, transfer, hypothecation, or encumbrance of the common areas and facilities, except the Declarant's and Association's right to grant easements for utilities and similar or related purposes.

Section 7. Right to Information. Any institutional holder of a first mortgage on a lot in the project will, upon request, be entitled to:

(A) Inspect the books and records of the condominium project during normal business hours; and

(B) Receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the project; and

(C) Written notice of all meetings of the Association of lot owners and be permitted to designate a representative to attend all such meetings.

ARTICLE XV

CONTROL BY DECLARANT

Before the election of the first Board, as provided for in the Bylaws of the Association of Owners, the Declarant, or its successors or assigns, shall have all the rights, powers and obligations of the Board herein provided for, and in the Bylaws provided for, to administer the Project; provided, however, that Declarant shall be subject to all limitations of such power on the Declarant or Board provided for in this Declaration and in the Bylaws, and provided, further, that control of the Association will become vested in the purchasers of the lots within not more than one hundred twenty (120) days after completion of transfer to purchasers of title representing seventy percent (70 %) of the votes of all Owners. In addition, the Declarant shall have the right to change or modify any or all of the terms, restrictions and covenants herein contained, which change or modification shall be effective upon the recording thereof; provided, no change or modification of this Declaration shall be made without the prior written approval of the holder of the first mortgage on the entire project, and/or the holder of the first mortgage on any lot or part of the Common Area and the Federal Veterans Administration if there are any Veterans Administration loans against any lot in the Project.

DATED at Anchorage, Alaska, the day and year below written.

THE INNES CRAIG PARTNERSHIP,
a general partnership

By *[Signature]*
 By *[Signature]*

STATE OF ALASKA)
)
 THIRD DISTRICT) ss.

THIS IS TO CERTIFY, that on this 5th day of June, 1979, before me the undersigned Notary Public, personally appeared Ernest A. Brooks, Jr. & Jonathan P. Ramin known to me and to me known to be the partners of THE INNES CRAIG PARTNERSHIP, the individual who executed the foregoing instrument; he/she acknowledged to me that he/she signed the same freely and voluntarily for the uses and purposes therein set forth.

WITNESS my hand and official seal.

Shirley A. Schmit
Notary Public in and for Alaska
My Commission Expires: *12/19/79*



A-026769
5100

RECORDED
ANCHORAGE DISTRICT

Jan 7 8 39 AM '79

REQUESTED BY _____
ADDRESS _____

SAFECO

Delivered to
Crown Mortgage Co.
4410 Business Park Blvd.
Anchorage, Alaska
Attn: *Kathy Lewis*

AMENDMENT TO THE
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
INNESCRAG
A PLANNED UNIT DEVELOPMENT

A-1286

THIS AGREEMENT made this 29th day of September, 1980, by and between the Declarant and the Owners.

W I T N E S S E T H:

WHEREAS, by a Declaration of Covenants, Conditions and Restrictions dated June 5, 1979, recorded in the Anchorage Recording District in Book 408, at Page 319 on June 7, 1979, Declarant, the Innescrag Partnership, did submit the property to certain covenants, conditions and restrictions;

WHEREAS, the Innescrag Partnership conveyed its interest in the project to Coast Mortgage Company, a Washington Corporation on February 20, 1980, which deed was recorded on March 18, 1980, in Book 480 at Page 0442,

WHEREAS, the provisions of said Declaration provide for quarterly assessments and fail to provide for a two month reserve of operating capital, the Owners of record, being owners in fee simple of 100% of the property subject to the Declaration, desire to amend the Declaration;

NOW, THEREFORE, the parties hereto in consideration of the premises hereby agree as follows:

1. The Declaration shall be, and is hereby, amended by deleting Article IV, §3, paragraph D and inserting in its place the following:

The annual assessments shall be payable monthly in advance, with the first such payment (or pro rata portion thereof) due upon advance of a lot to an Owner.

HUGE, LEVITSCH & LAWRENCE
ATTORNEYS AT LAW
1751 WEST 5TH AVENUE SUITE 101 ANCHORAGE, ALASKA 99501
276-1776

601

2. The Declaration shall be, and is hereby amended, by deleting Article IV, §5 and inserting in its place the following:

Section 5. Uniform Rate of Assessment. All assessments shall be fixed at a uniform rate for all improved lots and at a lesser but uniform rate for unimproved lots, and shall be collected on a monthly basis.

3. Declaration shall be, and is hereby, amended by deleting Article IV, §6 and inserting in its place the following:

Section 6. Date of Commencement of Annual Assessments; Due Date. The annual assessments provided for herein shall commence as to all lots on the first day of the month following the sale by the Declarant of the lot. The first annual assessment shall be adjusted according to the number of days remaining in the calendar year. Assessments for the estimated common expenses computed on an annual basis shall be payable in equal monthly installments in advance on the first day of each calendar month. Failure of the Association to give timely notice of any assessment should not affect the liability of the owner for such assessment. Where an owner defaults on any single installment of the annual assessment, the Board of Directors may, at its discretion, declare that the remaining unpaid installments for the year's assessments are due and payable in full. The Association shall, on demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. Such certificate shall be conclusive evidence of any assessment thereon stated to have been paid.

