

DECLARATION SUBMITTING
REAL PROPERTY TO HORIZONTAL REGIME
ACT FOR PIONEER ESTATES CONDOMINIUM

WINFRED G. LUCAS, hereinafter referred to as "Declarant", the owner of the real property more particularly described below, hereby submits said property to the provisions of the Horizontal Property Regimes Act (Title 34, Chapter 07, Alaska Statutes) as now existing, or as hereafter amended, and hereby establishes a "Horizontal Property Regime" with respect to said property. for the "Project", to be known as PIONEER ESTATES CONDOMINIUM.

At the time of recording this Declaration, there has been filed in the Anchorage Recording District, Third Judicial District, State of Alaska, survey maps and floor plans for the Project under File No. 79-83, which survey maps and floor plans are incorporated herein by reference as if fully set forth.

ARTICLE I

DESCRIPTION OF LAND

The land on which the buildings and improvements of the Project are located, or are to be located, is more particularly described as follows:

Lots Three (3), Four (4), Five (5), Six (6) and Seven (7), Block Five (5) and Lots Sixteen (16), Seventeen (17) and Eighteen (18), Block Six (6), of the FOOTHILLS, ADDITION NO. 2, according to the official plat thereof, filed under Plat No. 77-295, Anchorage Recording District, Third Judicial District, State of Alaska.

ARTICLE II

DEFINITIONS

The following terms shall have the following meanings when used herein:

Section 1. Unit. "Unit" means an individual airspace, and, as used herein, is identical to "Apartment", as defined in Title 34, Chapter 07, Alaska Statutes, except as herein otherwise defined. The boundary lines of each unit are (except

as elsewhere herein defined) the interior unfinished surfaces (exclusive of paint, paper, wax, tile, enamel or other furnishings) of its perimeter walls, floors, ceilings, windows and doors thereof, as shown on the survey maps and floor plans referred to above; and a unit includes both the portions of a building so described and the airspace so encompassed, and includes all fixtures, improvements, and partitions therein contained. The foregoing notwithstanding, the following are not a part of a "Unit": bearing and party walls, roofs, foundations, pipes, flues, conduits, wires and other utility installations to the exterior perimeters of a "Unit", all regardless of location.

Section 2. Condominium Unit. "Condominium Unit" means a "Unit", together with an undivided interest in the Common Area and facilities as set forth in Articles V and VII hereof, and the Limited Common Areas and Facilities appurtenant to and reserved to the use of a Unit to the exclusion of other Units.

Section 3. Condominium Building. "Condominium Building" means the building constructed, or to be constructed, on the property described in Article I above.

Section 4. Owner. "Owner" means any person or entity at any time having fee title to a "Condominium Unit".

Section 5. Project. "Project" means the "Property", as defined in A.S. 34.07.450(13).

Section 6. Common Area. "Common Area" means the "Common Area" as set forth in Article V hereof.

Section 7. Limited Common Areas and Facilities. "Limited Common Area and Facilities" means a part of the Common Area, an easement for the exclusive use of which is appurtenant to a particular Unit, as more particularly set forth in Article VI below. The term "Limited Common Area" is sometimes used herein in place of "Limited Common Areas and Facilities" and means the same thing.

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. Institutional Holder. The term "Institutional Holder" means a mortgagee which is a bank or savings and loan association; corporation, insurance company, or other entity

chartered under federal and state law; or any federal or state agency.

Section 10. Association. "Association" means Pioneer Estates Condominium Association, Inc., an Alaska nonprofit corporation.

Section 11. Board. "Board" means the Board of Directors of the Association.

Section 12. Bylaws. "Bylaws" means the bylaws of the Association.

Section 13. Declarant. "Declarant" means WINFRED G. LUCAS, and his assigns and legal representatives.

ARTICLE III

DESCRIPTION OF CONDOMINIUM BUILDINGS

Section 1. There are seven condominium buildings on the Project labeled Buildings "A", "B", "C", "D", "E", "F" and "G" on the survey map and floor plans filed herewith. Six of the seven buildings contain eight condominium units. One building contains six condominium units. The seven buildings are two story wood frame construction on concrete block foundations. The siding is T-111 fir plywood. Each building has a built-up, gravel sloped roof.

Section 2. The condominium units are designated as A-1 through A-8, B-1 through B-8, C-1 through C-6, D-1 through D-8, E-1 through E-8, F-1 through F-8 and G-1 through G-8.

Section 3. The condominium buildings are located on the land and contains the number of units as set forth on the survey maps referred to above.

ARTICLE IV

DESCRIPTION OF UNITS AND ACCESS

Section 1. All units are delineated on the above-referenced survey maps and floor plans. The units are more particularly described on Exhibit "A" attached hereto and made a part herof.

ARTICLE V

DESCRIPTION OF COMMON AREAS AND FACILITIES

The Common Areas and Facilities shall consist of:

(1) The land described in Article I above, the airspace above same, except the airspace occupied by each of the units, and all improvements situate upon such land, except those improvements actually within the airspace occupied by each unit. The common areas shall include stairs, entry porches, drive, walkways, and landscaping.

(2) The foundation, beams, studding, supports, main walls and roof of the condominium building.

