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DECLARATION
OF
MURPHY COURT CONDOMINIUMS
A CONDOMINIUM CONVERSION

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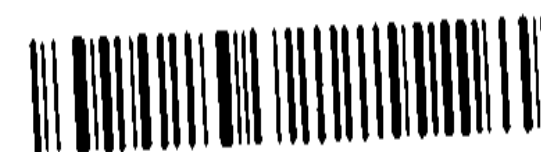
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DECLARATION

MURPHY COURT CONDOMINIUMS

Declarants, Raymond E. Hickel and Suzanne C. Hickel, husband and wife, with an office located at 8000 King Street, Anchorage, Alaska 99518, do hereby submit the real property in Anchorage, Alaska, described in Schedule A-1, to the provisions of the Common Interest Ownership Act, Title 34, Chapter 8, of the Alaska Statutes, for the purpose of creating Murphy Court Condominiums, and making the Improvements shown in the Plat and Plans attached as Schedule A-3.

ARTICLE I

Definitions

In the Documents, the following words and phrases shall have the following meanings:

Section 1.1 - Act. The Uniform Common Interest Ownership Act, AS 34.08 of the Alaska Statutes as it may be amended from time to time.

Section 1.2 - Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability, and votes in the Association allocated to Units in the Common Interest Community. The Allocated Interests are described in Article VIII of this Declaration and shown on Schedule A-2.

Section 1.3 - Association. Murphy Court Condominiums Owners Association, Inc. is a non profit corporation organized under Title 10, Chapter 20 of the statutes of the State of Alaska. It is the Association of Unit Owners pursuant to Section 34.08.310 of the Act.

Section 1.4 - Bylaws. The Bylaws of the Association as they may be amended from time to time.

Section 1.5 - Common Elements. Each portion of the Common Interest Community other than a Unit.

Section 1.6 - Common Expenses. The expenses or financial liabilities for the operation of the Common Interest Community. These include:

- (a) Expenses of administration, maintenance, repair or replacement of the Common Elements;
- (b) Expenses declared to be Common Expenses by the Documents or by the Act;
- (c) Expenses agreed upon as Common Expenses by the Association; and

(d) Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

Section 1.7.-Common Interest Community. The real property described in Schedule A-1, subject to the Declaration of Murphy Court Condominiums.

Section 1.8.-Conversion Property. Real estate that before creation of the Common Interest Community was occupied wholly or partially, by persons other than purchasers and persons who occupy with the consent of purchasers.

Section 1.9 - Declarant. Raymond E. Hickel and Suzanne C. Hickel, husband and wife or successor as defined in Subsection 34.08.990(12) of the Act.

Section 1.10.-Declaration. This document, including any amendments.

Section 1.11.-Director. A member of the Executive Board.

Section 1.12 - Documents. The Declaration, Plat, and Plans filed and recorded pursuant to the provisions of the Act, the Bylaws, and the Rules as they be amended from time to time. Any exhibit, schedule or certification accompanying a Document is a part of that Document.

Section 1.13 - Eligible Insurer. An insurer or guarantor of a first Security Interest in a Unit which has notified the Association in writing of its name and address and that it has insured or guaranteed a first Security Interest in a Unit. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in Article XVII.

Section 1.14 - Eligible Mortgagee. The holder of a first Security Interest in a Unit which has notified the Association, in writing, of its name and address, and that it holds a first Security Interest in a Unit. Such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XVII.

Section 1.15 - Executive Board. The board of directors of the Association.

Section 1.16.-Improvements. Any construction, structure, fixture or facilities existing or to be constructed on the land included in the Common Interest Community, including but not limited to, buildings, paving, utility wires, pipes, light poles, and trees and shrubbery planted by the Declarant, a Unit Owner or the Association.

Section 1.17 - Limited Common Elements. The portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or by operation of Subsections (2) and (4) of Section 34.08.100. The Limited Common Elements in the Common Interest Community are described in Article V of this Declaration.

Section 1.18 - Majority or Majority of Unit Owners. The owners of more than fifty percent (50%) of the votes in the Association.



Section 1.19. - Manager. A person, firm or corporation employed or engaged to perform management services for the Common Interest Community and the Association.

Section 1.20 - Notice and Comment. The right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section 23.1 of this Declaration.

Section 1.21 - Notice and Hearing. The right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 23.2 of this Declaration.

Section 1.22 - Person. An individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision, agency, or other legal or commercial entity.

