

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR

COUNTRY SQUARE

CONDOMINIUMS, PHASE I

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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR

COUNTRY SQUARE

A CONDOMINIUM, PHASE I

The undersigned, DESIGNS IN WOOD, LTD., hereinafter the "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 COUNTRY SQUARE, A CONDOMINIUM, PHASE I.

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 Condominium plan for the Project under File No. 83-488, which Condominium plan is 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:

A parcel of land in BLM Lot 20, Section 28, Township 13 North, Range 3 West, Seward Meridian, Alaska, more particularly described as follows:

Commencing at the southeast corner of said BLM Lot 20 thence N 0°06'02" W along the east boundary of said BLM Lot 20 a distance of 33.00 feet; thence west a distance of 33.00 feet to an iron pipe which marks the southeast corner of this parcel and the true point of beginning; thence west a distance of 297.01 feet to the re-bar which marks the southwest corner of this parcel; thence N 0°05'36" W a distance of 111.87 feet; thence east a distance of 102.93 feet; thence north a distance of 97.73 feet; thence east a distance of 92.39 feet; thence north a distance of 86.93 feet; thence N 89°56'10" E a distance of 101.35 feet to the re-bar which marks the northeast corner of this parcel; thence S 0°06'02" east a distance of 296.64 feet to the true point of beginning; containing 61,005 square feet.

The property is sometimes referred to herein as Phase I. It is presently contemplated by the Declarant that additional buildings located on this parcel of land will be submitted to the provisions of the Act by amending this Declaration. However, the Declarant is not obliged to do so.

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, chimneys, conduits, wires, cable television antenna or aerials, attic and foundation crawl space, and other utility lines or commonly used space running through the Unit which are utilized for, or serve more than one Unit; and the same shall be part of the Common Areas.

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

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

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 land, the building, all its improvements and structures, all owned in fee simple, absolute or qualified or by way of a periodic estate, or in any other manner in which real property may be owned in the state; and all easements, rights and appurtenances belonging to it, none of which shall be considered as a security or security interest, and all articles of personalty intended for use in connection therewith.

Section 6. Common Area. "Common Area" means the "Common Area" set forth in Article VI 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 V 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, mortgage company or savings and loan association; corporation, insurance company, or other entity chartered under federal or state law; or any federal or state agency.

Section 10. Association. "Association" means, Country Square Condominium Owners 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 duly adopted by the Association in accordance with the procedures set forth in the Bylaws and the Declaration and not inconsistent with state statutes or other authorities.

Section 13. Declarant. "Declarant" means Designs In Wood, Inc. and its assigns and legal representatives.

ARTICLE III

DESCRIPTION OF CONDOMINIUM BUILDING

Section 1. The Condominium Buildings in Phase I will be four buildings each consisting of three levels and each containing eight units. The buildings are of wood frame construction on concrete block foundations with cedar and T1-11 siding. The pitched roof will be built-up hot tar with cedar shakes. The walls will be insulated to a thickness which will yield a factor of R13 and the ceiling will be insulated to a thickness which will yield a factor of R38.

Section 2. The Condominium Buildings identified as Buildings "A", "E", "F", and "G" are located along the Common and Limited Common Areas as shown on the survey map and Condominium plan as referred to above.

ARTICLE IV

DESCRIPTION OF UNITS AND ACCESS

The Units are delineated on the above-referenced plans. The Units are more particularly described on Exhibit "A" attached hereto and made a part hereof.

ARTICLE V

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, assigned covered parking spaces, and approximately 100 square feet storage space. The Limited Common Areas as designated for each Unit are shown on the above-referenced Condominium plan and described on Exhibit "B" attached hereto and made a part hereof.

ARTICLE VI

DESCRIPTION OF COMMON AREA 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 among other things, unassigned parking areas, driveways, landscaped areas, stairs and stairwells.

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

(3) Common utility services to the exterior of the perimeter walls, floor or ceilings of each Unit. In the case of utility services metered to and for each individual Unit, such as electricity, the Common Area and 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 utility pipes, conduits or pipes from same are improvements belonging exclusively to each particular Unit. The utility pipes, conduits and wires from the interior surface of the perimeter walls (or partitions between Units) of the Unit are the exclusive property and responsibility of the Owner of each such Unit provided they are not commonly utilized for or serve more than one Unit. Costs and assessments of common utilities (utilities not individually metered to and for each Unit) shall be borne pro rata according to their percentage of ownership of Common Area.

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

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.

ARTICLE VIII

VALUE OF LAND AND IMPROVEMENTS

Section 1. The value of Phase I of the Project is \$2,816,000.00.

Section 2. The value of each Condominium Unit is shown on Exhibit "C". Such values are established as required by A.S. 34.07.020 and do not necessarily reflect the amount for which a Condominium Unit will be sold by Declarant or others.

ARTICLE IX

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

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 improper, offensive or unlawful use shall be permitted to be made of the Project or on 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 occupancy and that such rules shall be uniform and non-discriminatory.

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. The Board shall have the right to make or cause to be made such alterations and improvements to the Common Area as in its sole opinion may be beneficial and necessary and approved in writing by 100% of the Owners. The Board may require the consent in writing of the Unit Owners whose rights, in the sole opinion of the Board, may be prejudiced by such alteration or improvement.

Section 6. Animals. No animals, livestock or poultry shall be kept in any residence, except that domesticated dogs, cats, fish and birds inside bird cages may be kept as household pets within the Project, provided that 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 pets to two (2). 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 Unit Owners. Dogs and cats belonging to a Unit Owner, occupants or licensees must be either kept inside the Owner's Unit or, if outside, on a leash being held by a person capable of controlling the animal. Should any dog or cat belonging to a Unit Owner be found unattended or not being held on a leash by a person capable of controlling the animal, such animal may be removed by the Board of Directors or a person designated by them to a pound under the jurisdiction of the locality in which the property is situated. Furthermore, any Unit 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 pets brought or kept upon the property by an Owner or by members of his family, guests, licensees or invitees.