(3) Installations of common utility services to the exterior of the perimeter walls, floors or ceilings of each unit. In the case of utility services metered to and for each individual unit, such as electricity, the common area or facility extends only to (and not including) such meter; and the meters and wires, conduits or pipes from same are improvements belonging exclusively to each particular unit. The pipes, conduits and wires from the interior surface of the exterior walls (or partitions between units) of the building are the exclusive property and responsibility of the owner of each such unit. The water and sewer service shall be a common utility and each unit shall be assessed pro rata according to its percentage of ownership of the common area.

(4) All other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

The Board may require that Owners maintain certain portions of the Common Areas, such as screen doors, window screens, awnings, storm windows, planter boxes, antennae, and the like, according to standards and requirements set by the Board.

ARTICLE VI

DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES

The Limited Common Areas and Facilities reserved for the use of each unit, to the exclusion of the other units, are the following: decks, chimneys, covered parking spaces. The limited common areas as designated for each unit are shown on the above referenced survey maps and described on Exhibit "B" attached hereto and made a part hereof.

ARTICLE VII

UNDIVIDED INTEREST IN COMMON AREAS AND FACILITIES

The percentage of undivided interest in the Common Area and facilities appertaining to each condominium Unit and its Owner for all purposes, including voting, is in accordance with Exhibit "C", attached hereto and made a part hereof. Such values are established as required by A.S. 34.07 and do not necessarily reflect the amount for which a Condominium Unit will be sold by Declarant or others.

ARTICLE VIII

VALUE OF LAND AND IMPROVEMENTS

The value of the Project is \$2,912,500.00.

ARTICLE IX

STATEMENT OF PURPOSES FOR THE CONDOMINIUM BUILDING
AND CONDOMINIUM UNITS - USE REGULATIONS

Section 1. Residential. The Condominium Units are hereby restricted to single family residential uses and uses related to the convenience and enjoyment of such residential use.

Section 2. Sales and Construction Facilities of Declarant and Commercial Activity. Notwithstanding Section 1, Declarant shall be permitted to maintain during the period of construction and sale of Condominium Units upon such portion of the property as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Condominium Units and Declarant or a person designated by the Association as agent of the Association for purposes of managing the property may maintain a management office and facilities in a residence. Furthermore, professional and administrative occupations may be carried on within the Units so long as there exists no external evidence thereof.

Section 3. Compliance with Law. No immoral, improper, offensive or unlawful use shall be permitted or made of the Project or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project shall be observed.

Section 4. Rules. Rules may be adopted by the Board concerning and governing the use of the Common Area and

Limited Common Area, provided such rules shall be furnished to Owners prior to the time they become effective and that such rules shall be uniform and nondiscriminatory.

Section 5. No Unauthorized Additions, Alterations or Decorations. No additions, alterations or decorations to the Common Area, including the Limited Common Area, shall be commenced, erected or maintained without the prior written approval of the Board.

Section 6. Animals. The Board may by rule prohibit or limit the raising, breeding or keeping of animals in any unit or on the Common Area or any part thereof.

Section 7. Temporary Structure. No Owner, nor occupant, shall store or permit the storage of any trailer, snowmobile, or other recreational vehicle on any part of the Project even if such storage is meant to be temporary; however, trailers or 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 of the Project.

Section 8. No First Right of Refusal. The right of an Owner to sell, transfer, or otherwise convey the Owner's Condominium Unit will not be subject to any right of first refusal or any similar restriction in favor of the Association.

Section 9. Renting, Leasing. With the exception of a lender in possession of a Condominium Unit 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 lease a Condominium Unit for transient or hotel purposes. No Owner may lease or rent less than the entire Condominium Unit. 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 Condominium Unit.

Section 10. Parking and Vehicular Restrictions. No vehicle which shall not be in an operating condition shall be parked or left on the property subject to this Declaration. The parking space shall be used for parking vehicles only. There shall be no exposed storage of any nature on any portion of the Project.

ARTICLE X

AGENT FOR RECEIPT OF PROCESS

Pending amendment hereto, the person to receive service of process in the cases provided for under the Horizontal Property Regimes Act (Title 34, Chapter 07) shall be Marlow L. Skinner, whose address for such purposes shall be 212 E. International Airport Road, Anchorage, Alaska 99502, such address being within the recording district in which the project is located. At the first meeting of the Board of Directors of the Association of Owners, as provided for in the Bylaws of the Association, a new registered agent may, with such agent's consent, be appointed, and an appropriate amendment of these Declarations shall be filed in the District Recorder's office.

ARTICLE XI

EASEMENTS FOR ENCROACHMENTS AND UTILITIES

Section 1. Easements. If any portion of the Common Area now encroaches upon any Condominium Unit or if any Condominium Unit now encroaches upon any other Condominium Unit or upon any portion of the Common Area, as a result of the construction of the Condominium Building, or if any such encroachment shall occur hereafter as a result of settling or shifting of the Condominium Building or for any other reason, a valid easement for the encroachment and for the maintenance of the same so long as the Condominium Building stands shall exist. In the event the Condominium Building, or any adjoining Common Area, shall be partially or totally destroyed as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area upon any Condominium Unit or upon any other portion of the Common Area due to this rebuilding, shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the Condominium Building shall stand. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Condominium Unit.

Section 2. Reservation to Grant Easements. Declarant reserves the right to grant, convey, transfer, cancel, relocate and otherwise deal with any and all utility easements now or hereafter located on or about the project; provided, however, no such action shall be taken that would substantially affect the appearance or structure of a Condominium Unit; and provided further that as an when one hundred percent (100%) of the Condominium Units have been sold the rights reserved under this Article shall be exercisable solely by and only by the Association.