4. Declaration shall be, and is hereby, amended to include Article IV, §12, which reads as follows:

Section 12. Initial Obligation of Purchaser of a Lot. Each purchaser of a lot from the Declarant shall be required at the closing of the purchase of such lot to deposit with the Association an amount equal to two months of the particular lots allocation of the annual budget, which sum shall be placed in the working capital to be used for the operation of the project.

MOGE, LEVITCH & LAWRENCE
ATTORNEYS AT LAW
225 N. 5th Street, Suite 201, Anchorage, Alaska 99501
102712741728

5. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and the respective successors, executors, administrators and assigns.

6. It is hereby agreed that this Amendment may be signed in counterpart and the parties hereto expressly authorize any signatory hereto to attach all (but only all) counterpart signatures and the acknowledgments to a single amendment which thereafter may be filed for record in the Anchorage Recording District.

DATED at Anchorage, Alaska, the day and year below written.

RAINIER MORTGAGE COMPANY, formerly known as COAST MORTGAGE COMPANY, a Washington Corporation (lots 2, 3, Block 1; lots 21 through 27, Block 1; lots 31 through Block 2; lots 36 through 38, Block 2; Lot 20, Block 1)

By: [Signature]

Its: Vice President

By: [Signature]

Its: Sr. Vice President

By: [Signature]

MELVIN JOHAN MONSEN, JR.

By: [Signature]

LISA LEE-JEFFS MONSEN

By: [Signature]

ROBERT A. FLOUNDERS

By: [Signature]

MAXINE E. FLOUNDERS

By: [Signature]

TERRY J. ALEXANDER

By: [Signature]

JACK E. BOHANNON

By: [Signature]

GAIL L. BOHANNON

AKA: GAIL L. BOHANNON

AKA: GAIL L. BOHANNON

HOGIE & LEKISCH
14201 100TH STREET, SUITE 101 ANCHORAGE, ALASKA 99503
(907) 226-1729

Jack Bohannon
4-28-00

By: [Signature]
TIMOTHY J. JALSORO

By: [Signature]
HOWARD O. FLEURY

By: [Signature]
PAMELA P. FLEURY

By: [Signature]
KENNETH C. GUIDYLL

By: [Signature]
RICHARD D. KAUFFMAN

ALASKA PACIFIC BANK (Deed
of Trust on Int/39/ Block 2)

By: [Signature]
HOWARD E. DOOLMAN
Its: VICE PRESIDENT

ALASKA HOUSING FINANCE CORPORATION

By: [Signature]
Its: [Signature]

ALASKA MUTUAL SAVINGS BANK
(Lot 4, Block 1)

By: [Signature]
Its: [Signature]

SECURITY NATIONAL BANK
(Lot 30, Block 2)

By: [Signature]
Its: [Signature]

ALASKA MUNICIPAL EMPLOYEES
FEDERAL CREDIT UNION
(Lot 34, Block 2)

By: [Signature]
Its: _____

ALASKA BANK OF COMMERCE
(Lot 35, Block 2)

By: [Signature]
Its: VICE PRESIDENT

MOGE & LEKISCH
1201 1/2 STREET, SUITE 401, ANCHORAGE, ALASKA 99501
(907) 236-1728

REC. DISTRICT

OCT 21 9 28 AM '80

AFFIDAVIT

Proof by Subscribing Witness

T. G. Taylor Gamblin, residing at 1110 W. 6th Ave., Anchorage, AK 99501, have knowledge of the persons described in and executing the Amendment attached of the Declaration of Covenants, Conditions, and Restrictions of Innescaig, a Planned Unit Development, dated the 29th day of September 1980.

G. Taylor Gamblin

This is to certify that on this 17th day of October, 1980, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared G. TAYLOR GAMBILIN, known to me as the individual named, and who acknowledged to me that he signed the same freely and voluntarily for the intents and purposes therein set forth.

Witness my hand and official seal on the day and year hereinabove last written.



Kathleen D. Lewis
Notary Public in and for Alaska
My Commission Expires: 6/1/82

STATE OF WASHINGTON

County of King

On this 29th day of September, A.D. 1980, before me, the undersigned, a Notary Public in and for the State of WASHINGTON, duly commissioned and sworn personally appeared Gerald K. Crouch and S.D. McCoy

to me known to be the Vice President and Sr. Vice President, respectively, of RAINIER MORTGAGE COMPANY, a Washington corporation

that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereinaffixed the day and year in the foregoing last written.

Janice C. Jones
Notary Public in and for the State of Washington

STA 12537

AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF INNESCRAIG, A PLANNED UNIT DEVELOPMENT

This amendment is made on the date hereinafter set forth by the Innescraig partnership, through its successor in interest, Bachner and Company, hereinafter referred to as declarant.

This amendment applies to the declaration duly executed by declarant on June 5, 1979, and recorded on Pages 319-342 inclusive in book 408 of the Anchorage Recording District.

This amendment is made in accordance with the provisions of that declaration, Pages 1-23 and is amended as follows:

1) Lots 25, 26, 27, 28 and 29, Block 2, of the Innescraig PUD are hereby included into the declaration. The addition of these (5) lots shall be identified as phase II (A).