Section 7. Temporary Structure. Neither Owner nor occupant shall store or permit the storage of any trailer, snowmobile, or other recreational vehicle on any unenclosed portion of the Project even if such storage is meant to be temporary; 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 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 all financing documents, 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 operable condition shall be parked or left on the property subject to this Declaration other

than in the parking space in the garage. The parking space in the garage shall be used for parking vehicles only and shall not be converted for living, recreational or business purposes.

Section 11. Storage. There shall be no exposed storage of any nature on any portion of the Project, including decks.

ARTICLE X

AGENT FOR RECEIPT OF PROCESS

The name of the person to receive service of process in the case provided for under the Horizontal Property Regimes Act (Title 34, Chapter 07) Alaska Statutes shall be Samuel Hill whose address for such purposes shall be 7021 Driftwood, Anchorage, Alaska, 99502, such location being within the recording district in which the Project is located. At the first meeting of the Board of Directors of the Association, as provided for in the Bylaws of the Association, a new registered agent may, with such agent's consent, be appointed. The Board of Directors may then on from time to time change the person to receive service of process as provided by law. Such change shall be effective when written notice of such action, signed and acknowledged by two officers of the Association is recorded in the Anchorage Recording District, Third Judicial District, State of Alaska.

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, 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 and when one hundred percent (100%) of the Condominium Units have been sold, that 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 Area. Limited Common Areas described in Article V 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 Areas 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 or the Common Area 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 Institutional Holders of first mortgages on seventy-five percent (75%) 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, devised, 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 Institutional Holders of first mortgages on seventy-five percent (75%) 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 tax assessing 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. No labor performed or materials furnished for use in connection with any construction of Units, Limited Common Areas, or Common Areas in Phase I or subsequent Phases of this Condominium 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 constructed in that particular Phase.

ARTICLE XIII

ADMINISTRATION

The Phase I land and improvements described above shall be subject to administration by the Association upon the later of the following two events:

(a) The recording by the Declarant of a statement to that effect and delivery of such instrument to the President of the Association; or

(b) One Hundred Twenty (120) days after completion of transfer of title to purchasers of Units representing seventy-five percent (75%) of the voting strength of all the Unit Owners, or within two (2) years following conveyance of the first unit in the project and the same shall apply in any subsequent phase, whichever comes first, as determined by the percentage of undivided interest in the Common Areas and Facilities set forth in Exhibit "C" hereto.

Prior to such time or event, the Declarant, or its successors or assigns, shall have all the rights, powers and obligations of the Association and of the Board to administer Phase I of the Project; provided, however, that Declarant shall be subject to all limitations of such power on the Declarant or Association or Board provided for in the above-referred to Phase I Declaration, any amended Declaration, the Bylaws or any amended Bylaws.

Section 1. The Association. The administration of the Project shall be by the Country Square Condominium Owners Association, Inc., an Alaska nonprofit corporation, in accordance with this Declaration and its Articles of Incorporation and Bylaws duly adopted at the first meeting of the Association after Declarant relinquishes control.

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 Areas constitute sixty percent (60%) at a meeting of the Association duly called for such purpose.

Section 4. Managing Agent. The Board shall 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 shall conform to the guidelines established by the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Alaska Housing Finance Corporation (AHFC) and Veterans Administration (VA) regarding the term and termination of that agreement during such period of time as FHLMC, FNMA, AHFC or VA is a Mortgagee on a Unit in the Project or is the Owner of such a Unit.

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 at closing.

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 wilful misconduct or negligence.

Section 2. Indemnification. The Association shall indemnify each 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 action, suit or proceeding to be liable for gross negligence or wilful 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 wilful 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 en-

titled. In the event the Association is required to pay any such costs, the Association shall be entitled to assess all Owners for the amount so expended, but such assessment need not be approved by fifty-one percent (51%) of the Owners or any other proportion of said Owners.

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 only seventy percent (70%) of the 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 and the Units have not yet been occupied as a residence, but no longer than 120 days after the conveyance by Declarant of the first Condominium Unit in each phase. Thereafter, Declarant shall be obliged to pay one hundred percent (100%) of the common expense assessments for all Condominium Units that the Declarant owns. The assessment for the common expenses provided for herein and for subsequent phases shall commence on the first day of the month following the first sale by Declarant of a completed Condominium Unit of each phase. The Board may establish any reasonable system for collection periodically of common expense assessments.

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. 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 or credit such excess against the following year's annual assessment.

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. It is the duty of the Board of Directors to levy and enforce collection of annual assessments payable monthly on the first day of each month. Failure of the Association to give timely notice of any assessment shall not affect the liability of the Owner for such assessment. There shall accrue with each delinquent assessment a reasonable late charge in an amount to be determined by the Board of Directors, if not paid by the last day of the month in which it becomes due. Where a Unit Owner defaults on any single installment of the annual assessment, the Board of Directors may, at its option, declare that the remaining unpaid installments for the year's assessments are due and payable in full.

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. There shall accrue with each delinquent special assessment a reasonable late charge in an amount to be determined by the Board of Directors, if not paid by the last day of the month in which it becomes due.

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 first 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. The Association may also foreclose the lien by a power of sale, or other nonjudicial foreclosure procedure provided for by the laws of the State of Alaska. 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 of lien and all actual attorney's fees in connection therewith. Suit to recover any judgment for any unpaid assessments shall be maintainable without foreclosure or waiving the lien securing the same.

Section 7. Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of Claim of Lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Unit, and a copy thereof is recorded by the Association in the office of the District Recorder of the District in which the Project is located.

Section 8. Foreclosure Sale. Any foreclosure sale provided for above is to be conducted by the Board of Directors, its attorney or other persons authorized by the Board in accordance with the provisions of A.S. 34.20.070 et. seq. applicable to the exercise of power of sales in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Condominium Unit at a foreclosure sale, and to acquire, hold, lease, mortgage, and convey the same.