Section 1.23 - Plans. The plans filed with this Declaration as Schedule A-3, as they may be amended from time to time.

Section 1.24 - Plat. The plat filed with this Declaration as Schedule A-3, as it may be amended from time to time.

Section 1.25 - Property. The land, all Improvements, easements, rights and appurtenances which have been submitted to the provisions of the Act by this Declaration.

Section 1.26 - Public Offering Statement. The current document prepared pursuant to 34.08.530 of the Act as it may be amended from time to time, and provided to purchasers.

Section 1.27 - Rules. Rules for the use of Units and Common Elements, and for the conduct of persons within the Common Interest Community adopted by the Executive Board pursuant to this Declaration.

Section 1.28 - Security Interest. An interest in real estate or personal property created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.29 - Special Declarant Rights. Right reserved for the benefit of a Declarant to (a) complete Improvements indicated on Plats and Plans filed with the Declaration; (b) maintain sales offices, management offices, signs advertising the Common Interest Community, and models; (c) use easements through the Common Elements for the purpose of making Improvements within the Common Interest Community or within real estate that may be added to the Common Interest Community; or (d) appoint or remove an officer of the Association or any Executive Board member during any period of Declarant control.



Section 1.30 - Trustee. The entity which may be designated by the Executive Board as the Trustee for the receipt, administration, and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses, and other like sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Executive Board from time to time constituted, acting by majority vote, as executed by the president and attested by the secretary.

Section 1.31 - Unit. A physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described in Section 4.2 of this Declaration.

Section 1.32 - Unit Owner. The Declarant or other Person who owns a Unit. Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by this Declaration.

ARTICLE II

Name and Type of Common Interest Community and Association

Section 2.1 - Common Interest Community. The name of the Common Interest Community is "Murphy Court Condominiums." Murphy Court Condominiums is a Condominium created from Conversion Property.

Section 2.2 - Association. The name of the Association is Murphy Court Condominiums Owners Association, Inc.

ARTICLE III

Description of Land

The entire Common Interest Community is situated in the Anchorage Recording District, Third Judicial District, State of Alaska and is located on land described in Schedule A-1.

ARTICLE IV

Maximum Number of Units: Boundaries

Section 4.1 - Maximum Number of Units. The Common Interest Community upon creation contains four (4) Units located within an existing building on the Property.

Section 4.2 - Boundaries. Boundaries of each Unit created by the Declaration are shown on the Plat and Plans as numbered Units with their identifying number and are described as follows:

- (a) Upper Boundary: The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams and rafters, and of closed fireplace dampers extended to an intersection with the vertical perimeter boundaries.

(b) Lower Boundary: The horizontal plane or planes of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries and open horizontal unfinished surfaces of trim, sills, and structural components.

(c) Vertical Perimeter Boundaries: The planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished inner surfaces of poured concrete walls; the unfinished surfaces of the interior trim, fireplaces, and thresholds along perimeter walls and floors; the unfinished exterior surfaces of closed windows and closed perimeter doors; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions, and partition walls between separate Units.

(d) Inclusions: Each Unit will include the spaces and Improvements lying within the boundaries described in Sections 4.2(a), 4.2(b), and 4.2(c) above, and will also include the spaces and the Improvements within such spaces containing any heating, water heating apparatus, smoke detector systems and all electrical switches, wiring, pipes, ducts, conduits, smoke detector system, and television, telephone, and electrical receptacles and light fixtures and boxes serving that Unit exclusively, the surface of the foregoing being the boundaries of such Unit, whether or not such spaces are contiguous.

(e) Exclusions: Except when specifically included by other provisions of Section 4.2, the following are excluded from each Unit: the spaces and Improvements lying outside of the boundaries described in Sections 4.2(a), 4.2(b), and 4.2(c), above, and all chutes, pipes, flues, ducts, wires, conduits, and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units and Common Elements or both.

(f) Inconsistency with Plans: If this definition is inconsistent with the Plans, then this definition will control.

ARTICLE V

Limited Common Elements

The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(a) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit, and any portion thereof serving more than one Unit or a portion of the Common Elements is a part of the Common Elements.

(b) Any doorsteps, porches, decks, driveways and yards designed to serve a single Unit that are located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.



(c) Chimneys and the flue thereof will be Limited Common Elements allocated to the Unit containing the fireplace.