2) Article III of the declaration is amended for all lots in phase II (A) as follows:

Section 3C is revised to read December 1, 1983.

DATED at Anchorage, Alaska this 29th day of September.

1982. [Signature] Approved by First Mortgage Holder

[Signature] Declarant J.B.A. Bachner & Co.

THIS IS TO CERTIFY that on this 29th day of September, 1982, personally appeared before me Kent A. Bachner to me known to be the declarant described in and who executed the within amendments and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

[Signature] Notary Public My commission expires: 8/25/84



82-061784 902

RECORDED-FILED ANCHORAGE REC. DISTRICT

Oct 13 11 48 AM '82

REQUESTED BY ADDRESS SAFETY

AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF INNES CRAIG,
A PLANNED UNIT DEVELOPMENT

This document amends the Declaration of Covenants, Conditions and Restrictions of Innes Craig, a Planned Unit Development, duly executed by declarant on June 5, 1979 and recorded at pages 319-342, inclusive, in book 408 of the records of the Anchorage Recording District (hereinafter referred to as "the declaration"), in accordance with, and under the authority given by the declaration,

This amendment is made by W.R.A., Incorporated, an Alaska corporation, the successor and assignee of the original declarant, the Innes Craig Partnership, a general partnership, pursuant to the authority granted by the declaration. (W.R.A., Incorporated is hereinafter referred to as "declarant".)

The declaration is amended to add to, and include within the declaration, and the Innes Craig Planned Unit Development, the following property located in the Anchorage Recording District, Third Judicial District, State of Alaska:

Lots 1 through 14 of Block 2 and Lots 5 through 10 of Block 1 of INNES CRAIG, A PLANNED UNIT DEVELOPMENT, according to Plat 78-128

The addition of these 20 lots shall be identified as "Phase III", referred to in Article X, Section 1 of the declaration.

Article III, Section 3, subparagraph C of the declaration is amended with respect to all lots in Phase III as follows: said Section 3 is revised to read:

"December 1, 1985; or"

DATED at Anchorage, Alaska this 20th day of
December, 1983.

W.R.A., Incorporated
an Alaska corporation

By: *W.R. Appleby*
W.R. Appleby, President

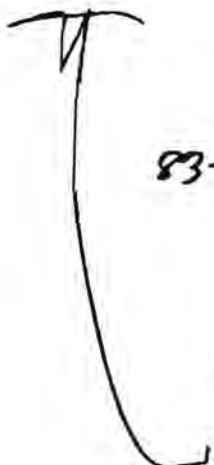
STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before
me this 20 day of December, 1983, by W.R. Appleby, being
President of W.R.A., Incorporated, an Alaska corporation, on
behalf of the corporation.

Deborah J. Westling
NOTARY PUBLIC FOR ALASKA
My Commission Expires 10-30-85

When recorded, return to:

Theodore M. Pease, Jr.
Burr, Pease & Kurtz
810 N Street
Anchorage, AK 99501



83-101488

NOT DUPLICATED
MORTGAGE REC.
DISTRICT

Dec 22 9 11 AM '83

REQUESTED BY *Burr, Pease & Kurtz*
ADDRESS _____

THIRD AMENDMENTS TO THE DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS OF INNESCRAIG A PLANNED UNIT DEVELOPMENT

The documents attached hereto amend the Declaration of Covenants, Conditions and Restrictions of Innescraig, a planned unit development, duly executed by declarant on June 5, 1979 and recorded as pages 319 -342, inclusive, in Book 408 of the records of the Anchorage Recording District, as amended by the unrecorded amendment dated September 29, 1982 and a later recorded amendment which can be found in Book 1021 at pages 731 and 732 of the records of the Anchorage Recording District in accordance with, and under the authority given by this declaration and in compliance with Article XI, Section 3, which requires 51% of the lot owners to sign this amending document. The amendments must be recorded.

PLAT # 78-128

There exists in Innescraig a total of 47 units or lots as of November 6, 1984. To validly amend the declaration a total of 24 lot owners must sign this amending document.

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT)

SS:

DATED 11-11-84
Lot Number Lot 35 B1K2
Michael C Henning
Lisa Seifried
Printed name of lot owner

Signature of Michael C Henning
Signature of Lisa Seifried
Signature of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th
November, 1984 by Michael C. Henning and Lisa Seifried,
lot owner.

Notary Public Seal
Notary Public in and for Alaska
My Commission Expires: 8/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT)

SS:

DATED 11-11-84
Lot Number Lot 35 B1K1
Michael C Henning
Printed name of lot owner

Signature of Michael C Henning
Signature of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th
November, 1984 by Michael C. Henning, lot owner.