ARTICLE XII

INCIDENTS OF CONDOMINIUM OWNERSHIP

Section 1. Limited Common Areas. Limited Common Areas described in Article VI and identified on the condominium map, shall be used exclusively by the owner or owners of said condominium unit or units and not by others except by invitation.

Section 2. Title. Title to a Condominium Unit may be held or owned by any person or entity and in any manner in which title to real property may be held or owned in the State of Alaska.

Section 3. Inseparability. Each Unit shall be inseparable from the undivided interest in and to the common elements appurtenant thereto and no such Unit shall be conveyed, leased, devised, mortgaged or otherwise transferred except as a complete Condominium Unit as defined herein in Article II. Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Condominium Unit or any part thereof shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire Condominium Unit, together with all appurtenant rights created by law or by this Declaration.

Section 4. Partition not Permitted. The Common Area shall be owned in common by the Owners of Condominium Units, and no Owner may bring any action for partition thereof. There shall be no subdivision of a Condominium Unit, and no part of a Condominium Unit may be separated from any other part thereof during the period of condominium ownership prescribed herein without written agreement of one hundred percent (100%) of the Owners of the Condominium Units in the Project and the holders of the first mortgages on one hundred percent (100%) of the Condominium Units in the Project in order that each Condominium Unit and the undivided interest in the Common Area appurtenant to such Unit shall always be conveyed, demised, encumbered, or otherwise affected only as to a complete Condominium Unit.

There shall be no combination of the area or space of one Condominium Unit with that of another without written agreement of one hundred percent (100%) of the Owners of the Condominium Units in the Project and the holders of first mortgages on one hundred percent (100%) of the Condominium Units in the Project.

Section 5. Assessments and Taxation. Each Condominium Unit shall be assessed and taxed separately for all taxes, assessments and other charges of the State of Alaska, or any political subdivision, or any special improvement district, or

any other taxing authority, including without limitation, special ad valorem levies and special assessments. No forfeiture or sale of any Condominium Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Condominium Unit.

Section 6. Owner's Right to Ingress and Egress. Each owner shall have the right to ingress and egress over, upon and across the common areas necessary for access to his Condominium Unit, and shall have the right to the horizontal and lateral support of his Condominium Unit, and such rights shall be appurtenant to and pass with the title to each Condominium Unit.

Section 7. Easements Deemed Created. Each Owner has a nonexclusive easement for and may use the Common Area. All conveyances of Condominium Units 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 appear in any such conveyance.

Section 8. Association's Right to Use of Common Areas. The Association shall have a nonexclusive easement to make such use of the Common Area as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain in the general common areas maintenance and storage facilities for use by the Association.

Section 9. Labor and Material Liens. No labor performed or materials furnished for use in connection with any Condominium Unit with the consent of, or at the request of, an Owner, or his agent, or subcontractor thereof, shall create any rights against any other Condominium Unit or against any interest in the Common Areas, except as to the undivided interest therein appurtenant to the Condominium Unit of the Owner for which such labor shall have been furnished. Each Owner shall indemnify and hold harmless the other Owners from and against liability or loss arising from the claim of any lien against the Project, or any part thereof, for labor performed, or for materials furnished on or for such Owner's Condominium Unit.

ARTICLE XIII

ADMINISTRATION

Section 1. The Association. The administration of the Project shall be by the Pioneer Estates Condominium Association,

Inc., an Alaska non-profit corporation, in accordance with this Declaration and its Articles of Incorporation and Bylaws.

Section 2. Membership. An Owner of a Condominium Unit shall automatically become a member of the Association and shall remain a member for the period of his ownership.

Section 3. Amendment of Bylaws. The Bylaws of the Association may be amended by a vote of the members of the Association whose aggregate interest in the common elements constitute sixty percent (60%) at a meeting of the Association duly called for such purpose.

Section 4. Managing Agent. The Board may employ for the Association a responsible manager at a compensation established by the Board, to perform such duties and services as the Board shall authorize. 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.

Section 5. Receipt of Bylaws. Each Owner shall receive a true and correct copy of the Bylaws of the Association upon becoming an Owner, and shall acknowledge the receipt of same.

ARTICLE XIV

LIABILITY OF DIRECTORS AND OFFICERS

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

Section 2. Indemnification. The Association shall indemnify every director or officer, and his or her heirs, executors and administrators against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other

rights to which such director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

ARTICLE XV

ASSESSMENTS

Section 1. Obligation. All Owners shall be obligated to pay the assessments imposed by the Board to meet the common expenses of maintenance, operation and management of the Project. Declarant shall be obligated to pay Association assessments for all Condominium Units as long as Declarant owns same, and in the same manner as though it were a purchaser of same, except that Declarant will not be obligated to pay for a garbage service fee or a management fee. The Board may establish any reasonable system for collection periodically of common expenses, in advance or arrears as deemed desirable. The obligation of each owner to pay the assessments imposed by the Board shall commence upon the recordation of a deed conveying the condominium to such owner.