Section 9. Personal Obligation. Assessments are payable monthly in advance or at such other time or times as the Board of Directors shall determine. Each assessment, in addition to constituting a lien as provided for in the Act and this Declaration, shall also be, together with interest, costs and actual attorneys' fees as hereinafter provided, the personal obligation of the person who was the Owner of the Unit against which the assessment is made at the time the assessment fell due. No Owner may exempt himself from liability for the assessment by abandonment or waiver of the use or enjoyment of any of the Common Areas.

Section 10. Notice to Mortgagee. The Association shall report to any Mortgagee of a Condominium Unit default of a Unit Owner that is not cured within thirty (30) days.

Section 11. Annual Audit Furnished Holder of Mortgage. Any Institutional Holder of a first 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 the fiscal year of the Project.

Section 12. Personal Liability of Purchaser for Assessments. If the Institutional 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 of 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 13. Initial Obligation of Purchaser of a Unit. Each purchaser of a Condominium Unit 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, or into a reserves fund.

Section 14. Conveyance - Liability of Grantor and Grantee for Unpaid Common Expenses. In a voluntary conveyance, the Grantee of a Unit 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 neither be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessment against the Grantor in excess of the amount therein set forth.

ARTICLE XVI

AMENDMENT

Except as provided hereinafter in Article XXVI, 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 seventy-five percent (75%) 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 Owner in the Project.

When an amendment has been approved by the Owners and the Mortgagees, then the President of the Association shall forthwith cause a written instrument to be prepared, acknowledged and recorded in the Anchorage Recording District, Third Judicial District, State of Alaska, setting forth the amendment and certifying that the amendment shall become effective. No amendment shall be effective until recorded.

While any Unit in the Project is encumbered by a Federal Veterans Administration loan or Alaska Housing loan, prior written approval of the Veterans Administration or AHFC 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 property, a determination to repair or reconstruct the same in accordance with the original plan shall be made by a majority vote of all Condominium Unit Owners or a determination not to repair or reconstruct the same shall be made by an unanimous vote of all Condominium Unit 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 property is destroyed or substantially destroyed and a vote of a majority of the Owners to rebuild, repair, or reconstruct is not obtained, the Association shall be authorized to have prepared, and to file as promptly as practical, a corrected subdivision map converting the Project into an unimproved parcel of land which shall be offered for sale at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. The net proceeds of such sale, and the proceeds, if any, of insurance

carried by the Association, shall be divided and distributed jointly to the Owners and their respective mortgagees, proportionately, such proportions to be based upon the percentage of undivided interest in the Common Area, provided that the balance then due on any valid encumbrance of record shall be first paid in order of priority before the distribution of any proceeds to an Owner whose Condominium Unit is so encumbered.

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.

Substantial damage as herein used shall mean \$10,000.00 or more damage to the Common Area and/or \$1,000.00 or more damage to any one Unit.

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 and seventy-five percent (75%) of their respective Mortgagees. 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 MAINTENANCE

Section 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, and without limitation shall perform promptly all such work within his 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 such as water, light, power, sewage, telephones, doors, win-

dows, lamps and all other fixtures and accessories to each Unit and its appurtenant Limited Common Area, 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. The Association shall maintain and be responsible for assigned and unassigned paved parking areas and driveways, and landscaped areas.

(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 under him using the Project and shall give prompt notice to the managing agent of any such damage, loss or other defects when discovered.

(d) In order to preserve an 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).

(e) The maintenance and repair obligations of the Unit Owners and the Association are attached hereto as Exhibit "D" and incorporated herein by reference.

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.

Section 3. Repair and Maintenance Duties of Association. The Association shall maintain, repair and make necessary improvements to, and pay for out of the maintenance fund to be provided, all Common Areas and the building thereon; all landscaping, corrective architectural and repair work within resi-

dences, if the Owner fails to repair the areas subject to his control and duty to maintain; all metered utilities in Common Area; walks and other means of ingress and egress within the Project.

ARTICLE XX

INSURANCE

Section 1. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage insuring the property and covering the interests of the Association, the Board of Directors and all Unit Owners and their mortgagees, as their interests may appear, in the amount of 100% of replacement cost of the buildings and other improvements, including an "agreed amount" or "inflation guard" endorsement, and a construction code endorsement, each of which policies shall contain a standard mortgagee clause in favor of each Mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Association; (2) public liability insurance in such amounts and with such coverage as the Board of Directors shall from time to time determine, but not less than One Million Dollars flat rate for each single accident or occurrence for bodily injury, or property damage, such coverage to include water damage liability for pipe breakage, and covering each member of the Board of Directors, and each Owner and with cross liability endorsement to cover liabilities of the Owners as an Association to an Owner; and (3) such other insurance as the Board of Directors may determine and customarily obtained by Projects similar in construction, location and use. All such policies shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Board of Directors, as Trustees, for the purpose of repairing or rebuilding the damaged or destroyed property in conformance with the original plans and specifications; provided, however, that insurance proceeds not used for the purpose of repairing or rebuilding the Project shall be paid to the Owners and Mortgagees as their interests may appear; and provided further, however, that any Mortgagee of any of the Units may require that insurance proceeds be disbursed to or through the Board of Directors only as reconstruction progressed in the manner normally followed by construction lenders in disbursing construction loans to their borrowers.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any reduction or pro rata liability of the insurer as a result of any insurance carried by

Owners or of invalidity arising from any acts of the Insured or any Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the Insureds, including all Mortgagees of Units. Each Owner and Mortgagee shall be furnished with a copy of the master policy upon demand.

All of the insurance policies described in the coverage as set forth herein shall be reviewed at least annually by the Board of Directors and the Board of Directors shall request of the agent or insurance carrier annual or more frequent updating evaluations to insure that the fire insurance policies continuously reflect full replacement cost and the liability policies provide for adequate liability coverage. Each Owner is required to and agrees to notify the Board of all improvements by the Owner the value of which is in excess of One Thousand Dollars (\$1,000.00).

All insurance policies shall be written by companies rated as follows, or better: Financial rating BBB+; management rating A.