Notary Public Seal
Notary Public in and for Alaska
My Commission Expires: 8/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 5 BLK 1

W.R.A. Inc
by: W.R. Appleby
Signature of lot owner

W.R.A. Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11 day of
November, 1984 by W.R.A., Inc., lot owner, W.R. Appleby,
President



Douglas Packard
Notary Public in and for Alaska
My Commission Expires: 8/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 6 BLK 1

W.R.A. Inc.
by: W.R. Appleby
Signature of lot owner

W.R.A. Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11 day of
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President



Douglas Packard
Notary Public in and for Alaska
My Commission Expires: 8/88

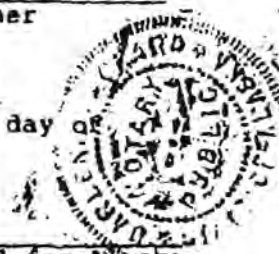
STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 8 BLK 1

W.R.A. Inc.
by: W.R. Appleby
Signature of lot owner

W.R.A. Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11 day of
November, 1984 by W.R.A., Inc., lot owner, W.R. Appleby,
President



Douglas Packard
Notary Public in and for Alaska
My Commission Expires: 8/88

STATE OF ALASKA)

) SS:

THIRD JUDICIAL DISTRICT)

DATED 11-11-84

Lot Number

10 Blk 1

W.R.A. Inc.

[Signature]
Signature of lot owner

W.R.A. Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President



[Signature]
Notary Public in and for Alaska
My Commission Expires: 8/8/88

STATE OF ALASKA)

) SS:

THIRD JUDICIAL DISTRICT)

DATED 11-11-84

Lot Number

2 Blk 2

W.R.A. Inc.

[Signature]
Signature of lot owner

W.R.A. Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President



[Signature]
Notary Public in and for Alaska
My Commission Expires: 8/8/88

STATE OF ALASKA)

) SS:

THIRD JUDICIAL DISTRICT)

DATED 11-11-84

Lot Number

4 Blk 2

W.R.A. Inc.

[Signature]
Signature of lot owner

W.R.A. Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day of
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President



[Signature]
Notary Public in and for Alaska
My Commission Expires: 8/8/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 6 Blk 2

W.R.A., Inc.
W.R. Appleby
Signature of lot owner

W.R.A., Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by W.R.A. Inc. Lot owner, W.R. Appleby
President



Dorlene Packard
Notary Public in and for Alaska
My Commission Expires: 8/9/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 7 Blk 2

W.R.P., Inc.
W.R. Appleby
Signature of lot owner

W.R.P., Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by W.R.A., Inc. Lot owner, W.R. Appleby.
President



Dorlene Packard
Notary Public in and for Alaska
My Commission Expires: 8/9/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 8 Blk 2

W.R.P., Inc.
W.R. Appleby
Signature of lot owner

W.R.P., Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by W.R.A., Inc. Lot owner, W.R. Appleby.
President



Dorlene Packard
Notary Public in and for Alaska
My Commission Expires: 8/9/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 12 Blk 1

W.R.A., Inc
[Signature]
Signature of lot owner

W.R.A., Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day of
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President

[Signature]
Notary Public in and for Alaska
My Commission Expires: 8/9/88



STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11-11-84
Lot Number 13 Blk 2

W.R.A., Inc
[Signature]
Signature of lot owner

W.R.A., Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day of
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President

[Signature]
Notary Public in and for Alaska
My Commission Expires: 8/9/88



STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

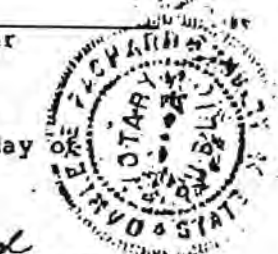
DATED 11-11-84
Lot Number 14 Blk 2

W.R.A., Inc.
[Signature]
Signature of lot owner

W.R.A., Inc.
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day of
November, 1984 by W.R.A., Inc. lot owner, W.R. Appleby,
President

[Signature]
Notary Public in and for Alaska
My Commission Expires: 8/9/88



STATE OF ALASKA)

) SS:

THIRD JUDICIAL DISTRICT)

DATED Nov. 11, 1984

Lot Number Lot 30 Blk 2

Maxine Flounders

Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11 day
November, 1984 by Maxine Flounders, lot owner.

Chasme Gelo
Signature of lot owner



Valerie Packard
Notary Public in and for Alaska
My Commission Expires 8/9/88

STATE OF ALASKA)

) SS:

THIRD JUDICIAL DISTRICT)

DATED Nov. 11, 1984

Lot Number Lot 33 Blk 2

TERRY ALEXANDER

Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11 day
November, 1984 by Terry Alexander, lot owner.

Terry L. Alexander
Signature of lot owner



Valerie Packard
Notary Public in and for Alaska
My Commission Expires 8/9/88

STATE OF ALASKA)

) SS:

THIRD JUDICIAL DISTRICT)

DATED Nov. 11, 1984

Lot Number Lot 11 Blk 2

David C. Parsons
Kathryn Lund

Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11 day
November, 1984 by David C. Parsons and Kathryn Lund, lot owners.

David C. Parsons
Kathryn Lund
Signature of lot owner



Valerie Packard
Notary Public in and for Alaska
My Commission Expires 8/9/88

STATE OF ALASKA)
) SS:
THIRD JUDICIAL DISTRICT)

DATED 11 Nov 84
Lot Number Lot 37 B1k2

ROBERT M. PECK
Printed name of lot owner

[Signature]
Signature of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day of
November, 1984 by Robert M. Peck, lot owner.