Section 2. Annual Assessments. Assessments for the estimated common expenses computed on an annual basis shall be made by the Board and shall be payable in equal monthly installments in advance on the first day of each calendar month. At the end of each calendar year the Board shall determine actual expenses and either assess each owner or credit against the next ensuing calendar month as the case may be. Assessments made shall be based upon the estimated Project expenses including the cost of maintenance and operation of the Common Area, expenses of management, taxes and special assessments unless separately assessed, insurance premiums for insurance coverage as deemed desirable or necessary by the Board, repairs and renovations, utility charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Board or Managing Agent under or by reason of this Declaration, payment of any deficit remaining from a previous assessment period, a reserve fund for replacement of Common Area components, and other costs incurred for the benefit of the Project. The omission or failure of the Board to fix the assessments for any assessment period shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same. The Board shall have the right, but not the obligation, to make pro rata refunds of any assessments in excess of the actual expenses incurred prior to the end of the calendar year.

Section 3. Apportionments. The percentage of any assessment imposed by the Board to be paid by an Owner shall be equal to such Owner's appurtenant interest in and to the Common Area as set forth in Exhibit "C" to this Declaration.

Section 4. Time for Payment of Assessments. Assessments will be levied by the Board of Directors. Assessments shall be due and payable within thirty (30) days after written notice of the amount thereof shall have been given to the respective Owner. Each monthly installment or other assessment shall bear interest at eight percent (8%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Failure of the association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner for such assessment, but the date when payment shall become due in such case shall be deferred to a date thirty (30) days after such notice shall have been given.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, payable over such a period as the Association may determine, for the purpose of deferring, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof or for any other expense or purchase incurred or to be incurred as provided in this Declaration. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective undivided interests in the Common Area. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the highest legal rate per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

Section 6. Assessment Lien. All sums assessed, but unpaid, for the share of common expenses or special assessments chargeable to any Condominium Unit shall constitute a lien on such Condominium Unit superior to all other liens and encumbrances except (a) tax and special assessment liens on the Condominium Unit in favor of a taxing authority and (b) all sums unpaid on any Mortgage of record on the date the monthly installment or other assessment became due. To evidence the lien as herein permitted, the Board of Directors may, but shall not be required to, prepare a written notice setting forth the amount of such unpaid indebtedness, the amount of accrued penalty thereon, the name of the Owner of the Condominium Unit and a description of the Condominium Unit and record the same in the office of the Clerk of the Anchorage Recording District, State of Alaska. Such lien for assessment shall attach from the due date of the assessment. The lien may be enforced by foreclosure of the defaulting Owner's Condominium Unit by the Association in the manner for foreclosing a mortgage on real property upon recording

of a notice for claim thereof. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid assessments, any penalties thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien and all reasonable attorneys' fees in connection therewith.

Section 7. Personal Obligation. The amount of any assessment chargeable against any Condominium Unit shall be a personal and individual debt of the Owner thereof. No Owner may exempt himself from liability for the assessment by abandonment or waiver of the use or enjoyment of any of the common elements. Suit to recover a money judgment for unpaid monthly installments or other assessments plus interest and expenses, including attorneys' fees, shall be maintainable without foreclosing or waiving the assessment lien provided herein.

Section 8. Notice to Mortgagee. The Association shall report to any Mortgagee of a Condominium Unit any unpaid assessments pertaining to the mortgaged Unit remaining unpaid for longer than thirty (30) days after the same shall have become due.

Section 9. Annual Audit Furnished Holder of Mortgage. Any Institutional Holder of a Mortgage on a Condominium Unit in the Project will, upon request, be entitled to receive an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the project.

Section 10. Personal Liability of Purchaser for Assessments. If the holder of a first mortgage or other purchaser of a Condominium Unit obtains possession of the Condominium Unit 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 Condominium Unit which became due before his possession. This unpaid share of common expenses or assessments is a common expense collectible from all of the Owners, including the possessor, his successors and assigns, pro rata.

Section 11. Initial Obligation of Purchaser of a Unit. A first purchaser of a Condominium Unit from the Declarant shall be required at the closing of the purchase of such Condominium Unit to deposit with the Association an amount equal to two (2) months of the particular Unit's allocation of the annual budget, which sum shall be placed in the working capital fund to be used for the initial operation of the Project.

ARTICLE XVI

AMENDMENT

This Declaration may be amended by affirmative vote of not less than sixty percent (60%) of the Owners; provided, however, the percentage of undivided interest of each Owner in the Common Area may be changed, and alterations to the Project may be authorized, only by an amendment approved by one hundred percent (100%) of the Owners; and provided, further, that the written approval of the Institutional Holders of first mortgages on one hundred percent (100%) of the Condominium Units shall be a prerequisite to the effectiveness of any action which amends any material provision of this Declaration, including but not limited to, any amendment which would change the percentage interests of the Owners in the Project.

While any Unit in the Project is encumbered by a Federal Veterans Administration loan, prior written approval of the Veterans Administration shall be a condition precedent to the effectiveness of any amendment to this Declaration.

ARTICLE XVII

DAMAGE AND DESTRUCTION

Within sixty (60) days of any damage or destruction to all or part of the Project, a determination as to whether to repair or reconstruct the same in accordance with the original plan shall be made by majority vote of all Owners. If at least a majority of the Owners vote to rebuild, repair, or reconstruct, and the insurance proceeds are insufficient to repair and reconstruct, the Owners shall be liable for any deficiency as a common expense. If all or part of the Project is destroyed or substantially destroyed and a vote of a majority of the Owners to rebuild, repair, or reconstruct is not obtained, the insurance proceeds shall be applied by the Board of Directors first to satisfy the interest of Mortgagees of Condominium Units; second to the cost of removing the destroyed structure; and the remaining proceeds divided among the Owners based upon his percentage of undivided interest.