Unit Owners may additionally carry insurance for their own benefit insuring their carpeting, wall coverings, fixtures, furniture, furnishings, other personal property, any improvements over and above original plans and specifications of their Unit; provided, that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any Owner.

Notwithstanding the foregoing, or any other provisions contained in this Declaration, the Board of Directors shall continuously maintain in effect such casualty insurance and fidelity bonds meeting the insurance and fidelity bond requirements for Condominium Projects established by the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Corporation, and Alaska Housing Finance Corporation so long as any of said organizations is a Mortgagee or Owner of a Condominium within the Project, except to the extent such coverage is not available or has been waived in writing by the said organization. Flood and liability insurance must be maintained on any Project that is located within the identified area by the Federal Emergency Management Agency or as having special flood hazards as determined by the National Flood Insurance Program. Where a Project is so affected, blanket flood insurance must be not less than the lesser of either the maximum coverage available under the National Flood Insurance Program for

all insurable Common Areas or one hundred percent (100%) of the current replacement costs of all such Common Area buildings and facilities.

Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Owners Association, the Owner's Association's authorized representative, including any trustee with whom such Owners Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance.

Each Unit Owner appoints the Owners Association, or any Insurance Trustee or substitute Insurance Trustee assigned by the Owners Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

The Owners Association or its designated Insurance Trustee must receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Unit Owners and their respective mortgage holders, as their interest may appear and in conformance with this Declaration.

ARTICLE XXI

ADDITIONAL PROTECTION OF MORTGAGEES

Section 1. The prior written approval of seventy-five percent (75%) of the Institutional Holders of first mortgages 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:

(a) The abandonment or termination of the Condominium Project, except for abandonment or termination, if any, provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

(b) Any material amendment to the Declaration, Articles of Incorporation of the Association or the Bylaws of the Owners Association, including, but not limited to, any amendment which would change the percentage interests of the Unit Owner in the Condominium Project.

(c) The effectuation of any decision by the Condominium Owners Association to terminate professional management and assume self-management of the Project.

The prior written approval of eligible holders of seventy-five percent (75%) of the first mortgages (based on one vote for each first mortgage owned) of the individual Units shall be required for any of the following:

(i) Partitioning or subdividing any Unit.

(ii) Any act or omission seeking to abandon, partition, subdivide, encumber, sell or transfer the Common Areas; provided, however, that the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Areas shall not be deemed a transfer within the meaning of this clause.

(iii) Use of hazard insurance proceeds for losses to any condominium property (whether to Units or to Common Areas) for other than the repair, replacement or reconstruction of such substantial loss to the Units and/or Common Areas of the Condominium 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 became due.

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

(a) Any proposed amendment of the Condominium instruments affecting a change in:

(i) The boundaries of any Unit.

(ii) The undivided interest in the Common Areas appertaining to any Unit or the liability for common expenses appertaining thereto.

(iii) The number of votes in the Association appertaining to any Unit; or

(iv) The purposes to which any Unit or the Common Areas are restricted.

- regime;
- (b) Any proposed termination of the Condominium Regime;
 - (c) Any condemnation or eminent domain proceeding affecting the Condominium Regime or any portion thereof.
 - (d) Any significant damage or destruction to the Common Areas or to the Unit to which the mortgage appertains.
 - (e) Any default under this Declaration or the Articles of Incorporation or Bylaws which gives rise to a cause of action against the Owner of a Unit subject to the mortgage of such Holder or Insurer, where the default has not been cured in thirty (30) days.

Any Institutional Holder of a first mortgage on a Unit shall be entitled, upon request, to:

- (a) Inspect the books and records of the Association during normal business hours; and
- (b) Require the preparation of and, if preparation is required, receive an annual audited financial statement of the Association for the immediately preceding fiscal year, except that such statement need not be furnished earlier than ninety (90) days following the end of such fiscal year.
- (c) Receive written notice of all meetings of the Owners Association 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 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 the Trustee for all Owners and Mortgagees according to the loss or damage to their respective Units or 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 Regimes Act as soon as the Condemnation 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) In the event of partial condemnation which does not result in any Unit becoming unlivable, the proceeds shall be used:

(i) To restore the remaining Common Areas.

(ii) For payment to Unit Owners and their mortgagees specially damaged by the condemnation, which damage was an element of the Condemnation Award.

(iii) The balance shall be distributed pro rata among the Unit Owners and their Mortgagees in proportion to their percentage interest in the Common Area.

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 owner-

ship, 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. Any 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 document establishing the Project will entitle such Institutional Holder with respect to the distribution to such Condominium Unit Owner 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 120 days after the date when Units representing 75% of the votes of all Owners is conveyed or within 5 years following conveyance of the first Unit in the project and the same shall apply on any subsequent phase of a phased Project, whichever occurs first. 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 and Alaska Housing Finance Corporation if there are any AHFC 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 on 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.

ARTICLE XXVI

AMENDMENT TO ADD PHASES

Each Unit Owner, by acceptance of his deed, hereby consents to the amendment of this Declaration which includes Exhibits A-E by Declarant, its successors or assigns, to add Phase II of Country Square, A Condominium, to the Project, at any time within five (5) years of the date that this Declaration is recorded; provided that, in adding Phase II of Country Square, A Condominium, the calculation of the percentage of interest in the Common Areas shall be in accordance with the provisions set forth below.

Pursuant to the above consent, the Declarant, or its successors or assigns in title, may, without the further consent of any Unit Owner or Mortgagee thereof, at any time within five (5) years of the date of this Declaration, which includes Exhibits A-E, by an instrument signed by the Declarant alone, or its successors or assigns, to add to the Declaration Phase II of

Country Square, A Condominium and that all intended improvements to Phase II will be substantially completed prior to recordation of this Declaration or conveyance of the first Unit in Phase II, whichever comes first.