Darlene Packard
Notary Public in and for Alaska
My Commission Expires 9/9/88



STATE OF ALASKA)
) SS:
THIRD JUDICIAL DISTRICT)

DATED 11 Nov 84
Lot Number Lot 34 B1k2

Jeffrey L. Hartman
Printed name of lot owner

[Signature]
Signature of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day of
November, 1984 by Jeffrey L. Hartman, lot owner.

Darlene Packard
Notary Public in and for Alaska
My Commission Expires 9/9/88



STATE OF ALASKA)
) SS:
THIRD JUDICIAL DISTRICT)

DATED 11 Nov 84
Lot Number Lot 55 B1k2

Richard W. Morrison
CHARLOTTE M. MORRISON
Printed name of lot owner

[Signature]
Charlotte M. Morrison
Signature of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by Richard W. Morrison and Charlotte M. Morrison,
lot owners.

Darlene Packard
Notary Public in and for Alaska
My Commission Expires 9/9/88



STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11 Nov 84
Lot Number 10-2
Lot 10 Bk 2

Loyd D. Kingham
Signature of lot owner

Loyd D. Kingham
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 11th day
November, 1984 by Loyd D. Kingham, lot owner.



Darlene Packard
Notary Public in and for Alaska
My Commission Expires 8/9/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 13 Nov. 84
Lot Number
Michael N. FOSTINIS Lot 7 Bk 2

Michael N. Fostinis
Signature of lot owner

Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 13th day
November, 1984 by Michael N. Fostinis, lot owner.



Darlene Packard
Notary Public in and for Alaska
My Commission Expires 8/9/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 15 Nov 84
Lot Number
Lot 39 Bk 2

Dennis E. Posey
Signature of lot owner

Dennis E. Posey
Printed name of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 15th day
November, 1984 by Dennis E. Posey, lot owner.



Darlene Packard
Notary Public in and for Alaska
My Commission Expires 8/9/88

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED 11/17/84
Lot Number Lot 36 Blk 2
Darlene Packard
Donald C. Packard
Printed name of lot owner

Darlene Packard
Donald C. Packard
Signature of lot owner

Personally appeared before me and,
Subscribed and Sworn to before me this 17th day of
November, 1984 by Darlene Packard and Donald C. Packard,
lot owners.

[Signature]
Notary Public in and for Alaska
My Commission Expires: 12/22/87
Bills Expires: 12/22/87

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) SS:

DATED _____
Lot Number _____

Printed name of lot owner

Signature of lot owner

Subscribed and Sworn to before me this _____ day of
November, 1984.

Notary Public in and for Alaska
My Commission Expires: _____

This is to certify that I am the secretary of Innesraig
Condominium Association and that the foregoing individuals who
have signed this document are all residents and unit owners of
Innesraig Condominium Association and that the foregoing signa-
tures satisfies the requirement of Article XI, Section 3. which
requires that 51% of the lot owners signatures be attached to
amended documents.

DATED at Anchorage, Alaska this 19 day of November,
1984.

[Signature]
Secretary, Innesraig Condominiums

AMENDMENTS

Article II, Section 1 (c) which currently reads:

C. The right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by those members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership, and those members entitled to cast two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication or transfer has been recorded; PROVIDED FURTHER, HOWEVER, that such restriction shall not apply when the transfer is for utility or similar easement to public authority or public utility companies.

Is amended to read:

C. The right of the Association by act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly by such Townhouse Owner's Association for the benefit of the units in the PUD shall not be effective unless an instrument signed by those members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership, and those members entitled to cast two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication or transfer has been recorded; PROVIDED FURTHER, HOWEVER, that such restriction shall not apply when the transfer is for utility or similar easement to public authority or public utility companies. Any such dedication, sale, abandonment, partition, subdivision, encumbrance or transfer must be approved in writing by 75% of the first mortgagees.

Article IV, is amended as follows:

Section. 1. Creation of Lien and Personal Obligation of Assessments. The Declarant, except as hereinbelow provided, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, late charges, costs, and reasonable attorneys' fees, shall be charged on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, late charges, if any, costs and reasonable attorneys' fees, shall also be in the personal obligation of the person who was the owner of such property at the time that the

assessment fell due. All assessments are to be paid regardless of any claim the unit or lot owner may allege against the association.

Unimproved lots shall be assessed at 50% of the amount of assessment of improved lots. Unimproved lots for the purpose of this Article shall mean a lot upon which no residence has been constructed and also a lot upon which a residence has been constructed, but such residence has not yet been occupied as a residence.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties; the improvement, replacement, repair, and maintenance of the individual lots, and the exterior of the dwellings thereon erected, and the Common Areas, including as examples and not by way of limitation, payment or insurance, taxes, utilities or other services billed to the Association or otherwise payable by it; maintenance, improvement, or repair to be performed by the Association; and for such other purposes as in these Declarations set forth, or reasonably implied therefrom. It is anticipated that water utilities will bill the "Association" directly for water service to each lot.