In the event of substantial damage to or destruction of any Unit or any part of the Common Area, the Institutional Holder of any first mortgage on a Unit will be entitled to timely written notice of any such damage or destruction.

ARTICLE XVIII

ALTERATION OF THE PROJECT

Restoration or replacement of the Project or the Condominium Building or construction of any additional building or structural alteration or addition to the Condominium Building, different in any material respect from the Condominium file plan of the Project, shall be undertaken only upon the prior approval by a one hundred percent (100%) vote of the Condominium Unit Owners. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record a complete set of floor plans of the Project so altered in a form which meets all then existing statutory requirements.

ARTICLE XIX

REPAIR AND MAINTENANCESection 1. Obligation of Owner.

(a) Every Owner shall at all times repair, maintain and keep his Unit and Limited Common Area subject to his exclusive control in good order and condition, except as otherwise provided by law or the Declaration, and without limitation shall perform promptly all such work within his Condominium Unit the omission of which would affect any part of the Common Area or other Units and shall be responsible for all loss and damage occasioned by his failure to do so.

(b) All repairs of internal installations within each Unit and its appurtenant Limited Common Area such as water, light, power, sewage, telephones, paving, doors, windows, lamps and all other fixtures and accessories to such Unit, including interior walls and partitions and the inner decorated or finished surfaces of the perimeter walls, floors and ceilings of such Unit, shall be made at the Owner's expense.

(c) Every Owner shall reimburse the Association for any expenditure incurred in repairing or replacing any part of the Common Area damaged or lost through the fault of such Owner or any person using the Project under him and shall give prompt notice to the managing agent of any such damage, loss or other defects when discovered.

(d) In order to preserve a uniform exterior appearance to the building, the Board may require the painting of the building, and prescribe the type and color of paint, and may prohibit, require, or regulate any modification or decoration

of the building, undertaken or proposed by any Owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of each Condominium Unit and Condominium Building. The Board may also require use of a uniform color of draperies or drapery lining for all Units.

Section 2. Right of Entry.

(a) Any person authorized by the Board shall have the right to enter each Condominium Unit in case of any emergency originating in or threatening such Condominium Unit, or any part of the Project, whether or not the Owner or occupant is present at the time.

(b) Every Owner and occupant shall permit other Owners or their representatives to enter his Condominium Unit at reasonable times for the purpose of performing authorized installations, alterations or repairs to the Common Area, provided that requests for entry are made in advance. In case of emergency, such right of entry shall be immediate.

ARTICLE XX

INSURANCE

Section 1. Insurance and Bonds. The Board, on behalf of the Association and as a common expense, shall purchase and at all times maintain such policies of fire and liability insurance and bonds with respect to the project as may be provided by the Bylaws or authorized by the Board. Such insurance and bonds will be such as to meet the requirements of any Institutional Holder of a first mortgage on any Condominium Unit, but in any event, fire, extended coverage, and casualty insurance shall be maintained in an amount equal to the appraised insurable value of the Project (exclusive of raw land value) and liability insurance in the amount of at least One Million Dollars (\$1,000,000.00) shall be maintained to protect the Association and the Owners from liabilities caused by acts and omissions of all officers, agents or employees of the Association, and the condition of the Common Area.

Notwithstanding any other provisions herein, so long as the Federal National Mortgage Association, its successors or assigns; or Government National Mortgage Association, its successors or assigns; or Federal Home Loan Mortgage Corporation, its successors or assigns, holds a Mortgage on a Condominium Unit, the Association will carry as a common expense, a master policy of casualty and liability insurance and a fidelity bond with such coverages and endorsements and in such amounts as shall be required by FNMA, GNMA, or FHLMC

regardless of other or different requirements of the Association, the Owner, other mortgagees or other interested parties.

ARTICLE XXI

ADDITIONAL PROTECTION OF MORTGAGEES

Section 1. The prior written approval of each Institutional Holder of a first mortgage lien and the Federal Veterans Administration if there are any Veterans Administration loans on a Condominium Unit in the Project will be required for at least the following:

- (1) The abandonment or termination of the Project, or its status as a horizontal property regime, except for abandonment or termination provided by Section 34.07.330 of the Alaska Statutes.
- (2) Any material amendment to the Declaration, Articles of Incorporation of the Association or the Bylaws, including, but not limited to, any amendment which would change the percentage interests of any Owner in the Project.
- (3) The effectuation of the decision by the Association to terminate professional management and assume self-management of the Project.
- (4) A change in the pro-rata interest or obligation of any Condominium Unit for purposes of levying assessments or charges.
- (5) The use of hazard insurance proceeds for losses to any part of the Project, whether to a Unit or to the Common Area, for other than the repair, replacement, reconstruction of such improvements except as provided in the Horizontal Property Regimes Act in the case of substantial destruction of the Project.

Section 2. Any lien which the Association may have on any Condominium Unit in the Project for the payment of common expense assessments attributable to such Condominium Unit will be subordinate to the lien or equivalent security interest of any first mortgage on the Condominium Unit recorded prior to the date any such common expense assessments become due.

Section 3. Any Institutional Holder of a first mortgage on a Condominium Unit in the Project will, upon request, be entitled to:

- (1) inspect the books and records of the Project during normal business hours; and
- (2) written notice of all meetings of the Association of Condominium Owners and be permitted to designate a representative to attend all such meetings.

ARTICLE XXII

CONDEMNATION

Section 1. Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken by any public authority or sold or otherwise disposed of in lieu of taking or in avoidance thereof, the provisions of this Article shall apply.

