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Federal I.D. #92-0135133

August 23, 2000

Pamela Bergmann
Woodlake Condominiums, Inc.
5664 Chilkoot Court
Anchorage, Alaska 99504

Re: Hallmark Investments v. Woodlake Condo Assn.,
Case No. 3AN-0-05137 CI
Claim No. 02-B333-477
Our File No. 548.188

Dear Ms. Bergmann:

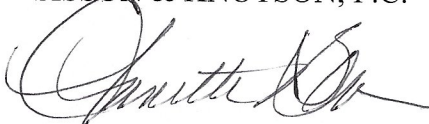
Enclosed is a copy of the Agreement recorded with the Anchorage Recording District on May 9, 2000 in Book 3630, Page 656.

Now, that this case is concluded, we will be closing our file. If you wish to retain any portion of our file, please contact our office within 30 days of receipt of this letter. After that time, the file will be subject to our document retention policy, which may result in destruction of all or part of the file.

Thank you for allowing us to assist you with this matter.

Sincerely,

SISSON & KNUTSON, P.C.



Annette Brown
Paralegal to Rod R. Sisson

Enclosures

BANKSTON & MCCOLLUM, P.C.
Telecopier Cover Letter

DATE: August 23, 2000 SENDER'S NAME: Debbie

TIME: _____ FILE NO.: D-3540-03

CASE NAME: Lago Madera Condominiums

TELECOPIER NUMBER: 258-9852

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Rod Sisson, Esquire

FIRM: Sisson & Knutson, P.C.

CITY: _____ PHONE: _____

FROM: James H. McCollum, Esquire

DOCUMENT(S) BEING TRANSMITTED

Agreement recorded on May 9, 2000, in Book 3630, at Page 656, in the records of the Anchorage Recording District, Third Judicial District, State of Alaska.

TOTAL NUMBER OF PAGES, INCLUDING THIS COVER LETTER: 9

REMARKS FROM SENDER

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL Receptionist

BANKSTON & McCOLLUM
550 W. 7th Avenue, Suite 1800
Anchorage, Alaska 99501-3590
Telephone: (907) 276-1711
Facsimile: (907) 279-5358

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AGREEMENT

This Agreement is entered into between Woodlake Condominium Association ("Woodlake") and Hallmark Investments, LLC ("Hallmark"), LH Construction, Inc. ("LH"), and L&D, Inc. ("L&D"), effective the 5th day of May, 2000.

WHEREAS, Woodlake is the unit owners association established pursuant to the provisions of the Horizontal Property Regimes Act for the unit owners of Woodlake Condominiums, a condominium project established on certain property described as:

Tract A of CHUGACH TERRACE ADDITION NO. 1, according to Plat no. 84-499 and Tract C-1, Tract C-2 and Tract C-3 of CHUGACH TERRACE ADDITION NO. 3 according to Plat No. 85-184, located in the Anchorage Recording District, Third Judicial District, State of Alaska., ("Woodlake Property") and

WHEREAS, Hallmark is the owner of certain property described as:

Tracts B-One (B-1) and B-Two (B-2) of CHUGACH TERRACE ADDITION NO. 1 according to Plat 99-76 filed in the Anchorage Recording District, Third Judicial District, State of Alaska; ("Hallmark Property") and

WHEREAS, Hallmark desires to create a common interest ownership community consisting of twelve (12) condominium units constructed on the Hallmark Property pursuant to the provisions of the Alaska Uniform Common Interest Ownership Act, AS 34.08.010 *et. seq.*, and

WHEREAS, the Woodlake Condominium project is governed by the terms of resolutions 041-84 and 041-84A of the Municipality of Anchorage Planning and Zoning Commission, relating to Case 84-046, which resolutions create a planned unit development scheme for the development of the Hallmark Property and the Woodlake Property; and

WHEREAS, the declarant of Woodlake Condominium Association had the right to add the Hallmark Property to Woodlake in phases and such right has expired; and

WHEREAS, the Hallmark Property was subject to the right of the Declarant for Woodlake Condominium to be added to the Woodlake Condominium as phases, which right of the Declarant has expired: and

WHEREAS, disputes have arisen between the parties resulting in a lawsuit in the Alaska Superior Court, styled *Hallmark Investments, LLC v. Woodlake Condominium Association*, Case No. 3AN-00-5137 Civ.; and

WHEREAS, the parties have resolved their disputes through mediation and desire to reduce their agreement to writing:

NOW THEREFORE it is agreed as follows:

1. Hallmark, as the declarant, shall form a new condominium association ("New Association") as set forth in a declaration submitting the Hallmark Property to the Alaska Uniform Common Interest Ownership Act. Hallmark will assign all of its rights and liabilities of this Agreement to the New Association. Once Hallmark has assigned all of its rights and obligations of this Agreement to the New Association and the New Association has accepted and ratified the assignment, Hallmark will be released from any obligation to Woodlake created by this Agreement. Hallmark will notify Woodlake of the creation of the New Association. Hallmark will provide Woodlake with a copy of the assignment of the terms and conditions of this Agreement to the New Association, and the ratification and acceptance of the terms and conditions of this Agreement.
2. Hallmark, for and in consideration of the covenants and agreements contained herein, hereby leases to Woodlake parking spaces designated I-101 and I-102 on Plat 99-76 recorded on August 4, 1999, for a period of fifty (50) years from May 5, 2000, for the sum of \$1.00 (One Dollar) and other valuable consideration, the receipt of which is hereby acknowledged. Woodlake shall have the option to lease the parking spaces upon the same terms and conditions for a successive 50-year period unless otherwise agreed by the parties. Woodlake will agree to include these parking spaces in its liability insurance coverage for its common areas.
3. Hallmark will indemnify Woodlake from any damages for which Hallmark would be liable under the laws of the State of Alaska, or any other applicable law, caused by the discharge of water from the Hallmark Property onto the Woodlake Property.
4. Hallmark will carry liability insurance in the same amount of liability insurance as Woodlake. Hallmark will provide to Woodlake on an annual basis a certificate of insurance. This insurance should include coverage for the common access area on Chilkoot Court. "Common access" is defined as that portion of Chilkoot Court from Woodlake's west property line beginning at the elevation number 241.00 (by the mail boxes at the top of the hill) down the hill to its intersection with the Hallmark Property street, ending at the elevation number 217.50, which elevation numbers are contained on the as-built survey for Plat 99-76, recorded on August 4, 1999. Woodlake will carry a similar amount of liability insurance for the area on the Hallmark Property which Woodlake uses as access to Building E. Woodlake will provide a certificate of insurance to Hallmark on an annual basis.
5. Hallmark will pay 28% of Woodlake's annual budget item for repairing, curbing, and repaving the common access area of Chilkoot Court (as defined in paragraph 4), except Hallmark will not make any payment to Woodlake for Woodlake's recurbing or replacing the old existing curbing along the 273 feet of Chilkoot Court. The method of establishing Woodlake's annual budget reserve for repairing, curbing and repaving shall be provided to Hallmark, including all invoices, backup information, and the contractor's bid and billing. Woodlake will

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provide all backup information concerning the establishment of this budget item. Hallmark will make payments to the reserves in monthly installments with the first such installment due effective 30 days from the date the Planning and Zoning Commission has approved the Agreement as set forth in paragraph 12. All monies paid by Hallmark toward reserves shall be kept in a separate bank account until used.

6. Hallmark will pay 28% of Woodlake's actual cost for plowing, sanding and cleaning the common area access of Chilkoot Court (as defined by paragraph 4). Woodlake will provide to Hallmark all invoices, receipts, backup information, including the contractor's bid and billing for this service. Hallmark will pay its portion of the invoices within thirty (30) days after submission of the bill and all backup information. Hallmark will not pay any reserve amounts for this service.

7. Any external building color or building changes to either Woodlake or Hallmark shall be approved by both associations to ensure the units complement each other.

8. Hallmark will pay all expenses, fees, or other costs associated with establishing the New Association. After the New Association is formed, the new association will pay all of its own expenses, fees, or other costs associated with the maintenance of the association pursuant to applicable law.

9. Once the conditions set forth in paragraph 12 have been approved by the Municipality of Anchorage, Planning and Zoning Commission and after the time for appeal has run for the approval, Hallmark and Woodlake and all other parties subject to this Agreement will dismiss, with prejudice, all claims and counterclaims against each other which have been made or which could have been made in *Hallmark Investments, LLC v. Woodlake Condominium Association*, Case No. 3AN-00-5137 Civ. The dismissal will provide that each party to the litigation will bear its own costs and attorney's fees.

10. Once all conditions precedent to this Agreement have been met and for consideration of the mutual promises contained herein, all parties agree to a mutual release between Hallmark, its predecessors in interest, including LH Construction, Inc., L&D, Inc., any other predecessor subject to this Agreement, whether or not now known, and Woodlake. Each party to this Agreement hereby releases the respective officers, directors, agents, employees, unit owners, members, equity owners, attorneys, and any other person of any nature whatsoever associated with, connected with, or in any way related to Hallmark or Woodlake, from any and all claims and causes of suit or action concerning the disputes which have arisen between the parties.

11. Hallmark shall amend the as-builts, and any other recorded documents to reflect the New Association's name, thereby eliminating the name Woodlake.