(d) Walkways leading to the front porch of the Unit, the use of which is limited to the Unit as shown on the Plat and Plans.

(e) Exterior surfaces, trim, and siding will be Limited Common Elements allocated to the Units sheltered.

(f) Address number, Unit letter, and exterior lighting affixed to the building will be Limited Common Elements allocated to the Units served.

ARTICLE VI

Maintenance, Repair, and Replacement

Section 6.1 - Common Elements. The Association shall maintain, repair and replace all of the Common Elements, including the shed located in the Common Element yard area, except for certain Limited Common Elements which are required by this Declaration to be maintained, repaired or replaced by the Unit Owners. Common Expenses associated with the cleaning, maintenance, repair or replacement of Limited Common Elements which are not the specific maintenance responsibility of a Unit or Units or a maintenance expense of the Association which is to be specifically assessed to the Unit Owner or owners to whose Unit the Limited Common Element is appurtenant will be assessed against all Units in accordance with their Allocated Interests in the Common Expenses. If any Limited Common Element, required to be maintained, repaired or replaced by the Unit Owner is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element will be assessed and shared equally among the Units to which it is assigned.

(a) ~~Certain Limited Common Elements to be maintained by the Association and assessed to the Units.~~ The Association shall maintain, repair, and replace the Limited Common Element walkways, driveways, porches, decks and limited common element yard areas not enclosed with a fence, and assess the cost against the Unit or Units to which such Limited Common Elements are assigned.

(b) ~~Maintenance, Repair, and Replacement Obligations of Unit Owners with Respect to Certain Limited Common Elements.~~ Each Unit Owner shall be responsible for removing all cut grass, leaves, dirt, and debris from the porch, deck and driveways which are Limited Common Elements appurtenant to his or her Unit. Unit Owners, who choose to enclose their Limited Common Element yard area with a fence, shall be responsible for the maintenance of their fenced yard area.

(c) ~~Maintenance of Fences.~~

(i) The Association shall be responsible for the maintenance, repair, and replacement of the perimeter fence.



(ii) Unit Owner's may construct a fence enclosing the rear yard area of their Unit. Fence material, design and location shall be determined by the Executive Board. The Executive Board may change the designated materials and design from time to time without amending this Declaration.

(iii) To the extent that a fence separates yard areas appurtenant to separate Units, then the responsibility for the maintenance, repair, and replacement of that portion of the fence shall be the joint responsibility of the Units to which such yards are appurtenant. The cost of construction of the fence shall be that of the Unit Owner constructing the fence enclosing the yard appurtenant to that Unit. To the extent that a fence constructed by a Unit Owner joins an existing fence dividing the yards between the two Units, then such Unit Owner shall pay to the owner of the adjoining Unit one-half (1/2) of the reasonable costs of the shared fence at reasonable commercial rates in effect at the time. No Unit Owner may construct a fence around a portion of its yard without completely enclosing that Unit Owner's yard.

(iv) Provided, however, that the requirements of 6.1(c)(i) above, shall not be construed to compel a Unit Owner to erect and maintain a fence separating two yard areas, who does not agree to the erection of the fence. In such circumstances the fence construction costs shall be responsibility of the Unit Owner desiring the construction of the fence. If the adjoining Unit Owner not originally in agreement with construction of the fence, should subsequently decide to enclose their yard with a fence, then at such time, the Unit Owner not originally in agreement shall contribute an equitable portion of fence construction costs to the Unit Owner who erected the fence separating their yard areas, including a reasonable adjustment for the remaining economic life of the existing fence

Section 6.2 - Units. Each Unit Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit.

Section 6.3 - Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing, replacing utility meters and related pipes, valves, wires and equipment, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Unit Owner is present at the time.

Section 6.4 - Repairs Resulting From Negligence. Each Unit Owner will reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally or negligently by the Unit Owner or by his or her failure to properly maintain, repair or make replacements to his or her Unit. The Association will be responsible for damage to Units caused intentionally or negligently by the Association or by its failure to maintain, repair or make replacements to the Common Elements. If such expense is caused by misconduct, it will be assessed following Notice and Hearing.



~~Section 6.5 - No additional component or element may be attached without consent of the Executive Board.~~ No additional component or element may be attached to any Common Element without the written consent of the Executive Board. In the event that any additional component or element of a Limited Common Element attached thereto by the Unit Owner becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired at the Unit Owner's expense as a Common Expense Assessment under this section, after Notice and Hearing.