Section 2. Proceeds. All sums received as the award of condemnation damages and all sums received as consideration in any sale of, or other disposal in lieu of taking, the sum of which is hereinafter called the "Condemnation Award," shall be payable to such Bank or Trust Company authorized to do business in the State of Alaska as the Board shall designate as Trustee for all Owners and Mortgagees according to the loss or damage to their respective units and common interests.

Section 3. Complete Taking. In the event that the entire Project is taken, or sold or otherwise disposed of in lieu of taking or in avoidance thereof, the Condemnation Award shall be apportioned by the designated Bank or Trust Company among the Mortgagees and Owners in proportion to the Owners' respective undivided interests in the Common Area; provided that if a standard different from the value of the Project as a whole is employed to establish the size of the Condemnation Award, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. Taking of, or sale of, or other disposal of the entire Project in lieu of taking shall terminate the Project's status under the Horizontal Property Regime Act as soon as the Compensation Award has been distributed by the designated Bank or Trust Company.

Section 4. Partial Taking. In the event that less than the entire Project is taken, or sold or otherwise disposed of in lieu of taking or in avoidance thereof, the Condominium Ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

(a) As soon as practicable, the Board shall, reasonably in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the Common Area and shall apportion among Owners in proportion to their respective undivided interests in the Common Area;

(b) The total amount allocated to severance damages shall be apportioned to those Condominium Units which were not taken;

(c) The compensation shall be apportioned to the Condominium Units taken or injured and to the Common Area actually taken or injured; and

(d) The amount allocated to consequential damages and any other taking or injuries shall be apportioned as the Board determines to be equitable in the circumstances.

If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in apportioning the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by check payable jointly to the respective Owners and their respective Mortgagees.

Section 5. Reorganization. In the event a partial taking results in the taking of a complete Condominium Unit, the Owner thereof automatically shall cease to be a member of the Association. Thereafter, the Board shall reallocate the ownership, voting rights, and assessments ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the Owners of remaining Condominium Units for amendment of this Declaration as provided in Article XVI hereof.

Section 6. Notice to Mortgagee. The Institutional Holder of a first mortgage on any Unit shall be given written notice of any condemnation proceeding described herein and no provision of any documents establishing the Project will entitle the Owner of a Condominium Unit or other part to a priority over such Institutional Holder with respect to the distribution to such Condominium Unit of the proceeds of any Condemnation or other award or settlement relating to a taking by eminent domain.

Section 7. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XVII and XVIII above.

ARTICLE XXIII

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 Condominium Units within not more than one hundred twenty (120) days after completion of transfer to purchasers of title to Condominium Units 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 condominium project, and/or the holder of the first mortgage on any Unit or part of the Common Area and the Federal Veterans Administration if there are any Veterans Administration loans against any Unit in the Project.

ARTICLE XXIV

BINDING EFFECT OF DECLARATIONS, BYLAWS, AND
ARTICLES OF INCORPORATION OF ASSOCIATION; POWER
TO BRING ACTION AGAINST OWNER

All provisions of this Declaration, the Bylaws, and the Articles of Incorporation of the Association shall bind and be effective upon the Owners of this Project, their tenants, employees, contractors, and any and all other persons that may use or be on or about the Project, or any part of it, in any manner.

The failure of any Owner to comply with the Provisions of this Declaration, the Bylaws, or the Articles of Incorporation of the Association shall constitute a breach of contract, and shall give rise to a cause of action in the Association and any aggrieved Owner for the recovery of damages or injunctive relief or both. Any such action may be brought by the Board in behalf of the Association.

ARTICLE XXV

SEVERABILITY

If any provisions of this Declaration or the application thereof to any person or circumstance is held invalid by judgment or court order, the remaining provisions and their application to other persons, or to other circumstances shall not be affected thereby, and shall remain in full force and effect.

DATED at Anchorage, Alaska, this 26th day of June, 1979.

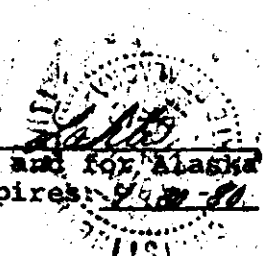
Winfred G. Lucas
Winfred G. Lucas

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 26th day of June, 1979, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Winfred G. Lucas, known to me and to me known to be the individual described in and who executed the foregoing instrument; he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein set forth.

WITNESS my hand and official seal.

Christine J. [Signature]
Notary Public in and for Alaska
My commission expires 9-2-80



CONSENT OF HOLDERS OF SECURITY INTEREST

The undersigned, ALASKA USA FEDERAL CREDIT UNION, holder of the beneficial interest under a Deed of Trust covering all or part of the above-described real property, hereby consents and joins in the foregoing Declaration Submitting Real Property to Horizontal Regime (Chapter 34.07, Alaska Statutes).

ALASKA USA FEDERAL CREDIT UNION
By [Signature]

EXHIBIT "A"DESCRIPTION OF UNITSUnit No. A-1

This is a one-level, ground floor unit. The unit consists of a kitchen equipped with a built-in dishwasher, garbage disposal, and range. The unit further consists of a living room with dining room area. The unit has one bedroom with closet space, a linen closet, a laundry area and one bathroom. This unit contains 776 square feet of living space. This unit is located on the North Wing of Condominium Building "A".