Phase II property shall be described as follows:

A parcel of land in BLM Lot 20, Section 28, Township 13 North, Range 3 West, Seward Meridian, Alaska, more particularly described as follows:

Commencing at the iron pipe which marks the southeast corner of said BLM Lot 20; thence West 297.01 feet to the re-bar which marks the southwest corner of said BLM Lot 20; thence $N0^{\circ}05'36''W$ a distance of 111.87 feet to the True Point of Beginning; thence continuing $N0^{\circ}05'36''W$ a distance of 184.44 feet to the re-bar which marks the northwest corner of said BLM Lot 20; thence $N89^{\circ}56'10''E$ a distance of 195.62 feet; thence South a distance of 86.93 feet; thence West a distance of 92.39 feet; thence South a distance of 97.73 feet; thence West a distance of 102.93 feet to the True Point of Beginning;

containing 27,045 square feet.

Section 1. Calculation of Percentage of Interest if Phases are Added.

(a) Included as part of Exhibit C attached hereto is a stated value for each Phase, its percentage of undivided interest in the Common Areas, and a total value for the entire Project.

(b) If Declarant adds Phase II of Country Square, A Condominium to the Project, at the time such Phase is added, the Common Areas and Limited Common Areas in such Phase shall be combined with and incorporated into the Common Areas and Limited Common Areas existing in the Project to such addition.

(c) When adding Phase II of Country Square, A Condominium, to the Project, Declarant shall calculate the percentage of ownership in the Common Area for those Units then being added and shall revise the percentage of ownership in the Common Areas for those Units already a part of the Project. In so doing, Declarant shall first add the total stated value for each Phase

to the total stated value for Phase I. This calculation will determine the composite total value of the Project, as of the date such additional Phase is added to the Project.

(d) The percentage of ownership of each individual Unit that is or will be a part of the Project, at the time the applicable Phase is added, shall be determined by dividing the stated value of each Unit, by the composite value of the Phase that will be incorporated into the Project at the time such Phase is added. The quotient shall equal the percentage of undivided interest and vote for each Condominium Unit. If, on calculating these percentages of ownership, the total ownership percentages do not add up to exactly one hundred percent (100%) Declarant is hereby given the authority to and directed to make such adjustments to individual Owner's percentages of interest as said attorney-in-fact may deem appropriate so that the total percentages do add up to exactly one hundred percent (100%); provided, however, that any adjustment to individual percentages of ownership shall not exceed two one-hundredths of one percent (.02%).

(e) Upon making these calculations, Declarant shall distribute them to all Unit Owners at their address in the Project, or at such other address known by Declarant at the time of such calculations.

Section 2. Illustration of Calculation. Exhibit E constitutes an illustration of the manner in which calculations described above should be made.

Section 3. Rights and Obligations. At the time Declarant records an Amendment of the Declaration and each Unit Owner in the Phase being added to the Project (including the Declarant; if the Declarant is an Owner at such time) shall be entitled to all benefits set forth in the Articles of Incorporation, Bylaws, and this Declaration, including, but not limited to, the right, as a member of the Association, to exercise the voting rights which are described therein and each Unit Owner (including the Declarant; if the Declarant is a Unit Owner at such time) shall be bound by all the obligations set forth in the Articles of Incorporation, Bylaws, and the Declaration, including, but not limited to, the obligation to pay assessments which are set forth therein.

Section 4. No Requirement to Add Phases and If Added No Requirement to Add in Any Pre-established Order. Nothing in this Declaration or in the survey map and plans shall be construed to require Declarant to add any Phase to the Project, and, if added, any Phase may be added in any order and in any combination.

Section 5. Reservation of Easements, Roadways and Utility Lines. Access over and across Phase I and any other Phase subsequently established is reserved to Declarant or its successors and assigns over easements, roadways and utility lines hereinafter specified or established in Phase I and other Phases subsequently established, and the right to connect thereto is reserved, such reservations being for the purpose either of completing the subsequent Phase, or developing portions of the land, if not completed as a Condominium, for other purposes. In altering the Project to create the additional Units and Common Areas, Declarant may, without joinder or consent of any persons having interest in the existing Units, amend this Declaration to add, withdraw, re-align 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, water, sewer and storm pipelines, refuse disposal, driveways and roadways provided that such easements or rights-of-way do not materially impair the use of any existing Unit or its appurtenant interest in the Common Areas.

Section 6. Character of Subsequent Phases. Such Amended Declaration may contain such supplementary conditions and modifications of the Covenants, Conditions, and Restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added Phase and as are not inconsistent with the scheme of this Declaration. Future build-ings and improvements as well as the Common Areas and Limited Common Areas shall be of comparable style, quality, size, and cost to those established in Phase I.

Section 7. Special Power of Attorney. For purposes of Article XXVI, each Owner, by acceptance of his deed, irrevocably constitutes and appoints Declarant, or its successors and assigns, his true and lawful attorney in his name, place and stead to execute, acknowledge or verify and file of record any and all documents to effect the said Amendment, including, but not limited to, making the necessary calculation in accordance with the provisions set forth above, giving and granting unto his attorney the full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises for said purposes as wholly and to all intents and purposes as he might or could do if personally present with respect thereto, hereby ratifying and confirming all this his attorney shall do or cause to be done, it being expressly understood that the foregoing power is coupled with an interest and shall survive the conveyance by Owner of his interest in his Condominium Unit. Without limiting the generality of the foregoing, nothing herein contained shall require any person to investigate the authority of the Declarant, or its successors and assigns, to

COUNTRY SQUARE CONDOMINIUMS

EXHIBIT "A"

A. There is one basic floor plan for the units described as follows:

The Unit contains approximately 892 square feet of living area consisting of a kitchen, dining area, living room with a fireplace, utility room, two full bathrooms and two bedrooms. Each Unit also contains hook-up facilities for a clothes washer and dryer.

B. The location of each Unit is shown on the Condominium Plan.

C. Each Unit has a direct access to a Common Area stairwell, parking area, driveway, and other facility inasmuch as it leads directly to Piper Street. Therefore, each Unit has direct access to a Common Area leading to a public street.