Further, the "Association" will be responsible (as between the "Association" and the particular utility) in the same manner as any customer for breaks, plug-ups, and freeze-ups and related problems of the common sewer service line extensions serving two residences as well as for freeze-ups of common water service line extensions. The responsibility of the "Association" for such common service lines shall only be up to the junction of the common lines with the lines providing individual household service to the individual residences. Maintenance and repair of the individual household service lines are the responsibility of each Lot owner. The "Association" shall charge back to the owners of lots served by the particular common line, pro rata, any amounts paid by it in connection with any such plug-ups or freeze-ups.

No Owner shall have or make any claim against the Association except for negligence in connection with the responsibilities herein set forth and each Owner agrees to save, protect and hold harmless the Association from any liability, claim, demand or suit in connection with sewer or water line problems pertaining to each such Owner's lot.

Should for any reason the "Association" cease to do business (which can only be with the consent of the Anchorage Municipality), the individual lot owners will be billed and will pay their pro rata share of water charges supplied through common

lines to one or more lots. Similarly, in such case, the individual lot owners will be responsible for and pay their pro rata share of repair and maintenance expenses for repair and maintenance of water and sewer lines that the "Association" is to be responsible for as provided above. Any cessation in doing business must be approved by 75% of the first mortgagees.

Article IV, Section J. is amended as follows:

Section 3. Determination of Annual Assessments.

Annually, at least thirty (30) days prior to the annual meeting, the Board of Directors of the Association shall prepare a budget by establishing the estimated expenses and reserves necessary to maintain, replace, improve and repair the common areas and facilities and exterior of the structure. All expenditures made by the association shall be for the exclusive promotion of the health, welfare, safety and recreation of the residents of the property. Such expenses shall include administrative supplies, building maintenance and repair, asphalt and sidewalk repair, grounds maintenance and supplies, miscellaneous maintenance costs, utility costs including electricity, gas, oil, water, sewer and refuse collection, and management fees, accounting fees, legal fees and other miscellaneous fees as required; and reserves for painting, repair and replacement of exterior of the structure and common areas and facilities.

Once the association expenses are agreed upon the board will set a monthly assessment based upon the percentage of ownership such that the total assessment plus other miscellaneous income equals the total annual budget. The assessment shall be an annual assessment. The board may allow the assessment to be paid monthly.

The proposed budget shall be sent to all association members as an attachment to the notice of the annual meeting. The budget will be adopted at the annual meeting by the Board of directors.

Article IV, Section 4. is amended as follows:

Section 4. Special assessments During the Budget Year.

The Board is empowered to levy special assessments. Special assessments shall be of two types. The first permissible special assessments shall be for covering any budgeting shortfalls. Such special assessment shall be allowed once each budget period in the discretion of the Board. If there should be further budget shortfalls during the budget year further special assessments must be approved by a majority of the unit owners at a meeting called for that purposes.

A second permissible special assessment purpose is for

capital improvements. Capital Improvements are defined as expenditures to add to the common areas and facilities through the construction or erection of improvements thereon. Landscaping, recreational facilities, and club house are examples of such improvements. An assessment for capital improvements must first be approved by 2/3 of the unit owners at a meeting called for such purpose.

Article IV, Section 5. is amended as follows:

Section 5. Rate of Assessment. Each unit owner shall be assessed annually in an amount equal to their percentage of ownership multiplied by the total net budget expenditures after first deducting therefrom miscellaneous income. The percentage of ownership shall be based upon the square footage of the individual unit as a percentage of the square footage of all units. The percentage of ownership shall be determined by the fraction having one (1) as its numerator and the number of units in the project as its denominator.

Article IV, Section 6. is amended as follows:

Section 6. Date of Commencement of Annual Assessment. The annual assessments due herein are payable on the first day of January of the year immediately following the adoption of the budget. The Board has the option of permitting the annual assessment or special assessment to be paid on a monthly basis, or such other basis as the board deems reasonable.

Written notice of the annual assessment and due dates shall be sent to each owner at the time the assessment payment is due, not less than 15 days prior to the date the assessment becomes effective.

All unit or lot owners have a right to receive a statement of the current status of unpaid assessments on their lot or unit. Such certified statement shall be provided free of any charge by the association. Such certified statement shall be conclusive evidence of any assessment therein stated to have been paid.

Article IV, Section 7. is amended as follows:

Section 7. Effect of nonpayment of assessments; legal rights of the association. It is the obligation and duty of each lot or unit owner to pay each assessment or installment when due. Any late payment is a default of the unit or lot owner's obligations to the Association pursuant to this declaration. Payments not paid within fifteen days of their due date shall be considered late. All such payments will accrue a late charge of \$10.00 per late payment or such other amount as the Board may from time to time deem reasonable. The association may take some or all of the following steps to collect the unpaid assessment:

- A. bring a small claim or district court action
- B. file a lien against the lot or unit
- C. accelerate all remaining payments due on the annual assessment
- D. foreclose on the property based upon the lien, small claims judgment or district court judgment
- E. Execute against any assets owned by the person owing the assessment based upon judgments received by the association against the unit or lot owner.
- F. notify the mortgage holder (lender) if the default remains uncured for thirty days.

The association may seek other relief as allowed by law.

In the event that legal action is pursued all costs related to such pursuit will be paid by the lot or unit owner. Such recoverable costs will include actual attorneys fees if reasonable, filing fees, late charges, prejudgment and post judgment interest, costs of execution, process server charges, charges for certified mail, cost of depositions, and other costs related to the efforts to collect such unpaid assessment.