Unit No. A-2

This unit has the same description as Unit A-1 except that this unit is a second story unit and has a fireplace. This unit is located immediately above Unit A-1.

Unit No. A-3

This unit has the same description as Unit A-1, except that this unit is a two bedroom unit with 1060 square feet of living space. This unit is located in the Northeast Corner of Condominium Building "A".

Unit No. A-4

This unit has the same description as Unit A-3, except that this unit is a second story unit and has a fireplace. This unit is located immediately above Unit A-3.

Unit No. A-5

This unit has the same description as Unit No. A-3. This unit is located in the Southeast Corner of Condominium Building "A".

Unit No. A-6

This Unit has the same description as Unit No. A-4. This Unit is located immediately above Unit A-5.

Unit No. A-7

This unit has the same description as Unit A-1. This unit is located in the South Wing of Condominium Building "A".

Unit No. A-8

This unit has the same description as Unit A-2. This unit is located immediately above Unit A-7.

Unit No. B-1

This unit has the same description as Unit A-1. This unit is located on the North Wing of Condominium Building "B".

Unit No. B-2

This unit has the same description as Unit A-2. This unit is located immediately above Unit B-1.

Unit No. B-3

This unit has the same description as Unit A-3. This unit is located in the Northeast Corner of Condominium Building "B".

Unit No. B-4

This unit has the same description as Unit A-4. This unit is located immediately above Unit B-3.

Unit No. B-5

This unit has the same description as Unit A-3. This unit is located in the Southeast Corner of Condominium Building "B".

Unit No. B-6

This unit has the same description as Unit A-4. This unit is located immediately above Unit B-5.

Unit No. B-7

This unit has the same description as Unit A-1. This unit is located in the South Wing of Condominium Building "B".

Unit No. B-8

This unit has the same description as Unit A-2. This unit is located immediately above Unit B-7.

Unit No. C-1

This unit has the same description as Unit A-1. This unit is located on the North End of Condominium Building "C".

Unit No. C-2

This unit has the same description as Unit A-2. This unit is located immediately above Unit C-1.

Unit No. C-3

This unit has the same description as Unit A-3. This unit is located in the Southeast Corner of Condominium Building "C".

Unit No. C-4

This unit has the same description as Unit A-4. This unit is located immediately above Unit C-3.

Unit No. C-5

This unit has the same description as Unit A-3. This unit is located on the West End of Condominium Building "C".

Unit No. C-6

This unit has the same description as Unit A-4. This unit is located immediately above Unit C-5.

Unit No. D-1

This unit has the same description as Unit A-3. This unit is located on the West Wing of Condominium Building "D".

Unit No. D-2

This unit has the same description as Unit A-4. This unit is located immediately above Unit D-1.

Unit No. D-3

This unit has the same description as Unit A-3. This unit is located on the Northwest Corner of Condominium Building "D".

Unit No. D-4

This unit has the same description as Unit A-4. This unit is located immediately above Unit D-3.

Unit No. D-5

This unit has the same description as Unit A-3. This unit is located on the Northeast Corner of Condominium Building "D".

Unit No. D-6

This unit has the same description as Unit A-4. This unit is located immediately above Unit D-5.

Unit No. D-7

This unit has the same description as Unit A-3. This unit is located on the East Wing of Condominium Building "D".

Unit No. D-8

This unit has the same description as Unit A-4. This unit is located immediately above Unit D-7.

Unit No. E-1

This unit has the same description as Unit A-3. This unit is located on the East Wing of Condominium Building "E".

Unit No. E-2

This unit has the same description as Unit A-4. This unit is located immediately above Unit E-1.

Unit No. E-3

This unit has the same description as Unit A-3. This unit is located on the Southeast Corner of Condominium Building "E".

Unit No. E-4

This unit has the same description as Unit A-4. This unit is located immediately above Unit E-3.

Unit No. E-5

This unit has the same description as Unit A-3. This unit is located on the Southwest Corner of Condominium Building "E".

Unit No. E-6

This unit has the same description as Unit A-4. This unit is located immediately above Unit E-5.

Unit No. E-7

This unit has the same description as Unit A-3. This unit is located on the West Wing of Condominium Building "E".

Unit No. E-8

This unit has the same description as Unit A-4. This unit is located immediately above Unit E-7.

Unit No. F-1

This unit has the same description as Unit A-3. This unit is located on the North Wing of Condominium Building "F".

Unit No. F-2

This unit has the same description as Unit A-4. This unit is located immediately above Unit F-1.

Unit No. F-3

This unit has the same description as Unit A-3. This unit is located on the Northeast Corner of Condominium Building "F".

Unit No. F-4

This unit has the same description as Unit A-4. This unit is located immediately above Unit F-3.

Unit No. F-5

This unit has the same description as Unit A-3. This unit is located on the Southeast Corner of Condominium Building "F".

Unit No. F-6

This unit has the same description as Unit A-4. This unit is located immediately above Unit F-5.

Unit No. F-7

This unit has the same description as Unit A-3. This unit is located in the South Wing of Condominium Building "F".

Unit No. F-8

This unit has the same description as Unit A-4. This unit is located immediately above Unit F-7.

Unit No. G-1

This unit has the same description as Unit A-1. This unit is located on the North Wing of Condominium Building "G".

Unit No. G-2

This unit has the same description as Unit A-2. This unit is located immediately above Unit G-1.

Unit No. G-3

This unit has the same description as Unit A-3. This unit is located on the Northeast Corner of Condominium Building "G".