12. This Agreement is contingent upon approval by the Municipality of Anchorage, Planning and Zoning Commission. LH Construction, Inc. and Hallmark will immediately file an amendment to the conditional use application with this Agreement as an attachment. All parties to this agreement will in good faith participate in the application and hearing process. No party

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shall communicate or meet with the Planning and Zoning Commission members or representatives of the Municipality of Anchorage, Department of Community Planning and Development without providing all of the parties: (1) a copy of such communication, and (2) notice of such meeting prior to the meeting. All parties shall sign any documents necessary to effect this Agreement and to carry out the purposes and intentions of this Agreement.

13. This Agreement shall be executed by the respective parties by the close of business on May 5, 2000, after approval by Woodlake's Board of Directors.

14. Any controversy, claim, or dispute concerning, arising out of, or related to this Agreement will be resolved by arbitration before the American Arbitration Association according to the Commercial Rules of Arbitration to be determined by one arbitrator in Anchorage, Alaska. The arbitrator shall have the power to assess part of the arbitrator's fees and the costs of arbitration, as well as costs and attorney's fees against either party to the arbitration. Judgment may be entered upon the award rendered by the arbitrator.

15. The covenants, terms and conditions contained in this Agreement shall be binding upon and inure to the benefit of the assigns and successors in interest of the respective parties hereto, including the New Association.

16. No amendment, deletion, addition or notation to or of this Agreement shall be effective unless it is completely and unambiguously contained in a writing executed by all of the parties to this Agreement.

17. This written Agreement is fully integrated, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all other prior and contemporaneous agreements, contracts, representations, promises, acknowledgments, warranties and covenants, oral or written, by and between the parties with respect to such subject matter which are not included herein.

18. This Agreement and the respective rights and obligations of the parties hereunder shall be construed and interpreted according to the laws of the State of Alaska.

19. The failure by any party to object to a default under or breach of this Agreement shall not constitute a waiver, either express or implied, of the right to do so in the event of any future or continuing default under or breach of this Agreement.

20. The language in all parts of this Agreement shall be construed (a) according to its fair meaning and common usage and (b) not strictly for or against any party to this Agreement. Unless expressly provided for to the contrary in this Agreement or the context otherwise requires, the following rules of interpretation and construction shall apply to this Agreement.

21. In this Agreement, the neuter gender shall include the masculine and the feminine, and vice versa; the singular number shall include the plural, and vice versa; and the word "person" shall include a natural person, corporation, partnership, joint venture, association, firm, syndication, trust, and governmental or municipal corporation, department, body instrumentality, or agency.

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22. "Shall," "will" and "agrees" are mandatory, except to the extent context requires otherwise. "May" is permissive and means "may, but shall not be obligated to."

23. "Including" means "including, but not limited to." "Include" means "include, but not be limited to." "Any" means "any and all." "At any time" means "at any time and from time to time." "Any such" means "any or all of such."

24. If a party is required not to unreasonably withhold consent or approval, the party shall also be required not to unreasonably delay consent or approval.

25. Each party and each natural person who executes this Agreement on behalf of such party acknowledges, warrants and represents for the benefit of the other parties to this Agreement: (a) that such person is duly authorized and empowered to execute this Agreement on behalf of such party; (b) that, if a corporation, joint venture, trust, partnership or other entity (i) such party has been duly formed and organized and is in good standing and (ii) all necessary and appropriate resolutions and actions authorizing such party to enter into, execute and perform this Agreement and the transactions contemplated by this Agreement have been obtained; and (c) that all steps have been taken and acts performed that are conditions precedent to making this Agreement valid, enforceable and binding against such party in accordance with its terms and conditions.

26. Each party to this Agreement acknowledges that it has enjoyed the advice and representation of competent independent legal, business, tax and financial counsel in negotiating, entering into and executing this Agreement. The fact that this Agreement may have been drafted in whole or in part by one such party's counsel shall not cause any part of this Agreement to be construed against such party.

27. In the event that any term or condition of this Agreement is declared by a court of competent jurisdiction to be void or unenforceable, the remaining terms and conditions shall nevertheless be valid and enforceable as if such void or unenforceable term or condition had been omitted from the Agreement when it was formed.

28. Notices. Each notice required under this Agreement or by law shall: (a) be in writing; (b) contain a clear and concise statement setting forth the subject and substance thereof and the reasons therefor; and (c) be personally delivered, facsimile transmitted ("FAX"), or duly mailed by certified mail, return receipt requested, to each party to this Agreement at its following address or number or to such other address or number as that party may have most recently given notice of to all of the other parties:

Woodlake Condominium Association
c/o New Horizons Association Management
4010 Romanzof Circle
Anchorage, Alaska 99517-1416

Hallmark Investments, LLC
3705 Arctic Blvd., PMB 2318
Anchorage, Alaska 99503

Handwritten signature: JVPB @