COUNTRY SQUARE CONDOMINIUMS, PHASE I

EXHIBIT "B"

<u>Bldg.</u>	<u>Unit Number</u>	<u>Parking Space</u>	<u>Decks</u>	<u>Storage Area</u>
A	101	Parking Space 101	Deck 101	Storage 101
	102	Parking Space 102	Deck 102	Storage 102
	103	Parking Space 103	Deck 103	Storage 103
	104	Parking Space 104	Deck 104	Storage 104
	105	Parking Space 105	Deck 105	Storage 105
	106	Parking Space 106	Deck 106	Storage 106
	107	Parking Space 107	Deck 107	Storage 107
	108	Parking Space 108	Deck 108	Storage 108
E	501	Parking Space 501	Deck 501	Storage 501
	502	Parking Space 502	Deck 502	Storage 502
	503	Parking Space 503	Deck 503	Storage 503
	504	Parking Space 504	Deck 504	Storage 504
	505	Parking Space 505	Deck 505	Storage 505
	506	Parking Space 506	Deck 506	Storage 506
	507	Parking Space 507	Deck 507	Storage 507
	508	Parking Space 508	Deck 508	Storage 508
F	601	Parking Space 601	Deck 601	Storage 601
	602	Parking Space 602	Deck 602	Storage 602
	603	Parking Space 603	Deck 603	Storage 603
	604	Parking Space 604	Deck 604	Storage 604
	605	Parking Space 605	Deck 605	Storage 605
	606	Parking Space 606	Deck 606	Storage 606
	607	Parking Space 607	Deck 607	Storage 607
	608	Parking Space 608	Deck 608	Storage 608
G	701	Parking Space 701	Deck 701	Storage 701
	702	Parking Space 702	Deck 702	Storage 702
	703	Parking Space 703	Deck 703	Storage 703
	704	Parking Space 704	Deck 704	Storage 704
	705	Parking Space 705	Deck 705	Storage 705
	706	Parking Space 706	Deck 706	Storage 706
	707	Parking Space 707	Deck 707	Storage 707
	708	Parking Space 708	Deck 708	Storage 708

COUNTRY SQUARE CONDOMINIUMS

EXHIBIT "B"

(PHASE II)

<u>Bldg.</u>	<u>Unit Number</u>	<u>Parking Space</u>	<u>Decks</u>	<u>Storage Area</u>
B	201	Parking Space 201	Deck 201	Storage 201
	202	Parking Space 202	Deck 202	Storage 202
	203	Parking Space 203	Deck 203	Storage 203
	204	Parking Space 204	Deck 204	Storage 204
	205	Parking Space 205	Deck 205	Storage 205
	206	Parking Space 206	Deck 206	Storage 206
	207	Parking Space 207	Deck 207	Storage 207
	208	Parking Space 208	Deck 208	Storage 208
C	301	Parking Space 301	Deck 301	Storage 301
	302	Parking Space 302	Deck 302	Storage 302
	303	Parking Space 303	Deck 303	Storage 303
	304	Parking Space 304	Deck 304	Storage 304
	305	Parking Space 305	Deck 305	Storage 305
	306	Parking Space 306	Deck 306	Storage 306
	307	Parking Space 307	Deck 307	Storage 307
	308	Parking Space 308	Deck 308	Storage 308
D	401	Parking Space 401	Deck 401	Storage 401
	402	Parking Space 402	Deck 402	Storage 402
	403	Parking Space 403	Deck 403	Storage 403
	404	Parking Space 404	Deck 404	Storage 404
	405	Parking Space 405	Deck 405	Storage 405
	406	Parking Space 406	Deck 406	Storage 406
	407	Parking Space 407	Deck 407	Storage 407
	408	Parking Space 408	Deck 408	Storage 408

COUNTRY SQUARE CONDOMINIUMS

EXHIBIT "B"

(PHASE II)

<u>Bldg.</u>	<u>Unit Number</u>	<u>Parking Space</u>	<u>Decks</u>	<u>Storage Area</u>
A	101	Parking Space 101	Deck 101	Storage 101
	102	Parking Space 102	Deck 102	Storage 102
	103	Parking Space 103	Deck 103	Storage 103
	104	Parking Space 104	Deck 104	Storage 104
	105	Parking Space 105	Deck 105	Storage 105
	106	Parking Space 106	Deck 106	Storage 106
	107	Parking Space 107	Deck 107	Storage 107
	108	Parking Space 108	Deck 108	Storage 108
E	501	Parking Space 501	Deck 501	Storage 501
	502	Parking Space 502	Deck 502	Storage 502
	503	Parking Space 503	Deck 503	Storage 503
	504	Parking Space 504	Deck 504	Storage 504
	505	Parking Space 505	Deck 505	Storage 505
	506	Parking Space 506	Deck 506	Storage 506
	507	Parking Space 507	Deck 507	Storage 507
	508	Parking Space 508	Deck 508	Storage 508
F	601	Parking Space 601	Deck 601	Storage 601
	602	Parking Space 602	Deck 602	Storage 602
	603	Parking Space 603	Deck 603	Storage 603
	604	Parking Space 604	Deck 604	Storage 604
	605	Parking Space 605	Deck 605	Storage 605
	606	Parking Space 606	Deck 606	Storage 606
	607	Parking Space 607	Deck 607	Storage 607
	608	Parking Space 608	Deck 608	Storage 608
G	701	Parking Space 701	Deck 701	Storage 701
	702	Parking Space 702	Deck 702	Storage 702
	703	Parking Space 703	Deck 703	Storage 703
	704	Parking Space 704	Deck 704	Storage 704
	705	Parking Space 705	Deck 705	Storage 705
	706	Parking Space 706	Deck 706	Storage 706
	707	Parking Space 707	Deck 707	Storage 707
	708	Parking Space 708	Deck 708	Storage 708

COUNTRY SQUARE CONDOMINIUMS, PHASE I

EXHIBIT "C"