Article VI, Section 8 shall remain as set forth below.

Section 8. Subordination of the lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or First Deed of Trust, but sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage or Deed of Trust foreclosure, or any proceeding in lieu thereof, shall extinguish the lien or such assessments as to payments which became due prior to such event. No sale or transfer shall relieve such Lot from liability for any assessments thereafter become due or from the lien thereof.

Article IV, Section 9. Notice and Quorum. Written notice of any meeting called for taking any action pursuant to the authority of Article IV, Section 4, concerning capital improvements or budget shortfalls shall be sent to all members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty percent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present a second meeting shall be

called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. In the event that the subsequent meeting is called to review secondary budget shortfalls and a quorum is not established then the Board of Directors shall make such decision as may be required in the exercise of its reasonable business judgment to cover such shortfalls.

Article IV, Section 10. is amended as follows:

Section 10. Liability of Assessments after foreclosure. If the holder of a mortgage or other purchaser of a lot or unit obtains the right of possession to that lot or unit as a result of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, such holders or buyer and those taking title through him are not liable for unpaid assessments existing at the time of foreclosure. The buyer or holder shall be responsible for all assessments due after the date of the foreclosure or transfer by deed in lieu of foreclosure, or assignment in lieu of foreclosure. The unit or lot owner against whom the foreclosure is pursued or from whom the deed or assignment in lieu of foreclosure is accepted shall continue to be responsible to the association for all unpaid assessments due prior to such foreclosure or transfer by deed or assignment in lieu of foreclosure.

Article IV, Section 11. shall remain as follows:

Section 11. Conveyance - Liability Grantor and Grantee for Unpaid Common Expenses. In a voluntary conveyance the Grantee of a lot shall be jointly and severally liable with the Grantor for unpaid assessments against the latter for his share of the common expenses up to the time of the Grantor's conveyance, without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the Grantor and such Grantee shall not be liable for nor shall the lot conveyed be subject to a lien for, any unpaid assessments against the Grantor in excess of the amount therein set forth.

Article V, Section 2. is amended as follows:

Section 2. Architectural Control. No building or structure, shall be erected, altered, placed or permitted to remain on the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and/or specifications, showing the nature, kind, height, materials, and location of same shall have been submitted to, and approved in writing by the architectural control committee or the Board of

Directors of the Association as to quality of workmanship and materials, harmony of exterior design with existing buildings and structures, and as to location with respect to topography and finished grade elevation.

The Association shall not by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the common property party walls or common fences and driveways, or the upkeep of lawns and plantings in the PUD.

The Architectural Committee shall be composed of three representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within sixty (60) days or at the next regularly scheduled Board of Directors meeting after said plans and specifications have been submitted to it, approval will not be required and this section will be deemed to have been fully complied with.

Anything hereinabove to the contrary notwithstanding, the Anchorage Municipality Planning and Zoning Commission shall have overall Architectural Control over this Municipality approved "Planned Unit Development"; and neither the Committee nor the Board shall make any decisions which are not in accord with the Ordinances of the Municipality and the rules and regulations of such commission.

Article XI, Section 9. should be amended as follows:

Section 9. Insurance. Notwithstanding any other provisions herein, the Association shall continuously maintain a master policy of insurance effecting such casualty, flood, fire and extended coverage insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by the Federal National Mortgage Association, Government National Mortgage Association and Alaska Housing Finance Corporation, so long as any of them are the mortgagee or owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association or the Government National Mortgage Association, or Alaska Housing Finance Corporation. The insurance coverage shall be for not less than 100% of the insurable value based upon current replacement costs.

The Association shall not without first obtaining the written approval of seventy-five (75) percent of the first mortgagees, fail to maintain fire and extended coverage on insurable PUDs common property on a current replacement cost basis in any amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost.)

Article XI, Section 8. is amended as follows:

Section 8. Partial Damage or Destruction. In the event that any lot, building, structure or other improvement within the project, is damaged or destroyed by any casualty loss, partially or completely, such owner and/or the Association shall promptly repair or replace such property. The use of any hazard Insurance proceeds for losses to any common property for other than repair, replacement or reconstruction of such common property must be approved by 75% of the first mortgagees of the individual units. Failure of a lot owner to promptly repair or replace any property damaged or destroyed within his lot, shall give rise to a right in the Association to undertake such repair or replacement and to charge the owner of such lot therefor. In the event that any such damage or partial destruction shall affect more than twenty-five percent (25%) of the lots in the project, or shall cause a diminution in the market value of lots within the project equal to or greater than twenty-five percent (25%) of the market value of all such lots immediately prior to the casualty loss, the Association shall determine by majority vote whether or not the repair or replacement of such property should be undertaken by the Association. The Association shall promptly notify all holders of first mortgages or first Deeds of Trust of any loss, damage or destruction of common areas or related facilities which exceeds ten thousand dollars (\$10,000.00).

Article XIV, Section 3 is amended as follows:

Section 3. Priority of Parties for Condemnation or Casualty Insurance Proceeds. If any lot or portion thereof or the common area and facilities or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage of a lot will be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of any document establishing the project will entitle the owner of a lot or any other party to priority over such institutional holder of any first mortgage with respect to the distribution to such lot of the proceeds of any award or settlement.