ARTICLE VII

Special Declarant Rights

~~Section 7.1 - Special Declarant Rights.~~ The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Common Interest Community:

- (a) To complete Improvements indicated on Plats and Plans filed with the Declaration;
- (b) The right by amendment to allocate as a Limited Common Element the area shown on the Plat and Plans as "Storage Area, Subject to Special Declarant Rights", and to assign said storage area to a particular Unit; however, no assurance is given that such storage area will be allocated.
- (c) To maintain sales offices, management offices, signs advertising the Common Interest Community, and models;
- (d) To use easements through the Common Elements for the purpose of making Improvements within the Common Interest Community;
- (e) To appoint or remove an officer of the Association or an Executive Board member during a period of Declarant control subject to the provisions of Section 7.9 of this Declaration.

~~Section 7.2 - Models, Sales Offices, and Management Offices.~~ As long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model Unit or sales office or management office.

~~Section 7.3 - Declarant's Easement.~~ The Declarant reserves the right to perform repairs and construction work, and to store materials in secure areas, in Units and in the area shown on the Plat and Plans as "Storage Area", and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of or exercising Special Declarant Rights, whether arising under the Act or reserved in the Declaration. Such easement includes the right to

convey utility and drainage easements to public utilities, municipalities, the State, riparian owners or upland owners to fulfill the plan of development.

Section 7.4 - Signs and Marketing. The Declarant reserves the right to post signs and displays in the Common Elements to promote sales of Units, and to conduct general sales activities, in a manner as will not unreasonably disturb the rights of Unit Owners.

Section 7.5 - Declarant's Personal Property. The Declarant reserves the right to retain all personal property and equipment used in the sales, management and maintenance of the premises that has not been represented as property of the Association. The Declarant reserves the right to remove from the property, promptly after the sale of the last Unit, any and all goods and Improvements used in development and marketing whether or not they have become fixtures.

Section 7.6 - Declarant Control of the Association.

(a) Subject to Subsection 7.6 (b), there shall be a period of Declarant control of the Association, during which a Declarant or persons designated by the Declarant, may appoint and remove the officers and members of the Executive Board. The period of Declarant control terminates no later than the earlier of:

(i) Sixty (60) days after conveyance of seventy-five percent (75%) of the Units created, to Unit Owners other than a Declarant;

(ii) two (2) years after all Declarants have ceased to offer Units for sale in the ordinary course of business;

(iii) five (5) years after the first Unit is conveyed to a Unit Owner other than a Declarant.

A Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of that period, but in that event the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Board, as described in a recorded instrument approved by the Declarant be approved by the Declarant before they become effective.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units created, to Unit Owners other than a Declarant, and in any event no later than one (1) year after conveyance of the first Unit to a Unit Owner other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units created, to Unit Owners other than a Declarant, not less than thirty-three-and-one-third percent (33-1/3%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.

(c) Not later than the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of at least three (3) members, at least a majority of



whom shall be Unit Owners. The Executive Board shall elect the officers. The Executive Board members and officers take office upon election.

(d) Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under AS 34.08.390, the Unit Owners, by a two-thirds (2/3) vote of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a member of the Executive Board with or without cause, other than a member appointed by the Declarant.

Section 7.7 - Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until the earliest of the following events occur:

- (a) So long as the Declarant is obligated under any warranty or other obligation;
- (b) So long as the Declarant owns any Unit;
- (c) So long as the Declarant holds any mortgage on any Units; or
- (d) For five (5) years after this Declaration is recorded.

Earlier termination of certain rights may occur by statute.

Section 7.8 - Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

ARTICLE VIII

Allocated Interests

Section 8.1 - Allocation of Interests. The table showing Unit numbers and their Allocated Interests is attached as Schedule A-2. These interests have been allocated in accordance with the formulas set out in this Article VIII. These formulas are to be used in reallocating interests if Units are added to the Common Interest Community.

Section 8.2 - Formulas for the Allocation of Interests. The Interests allocated to each Unit have been calculated on the following formulas:

(a) Undivided Interest in the Common Elements. Each Unit in the Common Interest Community shall have an equal percentage of the undivided interest in the Common Elements.

(b) Liability for the Common Expenses. Each Unit in the Common Interest Community shall have an equal percentage of liability for Common Expenses. Nothing



contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article XVIII of this Declaration.