Unit No. G-4

This unit has the same description as Unit A-4. This unit is located immediately above Unit G-3.

Unit No. G-5

This unit has the same description as Unit A-3. This unit is located on the Southeast Corner of Condominium Building "G".

Unit No. G-6

This unit has the same description as Unit A-4. This unit is located immediately above Unit G-5.

Unit No. G-7

This unit has the same description as Unit A-1. This unit is located on the South Wing of Condominium Building "G".

Unit No. G-8

This unit has the same description as Unit A-2. This unit is located immediately above Unit G-7.

EXHIBIT "B"DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES

<u>Unit Number</u>	<u>Covered Parking Space</u>	<u>Chimney</u>	<u>Deck</u>
A-1	CP-A-1		D-A-1
A-2	CP-A-2	C-A-2	D-A-2
A-3	CP-A-3		D-A-3
A-4	CP-A-4	C-A-4	D-A-4
A-5	CP-A-5		D-A-5
A-6	CP-A-6	C-A-6	D-A-6
A-7	CP-A-7		D-A-7
A-8	CP-A-8	C-A-8	D-A-8
B-1	CP-B-1		D-B-1
B-2	CP-B-2	C-B-2	D-B-2
B-3	CP-B-3		D-B-3
B-4	CP-B-4	C-B-4	D-B-4
B-5	CP-B-5		D-B-5
B-6	CP-B-6	C-B-6	D-B-6
B-7	CP-B-7		D-B-7
B-8	CP-B-8	C-B-8	D-B-8
C-1	CP-C-1		D-C-1
C-2	CP-C-2	C-C-2	D-C-2
C-3	CP-C-3		D-C-3
C-4	CP-C-4	C-C-4	D-C-4
C-5	CP-C-5		D-C-5
C-6	CP-C-6	C-C-6	D-C-6
D-1	CP-D-1		D-D-1
D-2	CP-D-2	C-D-2	D-D-2
D-3	CP-D-3		D-D-3
D-4	CP-D-4	C-D-4	D-D-4
D-5	CP-D-5		D-D-5
D-6	CP-D-6	C-D-6	D-D-6
D-7	CP-D-7		D-D-7
D-8	CP-D-8		D-D-8
E-1	CP-E-1		D-E-1
E-2	CP-E-2	C-E-2	D-E-2
E-3	CP-E-3		D-E-3
E-4	CP-E-4	C-E-4	D-E-4
E-5	CP-E-5		D-E-5
E-6	CP-E-6	C-E-6	D-E-6
E-7	CP-E-7		D-E-7
E-8	CP-E-8	C-E-8	D-E-8

<u>Unit Number</u>	<u>Covered Parking Space</u>	<u>Chimney</u>	<u>Deck</u>
F-1	CP-F-1		D-F-1
F-2	CP-F-2	C-F-2	D-F-2
F-3	CP-F-3		D-F-3
F-4	CP-F-4	C-F-4	D-F-4
F-5	CP-F-5		D-F-5
F-6	CP-F-6	C-F-6	D-F-6
F-7	CP-F-7		D-F-7
F-8	CP-F-8	C-F-8	D-F-8
G-1	CP-G-1		D-G-1
G-2	CP-G-2	C-G-2	D-G-2
G-3	CP-G-3		D-G-3
G-4	CP-G-4	C-G-4	D-G-4
G-5	CP-G-5		D-G-5
G-6	CP-G-6	C-G-6	D-G-6
G-7	CP-G-7		D-G-7
G-8	CP-G-8	C-G-8	D-G-8

EXHIBIT "C"VALUE OF UNITS AND UNDIVIDED
INTEREST IN COMMON AREAS AND FACILITIES

<u>Unit Number</u>	<u>Value</u>	<u>Undivided Interest in Common Areas</u>
A-1	\$48,000	1.64
A-2	49,500	1.70
A-3	55,000	1.89
A-4	56,500	1.94
A-5	55,000	1.89
A-6	56,500	1.94
A-7	48,000	1.64
A-8	49,500	1.70
B-1	48,000	1.64
B-2	49,500	1.70
B-3	55,000	1.89
B-4	56,500	1.94
B-5	55,000	1.89
B-6	56,500	1.94
B-7	48,000	1.64
B-8	49,500	1.70
C-1	48,000	1.64
C-2	49,500	1.70
C-3	55,000	1.89
C-4	56,500	1.94
C-5	55,000	1.89
C-6	56,500	1.94
D-1	55,000	1.89
D-2	56,500	1.94
D-3	55,000	1.89
D-4	56,500	1.94
D-5	55,000	1.89
D-6	56,500	1.94
D-7	55,000	1.89
D-8	56,500	1.94
E-1	55,000	1.89
E-2	56,500	1.94
E-3	55,000	1.89
E-4	56,500	1.94
E-5	55,000	1.89
E-6	56,500	1.94
E-7	55,000	1.89
E-8	56,500	1.94

F-1	55,000	1.89
F-2	56,500	1.94
F-3	55,000	1.89
F-4	56,500	1.94
F-5	55,000	1.89
F-6	56,500	1.94
F-7	55,000	1.89
F-8	56,500	1.94
G-1	48,000	1.65
G-2	49,500	1.70
G-3	55,000	1.89
G-4	56,500	1.94
G-5	55,000	1.89
G-6	56,500	1.94
G-7	48,000	1.65
G-8	49,500	1.70

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DISTRICT

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