No provision of the PUD constituent documents gives a PUD unit owner or any other party, priority over any rights of first mortgagees of units in a PUD pursuant to their mortgages in the case of a distribution to PUD unit owners of insurance proceeds or condemnation awards for losses to or taking of PUD common property.

Article III, Section 3 (D) which currently reads:

D. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership.

Is amended to read:

D. After initial construction of the project, any additional development of phases to the project shall be combined with the original project and shall constitute the "project". Each unit owner shall become a member of the association upon the occurrence of any of the following events:

1. Transfer of title to a unit by the developer; or
2. Use of a unit for residential purposes by the developer, developer's agent or tenant.

Declarant shall transfer control of the Homeowner's Association to the unit owners no later than the earlier of the following:

1. 120 days after transfer of title to 75% of the units in the project; or
2. Two years following conveyance of the first unit in the project.

AMENDMENT TO DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS OF INNES CRAIG
A PLANNED UNIT DEVELOPMENT

Article III, Section 6 which presently reads:

The Association shall be managed by a person or company qualified by training and experience to manage a project such as Innes Craig. 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 (1) year, renewable by agreement of the parties for successive one-year periods. Such professional management shall not be terminated by the Owners, nor by the Association, unless such termination shall have first been approved in writing by at least seventy-five (75%) of the holders of first mortgages or Deeds of Trust on lots in the project, based on one vote for each mortgage held.

Is amended to read:

The Association shall be managed by a person or company qualified by training and experience to manage a project such as Innes Craig. Any management agreement for the project will be terminable by the Association termination by either party without cause or payment of a termination fee, upon thirty (30) days written notice thereof, and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one year periods.

Article XI, Section 9. Insurance which presently reads:

Notwithstanding any other provisions herein, the Association shall continuously maintain a master policy of insurance effecting such casualty, flood and liability insurance and a fidelity bond meeting the

insurance and fidelity bond requirements for planned unit development projects established by the Federal National Mortgage Association and Government National Mortgage Association, so long as either is the mortgagee or owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association or the Government National Mortgage Association.

Is changed to read:

Notwithstanding any other provisions herein, the Association shall continuously maintain a master policy of insurance effecting such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by the Federal National Mortgage Association and Government National Mortgage Association, and Alaska Housing Finance Corporation (AHFC), so long as either is the mortgagee or owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association, the Government National Mortgage Association, or Alaska Housing Finance Corporation (AHFC).

Article XI is to be amended by adding the following language in a new section X.

Inclusion of warranty "f" as per Seller/Service Guide, Section 2004.02.
"First mortgagees of PUD units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any PUD common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage. First mortgagees making such payments shall be owed immediate reimbursement from the PUD Homeowner's Association. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees of units in a PUD duly executed by the PUD Homeowners' Association, and an original or certified copy of such agreement is possessed by Seller."

81-094934

76.

RECORDED-FILED
ANCHORAGE REC.
DISTRICT

-20-

DEC 7 9 46 AM '84

ADDRESS Vincent Viale
725 Christy Lane
Anchorage, Alaska 99501

POOR FILING QUALITY

BK 02274 PG 839

AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS,
AND RESTRICTIONS OF
INNESCRAIG, A PLANNED
UNIT DEVELOPMENT

18678-27

This amendment is made on the date hereinafter set forth by the Innescraig partnership, though its successor in interest, Becky Bachner-Clapper, hereinafter referred to as declarant.

This amendment applies to the declaration duly executed by declarant on June 5, 1979, and recorded on Pages 319-342 inclusive in Book 408 of the Anchorage Recording District.

This amendment is made in accordance with the provisions of "Article X, annexation of additional properties, Section 2, Amendments to existing phases" of that declaration, and is amended as follows:

1) Lots 11, 12, 13, 14, 15, 16, 17, 18 and 19, Block 1 and Lots 15, 16, 17, 18, 19, 20, 21, 22, 23 and 24, Block 2 of the Innescraig PUD are hereby included into the declaration. The addition of these (19) lots shall be identified as Phase IV.

2) Article III of the declaration is amended for all lots in Phase IV as follows:

Section 3C is revised to read July 1, 1994.

DATED at Anchorage, Alaska this 21st day of May, 1992.

ESTATE OF KARL A. BACHNER

BY Karl A. Bachner PERSONAL REPRESENTATIVE
Approved by AK DL 0331716
First Mortgage Holder

Becky L. Bachner-Clapper
Declarant AK DL 0331716

THIS IS TO CERTIFY that on this 21st day of May, 1992, personally appeared before me Becky L. Bachner-Clapper to me known to be the declarant described in and who executed the within amendments and acknowledged that she signed the same as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

92-022218
ANCHORAGE REC. 15th
DISTRICT
REQUESTED BY ST

Permyl J. Joste
Notary Public in and for Alaska
My Commission expires 12-30-92

This instrument is being recorded by Stewart Title as an accommodation only. It has not been examined as to its effect, if any, on the title of the estate herein.

'92 MAY 22 AM 8 30