(c) Votes. Each Unit in the Common Interest Community shall have one (1) equal Vote. Any specified percentage, portion or fraction of Unit Owners, unless otherwise stated in the Documents, means the specified percentage, portion, or fraction of all of the votes as allocated in Schedule A-2.

~~Section 8.3 - Assignment of Allocated Interests Upon Creation of Units~~. The effective date for assigning Allocated Interests to Units shall be the date on which the Declaration is recorded in the records of the Anchorage Recording District.

ARTICLE IX

Restrictions on Use, Alienation and Occupancy

Section 9.1 - Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article VII, the following use restrictions apply to all Units and to the Common Elements:

(a) Residential Use.

(i) Each Unit is restricted to residential use as a single-family residence including home professional pursuits not requiring regular visits from the public or unreasonable levels of mail, shipping, trash or storage. No sign indicating commercial or professional uses may be displayed outside a Unit.

(ii) A single-family residence is defined as a single housekeeping unit, operating on a non-profit, non-commercial basis between its occupants, cooking and eating with a common kitchen and dining area, with no more permanent occupants than two (2) per bedroom pursuant to Anchorage Code of Ordinances, Housing Maintenance and Occupancy code.

(iii) The area shown on the Plat and Plans as Storage Area shall be restricted to use as a garage/storage area and shall not be occupied as a residence.

(b) Bylaws and Rules. The use of Units and Common Elements is subject to the Bylaws and the Rules of the Association.

(c) Driveways and Garages. Limited Common Element driveways accessing the garage designated to each Unit may be used as a parking space for vehicles only, in accordance with the Rules. Garages are restricted to use by the Unit as storage and as a parking space for vehicles. Driveways may be used as a parking space for vehicles, specifically excluding, however, commercial vehicles and campers which do not fit inside the garage. Any vehicle parked in the driveway must be properly licensed and in operating condition.



(d) Fences. Except for the Declarant constructed perimeter fence at the locations shown on Schedule A-3 to the Declaration, no fences are permitted on Common Element yard areas.

(e) Unit Maintenance. Each Unit Owner shall keep his Unit in good state of preservation and cleanliness.

(f) Leases. No Unit may be leased except by written leases in excess of six months. Each lease will be filed with the Association, and written notice given of commencement and termination of possession. Each lease will incorporate the terms and restrictions of the Documents as a personal obligation of the tenant. Each lease will attorn to the Association as landlord solely for the purpose of enforcing the restrictions of the Documents following Notice and Hearing to the Unit Owner/landlord, and an opportunity to cure the violation, and then by direct levy, injunction and/or eviction by summary process, against the tenant. The Association will not otherwise assume the responsibilities or obligations of the landlord. The Association will have the right and power to exercise the landlord's rights of summary eviction against any tenant of the Unit Owner who violates the restrictions of the Documents, provided the landlord has received Notice and Hearing and is given a reasonable opportunity to cure the violation following the Hearing. A copy of all written occupancy agreements conforming to the foregoing requirements shall be submitted to the Executive Board to verify compliance with these requirements.

(g) Nuisance. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done therein which may become an annoyance or nuisance to the Community. Motor bikes, motorcycles and automobiles shall have operable mufflers. Use of snow machines, 3 wheelers, 4 wheelers and all terrain vehicles (ATV's) on the Property is expressly prohibited. Unit Owners shall contain or control their pets to the extent necessary to prevent their becoming a nuisance to other Unit Owners, including, but not limited to barking dogs.

(h) Improper Use. No improper, offensive or unlawful use may be made of Units. Unit Owners shall comply with and conform to all applicable Federal and State of Alaska laws and regulations and all ordinances, rules and regulations of the Municipality of Anchorage. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for the violation thereof or non-compliance therewith.

(i) Landscaping. The Association shall maintain the Common Element yard areas.

(j) Utility and Drainage Easements. The obstruction or re-channeling of drainage flows from the original location and installation of drainage swales, storm sewers, or storm drains is not permitted, except that the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat as shown on **Schedule A-3**. Within these easements, no structures, plantings or other materials shall be placed or permitted to



remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or significantly affect the flow of water through drainage channels in the easements.

(k) Signs. No signs of any kind shall be displayed to the public view on any Unit except a sign of not more than five (5) square feet advertising the property for sale or rent, or a sign used by the Declarant to advertise the property during the Unit sales period.

(l) Garbage and Refuse Disposal.