<u>Bldg.</u>	<u>Unit</u>	<u>Address</u>	<u>Value</u>	<u>Square Feet*</u>	<u>Undivided Interest</u>
A	101	Piper St., Unit	\$88,000	892	3.125
	102	Piper St., Unit	\$88,000	892	3.125
	103	Piper St., Unit	\$88,000	892	3.125
	104	Piper St., Unit	\$88,000	892	3.125
	105	Piper St., Unit	\$88,000	892	3.125
	106	Piper St., Unit	\$88,000	892	3.125
	107	Piper St., Unit	\$88,000	892	3.125
	108	Piper St., Unit	\$88,000	892	3.125
E	501	Piper St., Unit	\$88,000	892	3.125
	502	Piper St., Unit	\$88,000	892	3.125
	503	Piper St., Unit	\$88,000	892	3.125
	504	Piper St., Unit	\$88,000	892	3.125
	505	Piper St., Unit	\$88,000	892	3.125
	506	Piper St., Unit	\$88,000	892	3.125
	507	Piper St., Unit	\$88,000	892	3.125
	508	Piper St., Unit	\$88,000	892	3.125
F	601	Piper St., Unit	\$88,000	892	3.125
	602	Piper St., Unit	\$88,000	892	3.125
	603	Piper St., Unit	\$88,000	892	3.125
	604	Piper St., Unit	\$88,000	892	3.125
	605	Piper St., Unit	\$88,000	892	3.125
	606	Piper St., Unit	\$88,000	892	3.125
	607	Piper St., Unit	\$88,000	892	3.125
	608	Piper St., Unit	\$88,000	892	3.125
G	701	Piper St., Unit	\$88,000	892	3.125
	702	Piper St., Unit	\$88,000	892	3.125
	703	Piper St., Unit	\$88,000	892	3.125
	704	Piper St., Unit	\$88,000	892	3.125
	705	Piper St., Unit	\$88,000	892	3.125
	706	Piper St., Unit	\$88,000	892	3.125
	707	Piper St., Unit	\$88,000	892	3.125
	708	Piper St., Unit	\$88,000	892	3.125

\$ 2,816,000

*The square footages are approximations. The exact dimensions can be found on the condominium plat.

COUNTRY SQUARE CONDOMINIUMS

EXHIBIT "C"
(PHASE II)

<u>Bldg.</u>	<u>Unit</u>	<u>Address</u>	<u>Value</u>	<u>Square Feet*</u>	<u>Undivided Interest</u>
B	201	Piper St., Unit _____	\$88,000	892	1.7857
	202	Piper St., Unit _____	\$88,000	892	1.7857
	203	Piper St., Unit _____	\$88,000	892	1.7857
	204	Piper St., Unit _____	\$88,000	892	1.7857
	205	Piper St., Unit _____	\$88,000	892	1.7858
	206	Piper St., Unit _____	\$88,000	892	1.7858
	207	Piper St., Unit _____	\$88,000	892	1.7858
	208	Piper St., Unit _____	\$88,000	892	1.7858
C	301	Piper St., Unit _____	\$88,000	892	1.7857
	302	Piper St., Unit _____	\$88,000	892	1.7857
	303	Piper St., Unit _____	\$88,000	892	1.7857
	304	Piper St., Unit _____	\$88,000	892	1.7857
	305	Piper St., Unit _____	\$88,000	892	1.7857
	306	Piper St., Unit _____	\$88,000	892	1.7857
	307	Piper St., Unit _____	\$88,000	892	1.7857
	308	Piper St., Unit _____	\$88,000	892	1.7857
D	401	Piper St., Unit _____	\$88,000	892	1.7857
	402	Piper St., Unit _____	\$88,000	892	1.7857
	403	Piper St., Unit _____	\$88,000	892	1.7857
	404	Piper St., Unit _____	\$88,000	892	1.7857
	405	Piper St., Unit _____	\$88,000	892	1.7857
	406	Piper St., Unit _____	\$88,000	892	1.7857
	407	Piper St., Unit _____	\$88,000	892	1.7857
	408	Piper St., Unit _____	\$88,000	892	1.7857

*The square footages are approximations. The exact dimensions can be found on the condominium plat.

The value of Phase I is \$2,816,000.00

The value of Phase II is \$2,112,000.00

The total value of the Project is \$4,928,000.00

COUNTRY SQUARE CONDOMINIUM S

EXHIBIT "C"
(PHASE II)

<u>Bldg.</u>	<u>Unit</u>	<u>Address</u>	<u>Value</u>	<u>Square Feet*</u>	<u>Undivided Interest</u>
A	101	Piper St., Unit _____	\$88,000	892	1.7857
	102	Piper St., Unit _____	\$88,000	892	1.7857
	103	Piper St., Unit _____	\$88,000	892	1.7857
	104	Piper St., Unit _____	\$88,000	892	1.7857
	105	Piper St., Unit _____	\$88,000	892	1.7858
	106	Piper St., Unit _____	\$88,000	892	1.7858
	107	Piper St., Unit _____	\$88,000	892	1.7858
	108	Piper St., Unit _____	\$88,000	892	1.7858
E	501	Piper St., Unit _____	\$88,000	892	1.7857
	502	Piper St., Unit _____	\$88,000	892	1.7857
	503	Piper St., Unit _____	\$88,000	892	1.7857
	504	Piper St., Unit _____	\$88,000	892	1.7857
	505	Piper St., Unit _____	\$88,000	892	1.7857
	506	Piper St., Unit _____	\$88,000	892	1.7857
	507	Piper St., Unit _____	\$88,000	892	1.7857
	508	Piper St., Unit _____	\$88,000	892	1.7857
F	601	Piper St., Unit _____	\$88,000	892	1.7857
	602	Piper St., Unit _____	\$88,000	892	1.7857
	603	Piper St., Unit _____	\$88,000	892	1.7857
	604	Piper St., Unit _____	\$88,000	892	1.7857
	605	Piper St., Unit _____	\$88,000	892	1.7857
	606	Piper St., Unit _____	\$88,000	892	1.7857
	607	Piper St., Unit _____	\$88,000	892	1.7857
	608	Piper St., Unit _____	\$88,000	892	1.7857
G	701	Piper St., Unit _____	\$88,000	892	1.7857
	702	Piper St., Unit _____	\$88,000	892	1.7857
	703	Piper St., Unit _____	\$88,000	892	1.7857
	704	Piper St., Unit _____	\$88,000	892	1.7857
	705	Piper St., Unit _____	\$88,000	892	1.7857
	706	Piper St., Unit _____	\$88,000	892	1.7857
	707	Piper St., Unit _____	\$88,000	892	1.7857
	708	Piper St., Unit _____	\$88,000	892	1.7857