(i) The Association shall contract with an entity providing trash removal services. Trash, garbage or other waste shall be wrapped in a secure package and deposited into trash containers as approved by the Association. Trash containers shall not be visible to adjacent Units or to the public from the street, except when placed at the street on the evening before, or the day of garbage pick-up. No outside burning of trash or garbage is permitted.

(ii) No portion of the Property shall be used for the storage of building materials, refuse, or any other materials.

(m) Parking and Vehicle Restrictions and Storage.

(i) No wrecked, inoperative, vandalized or otherwise derelict-appearing automobiles; no trucks, trailers, mobile homes, truck campers, detached camper units, boats, motorcycles, snow-machines, all-terrain vehicles, and recreational vehicles of any type, whether operative or inoperative, shall be kept, placed, stored, or maintained on the Property, except that Unit Owners may store said items within an enclosed garage so that the item is not visible from the street or adjacent Units. The purpose of this provision is to keep such vehicles and equipment stored out of sight. Fuel storage is prohibited.

(ii) Unit Owners shall not park vehicles in the Community, in excess of the number and size of vehicles that can be contained within their Unit's garage. Vehicles parked in driveways shall not extend beyond the driveway and encroach onto the street. Guest parking in driveways shall not exceed three days within a seven day time period. Guest parking in the street shall be in accordance with Municipality of Anchorage regulations.

(iii) Except for temporary repairs involving immobility of two (2) hours or less, highway vehicles shall not be disassembled, repaired, rebuilt, painted or constructed outside of Unit garages on the Property. Following Notice and Hearing, the Association may remove any vehicle remaining immobile in excess of forty-eight (48) hours, and charge the removal costs to the respective Unit Owner.

(iv) No large commercial van, business related vehicle (e.g., dump trucks), heavy equipment such as bulldozers and road graders may be kept on the



Property. No part of the Property may be used for the storage of any equipment, materials or merchandise used or to be sold in a business or trade.

(n) Oil and Mining Operations. No oil or gas drilling, development operations, refining, quarrying or mining operations of any kind shall be permitted on the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Unit.

(o) Antennae and Satellite Dishes.

(i) The Declarant imposes the following restrictions relating to the installation of satellite dishes and antennae if compliance does not (1) unreasonably delay or prevent installation, maintenance or use; (2) unreasonably increase the cost of installation, maintenance or use; or (3) preclude reception of an acceptable quality signal to the Unit Owner.

(ii) Acceptable Locations. Subject to the requirements contained in (p)(i) above, satellite dishes and antennas shall be installed in the following locations (listed in decreasing order of preference).

(A) Inside the Unit.

(B) On the dwelling roof. Satellite or antennae shall not protrude beyond four feet (4') above the roof line and shall be set back a minimum of two feet (2') from the roof edge.

(C) Within the boundaries of the Unit Owners Limited Common Areas, as shown on the Plat and Plans attached as Schedule A-3 (including decks, patios and yard areas).

(iii) Unacceptable Locations. Except as otherwise provided herein, antennas and satellite dishes shall not be installed or encroach upon Common Elements or upon another Unit.

(iv) Shielded from View. Antennas and satellite dishes shall be located in a place shielded from view to the public or from other Units to the maximum extent possible; provided, however, that nothing in this rule requires installation where an acceptable quality signal cannot be received or in such a manner that unreasonably increases the cost of installation.

(v) Satellite Wiring. Wiring shall be installed in a neat, secure and inconspicuous manner so as to minimize exposed satellite wiring on the exterior of the dwelling. No loose sagging wiring is permitted. Installation shall be completed in a professional workmanlike manner by a licensed bonded and insured installer, approved by the Association.



(vi) Color. Satellite dish color shall be neutral tones of gray only. No commercial advertising on the satellite dish is permitted other than the brand name.

(vii) Safety and Non-interference. Installation shall comply with reasonable safety standards and may not interfere with cable, telephone or electrical systems of neighboring Units.

(viii) Maintenance. Unit Owners are responsible to maintain, repair and replace their satellite dish or antenna. In the event that a satellite dish installed on the roof by the Unit Owner becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired by the Association, at the Unit Owner's expense.

(ix) Removal and Damages. If a satellite dish, antenna and other related equipment is removed, any damage to the roof or dwelling structure contained in the Unit shall be repaired at the Unit Owner's expense. The Association may repair damages not repaired by the Unit Owner and assess the reasonable cost thereof against the Unit Owner.

(p) Limited Common Element Decks.

(i) Equipment including satellite dishes or satellite antennae and personal property and plants, shall not protrude beyond the deck boundary nor be placed on or hung from a deck railing.

(ii) Plants on plant shelves are permitted within deck areas provided they do not exceed the height of the deck rail. Plants may be hung within the boundary of the deck area and must be securely anchored so as not to create a safety hazard. Such visible hanging plants on a deck must not have an offensive appearance and dead plants are not permitted.

(iii) No deck storage is permitted, including, but not limited to, bicycles, gym equipment, boxes, tires, ladders, cleaning supplies (such as mops), garbage, trash containers, appliances (such as refrigerators) and visible storage cabinets.

(iv) No article, such as towels, rugs, or clothing may be hung or shaken from a deck.

(v) No shades or blinds may be hung from a deck or within the deck area.

(vi) Use of barbecue units on decks is prohibited.



(q) Common Element Areas.

(i) The following activities are prohibited in the Common Element areas:

- (A) Overnight camping;
- (B) Placement of tents or other shelter;
- (C) Barbecues or fires;
- (D) Consumption of alcoholic beverages;
- (E) Private gardens; and
- (F) Placement of wood piles, equipment or household items.

(r) Mailboxes and Newspaper Tubes. Unit Owners shall use the cluster mailboxes approved by the U.S. Postal Service. Newspaper stands and receptacles are not permitted on the exterior of the cluster mailboxes or Units.

(s) Water and Sewer.

(i) No individual well, water system, or septic system shall be allowed.

(ii) Units Owners shall not pour grease of any kind down sinks, garbage disposal units or other drains. No diapers, sanitary napkins, newspapers, solid rags or paper towels are to be disposed in toilets. No used oil, oil-based paints, solvents or other chemicals are to be disposed into the sewer lines, storm drains or drainage ditches.

(t) Basketball and Baseball Equipment. Basketball hoops, backboards, baseball, soccer, hockey cages or other recreation apparatus shall be portable and stored out of sight from the street and other adjoining Unit Owners during the winter season. No permanent basketball hoops, backboards, baseball cages or recreation apparatus may be attached to the Common Elements.

(u) Pets. Pets shall mean domestic cats and domestic dogs only. No other animals may be kept as household pets, without the approval of the Board. Due to health, safety and infestation concerns, the following animals are prohibited as pets; reptiles, rodents, insects, rabbits, ferrets, birds and pigs.

(i) No more than two (2) pets are permitted per Unit.

(ii) Unit Owners with fenced Limited Common Element yards may maintain their pets within the fenced yard area appurtenant to their Unit.



(iii) Unit Owner's shall hold the Association harmless from all claims resulting from the actions of his or her pet. Pets demonstrating behaviors within the classifications defined in Anchorage Municipal Code ("AMC") 17.40.020(A), and not falling within any of the exceptions contained AMC 17.40.020(B) are not permitted on the Property.

(iv) Unit Owners shall be responsible for keeping their Units and Limited Common Element areas free and clear of pet feces and shall immediately remove their pet's animal feces from all areas of the Common Interest Community.

(v) The provisions of the Municipal leash law (AMC 17.10.010) shall be observed and pets shall be leashed and kept under control at all times, when outside a Unit. Pets shall be licensed, vaccinated and maintained in accordance with Municipal law.

(vi) Pets causing or creating a nuisance or unreasonable disturbance or noise, so as to interfere with the rights, comfort or convenience of other Unit Owners shall be permanently removed from the Property upon three (3) days' written Notice and Hearing from the Executive Board. Pets in the control of Unit Owners that are repeat offenders of the pet rules may be deemed a nuisance, and upon demand of the Executive Board shall be permanently removed from the Community.

(w) Window Coverings. Unit Owners shall install only the following types of window coverings: (1) mini blinds, (2) shades (3) duettes and (4) sheers. Window coverings shall be white, neutral or light in color when viewed from the street. No window shall be covered with garments, sheets, blankets, aluminum foil or similar materials.

(x) Light Fixtures and Holiday Lighting. No light fixtures may be installed on the Common Elements and Limited Common Elements except Association approved light fixtures. Temporary holiday lights may be installed in a window, entryway or deck area commencing the day after Thanksgiving and shall be removed no later than February 1st.

Section 2.2 - Restrictions on Alienation. A Unit may not be conveyed pursuant to a time-sharing plan.