COUNTRY SQUARE CONDOMINIUMS PHASE I

MAINTENANCE RESPONSIBILITIES

EXHIBIT "D"

I	II	III	IV	V
<u>Items</u>	General Common Areas Under Association Responsibility	Limited Common Areas Under Association Responsibilities	Unit Components Under Association Responsibility	Certain Other Components Under Unit Owner's Responsibility Without Respect To Ownership of the Component
Grounds and garage, including all landscaped and paved areas and other improvements thereon lying outside the main walls of the buildings with the exceptions noted herein.	All in all regards.	Assigned parking space maintenance and replacement	Routine cleaning and maintenance of assigned garage parking spaces	Routine maintenance and cleaning of interior door and panel, hardware and mechanisms; replacement of same grade, color, style.
Building, exterior, roof, vertical walls, foundations, beams, studding, supports.	All, in all regards			
Door, main entry and garage, unit doors.	Painting of exterior of door and portions of door and door frame which do not serve a Unit.		All surfaces exposed to the Common Areas including door, panel, buck, trim and sill.	

EXHIBIT "D", Page Two

I

II

III

IV

V

Items

General Common Areas Under Association Responsibility

Limited Common Areas Under Association Responsibilities

Unit Components Under Association Responsibility

Certain Other Components Under Unit Owner's Responsibility Without Respect To Ownership of the Component

Windows, storm windows screens.

Exterior painting, caulking and glazing only.

Routine cleaning and repair of windows and window mechanisms serving a Unit. Replacement of same grade, color and style.

Exterior stoops, decks, walkways, driveways, common exterior stairs, stairwells, and mailboxes.

Repair and replacement with the exceptions noted herein.

All, in regards except noted herein. Pavings and repair of private drives; ice and snow removal from walks, parking area and drives after fall of at least 4" precipitation.

Routine cleaning; ice and snow removal after fall of precipitation of up to 4".

Plumbing and related systems and components thereof.

All, in all regards; water damage to Common Area or Units other than the one which is the primary source of the problem through negligence of the occupant.

Repairs of portions of plumbing system outside boundaries of Unit but serving only one Unit, except when caused by the occupants of the Unit.

Only to the extent that a malfunction or threat of same originated outside the Unit in which the malfunction occurs or may occur; also damage caused to such Unit from causes initially occurring outside that Unit.

All portions within a Unit serving only that Unit, including fixtures and appliances attached thereto; water damage to a Unit, when the primary source of the problem is through negligence of the occupants of the Unit.

Electrical and related systems and components thereof, including fixtures.

All, in all regards.

All electrical and related systems and components thereof serving only one Unit, including exterior fixtures serving primarily

EXHIBIT "D", Page Three

I

II

III

IV

V

Items

General Common Areas
Under Association
Responsibility

Limited Common
Areas Under
Association
Responsibilities

Unit Components
Under Association
Responsibility

Certain Other
Components Under
Unit Owner's Responsibility
Without Respect To
Ownership of
the Component

one Unit including the
meter wire, pipes and con-
duit from same.

Heating system.

Systems serving only
Common Areas, all, in
all regards.

Systems serving only one
Unit, all in all regards.

Refuse collection.

All, in all regards.

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EXHIBIT "D", Page Four

NOTES

MAINTENANCE RESPONSIBILITIES:

This chart and the titles and headings used herein are not intended to describe or encompass all maintenance functions nor to delineate all respective responsibilities between the Unit Owners, severally, and the Association. The placement of responsibility under any specific column does not always accurately reflect the precise character and nature of ownership. The appropriate sections of the Declaration determine ownership.

Column I: Items. Items appearing in this column are illustrative and not exhaustive.

Column II: Common Areas Under Association Responsibility. Responsibility for determining and providing for the maintenance, repair and replacement requirements of the Common Areas and determining the costs thereof shall be primarily the responsibility of the Board of Directors and such designees to which it may delegate certain such responsibilities.

Column III: Limited Common Areas Under Association Responsibility. Responsibility for determining the maintenance, repair and replacement requirements of the Limited Common Areas shall be a shared responsibility between the Board of Directors and the Unit Owner of a Unit to which a specific Limited Common Area is exclusively appurtenant, provided, however, that the Board shall have the final responsibility for determining the need for and accomplishing such maintenance, repair and replacement activities.

Column IV: Unit Components under Association Responsibility. The items in this column are legally and by definition a part of a Unit but are attached or directly connected to or associated with the Common Areas and Common Expense items in such a way that a clear distinction between Unit Owner and Association responsibility cannot be made. Moreover, such items frequently involve matters of concern relative to the general health, safety and welfare of all of the occupants of the building. Thus, certain costs which appear to benefit a single Unit but which affect other Unit Owners are declared a Common Expense, especially when the correct functioning of an activity or element is integral to or supportive of the legally defined Common Areas and Common Expenses.

Column V: Certain Other Components Under Unit Owner's Responsibility Without Respect to Ownership of the Component. The items in this column are not intended to be exclusive and all-encompassing and do not affect responsibilities otherwise expressly provided for.

83-094851
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ANCHORAGE REG.
DISTRICT

Nov 29 12 06 PM '03
REQUESTED BY SAFECO
ADDRESS