ARTICLE X

Easements and Licenses

All easements or licenses to which the Common Interest Community is presently subject are recited in Schedule A-1 to this Declaration. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to its powers under Article VII of this Declaration.



ARTICLE XI

Allocation and Reallocation of Limited Common Elements

A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to provisions in Article 23.2 of the Declaration. The allocations will be made by amendment to the Declaration, specifying to which Unit or Units the Limited Common Element is allocated.

No Limited Common Element depicted on the Plat or Plans may be reallocated by an amendment to this Declaration except pursuant to this Article XI or as part of a relocation of boundaries of Units pursuant to Article XIII of this Declaration. Such amendment shall require the approval of all holders of Security Interests in the affected Units and such approval shall be endorsed thereon. The person executing the amendment shall provide an executed copy thereof to the Association, which, if the amendment complies with the provisions of this Declaration and the Act shall record it. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Common Interest Community.

The parties executing the amendment shall be responsible for the preparation of the amendment, and shall reimburse the Association for its reasonable attorneys' fees in connection with the review of the amendment and for the recording costs.

ARTICLE XII

Additions, Alterations and Improvements

Section 12.1. Additions, Alterations and Improvements by Unit Owners.

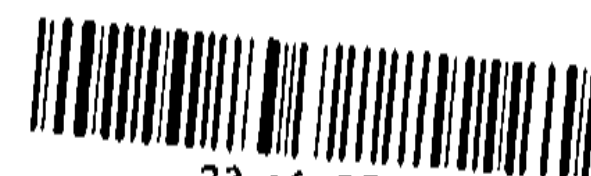
(a) No Unit Owner will make any structural addition, structural alteration, or Improvement in or to the Common Interest Community without the prior written consent thereto of the Executive Board in accordance with Subsection 12.1(c).

(b) Subject to Subsection 12.1(a), a Unit Owner:

(i) May make any other Improvements or alterations to the interior of his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Common Interest Community;

(ii) May not change the appearance of the Common Elements, or the exterior appearance of a Unit or any other portion of the Common Interest Community, without permission of the Association;

(iii) After acquiring an adjoining Unit or an adjoining part of an adjoining Unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the



Common Interest Community. Removal of partitions or creation of apertures under this subsection is not an alteration of boundaries

(c) A Unit Owner may submit a written request to the Executive Board for approval to do anything that he or she is forbidden to do under Subsection 12.1(a) or 12.1(b). The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its rules.

(d) Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit shall be executed by the Association only. Such execution will not, however, create any liability on the part of the Association or any of its members to any contractor, subcontractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom.

(e) All additions, alterations, and Improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

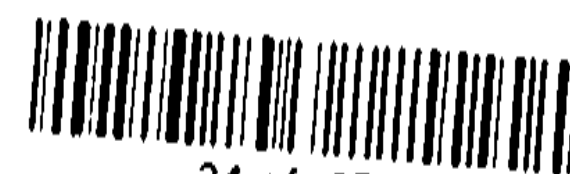
The provisions of this Section shall not apply to the Declarant in the exercise of any Special Declarant Right.

Section 12.2 - Additions, Alterations and Improvements by Executive Board. Subject to the limitations of Sections 18.4 and 18.5 of this Declaration, the Executive Board may make any additions, alterations or Improvements to the Common Elements which, in its judgment, it deems necessary.

ARTICLE XIII

Relocation of Boundaries Between Adjoining Units

Section 13.1 - Application and Amendment. Subject to approval of any structural changes and required permits pursuant to Article XII, the boundaries between adjoining Units may be relocated by an amendment to the Declaration upon application to the Association by the owners of the Units affected by the relocation. If the owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application shall state the proposed reallocations. Unless the Executive Board determines, within thirty (30) days after receipt of the application, that the reallocations are unreasonable, the Association shall consent to the reallocation and prepare an amendment that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment must be executed by those Unit Owners and contain words of conveyance between them, and the approval of all holders of Security Interests in the affected Units shall be endorsed thereon. On recordation, the amendment shall be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the Association.



Section 13.2 - Recording Amendments. The Association shall prepare and record Plats or Plans necessary to show the altered boundaries between adjoining Units, and their dimensions and identifying numbers.

The applicants will pay for the costs of preparation of the amendment, Plat and Plans, recording costs, and the reasonable consultant fees of the Association if it is deemed necessary to employ a consultant by the Executive Board.

ARTICLE XIV

Amendments to Declaration

Section 14.1 - General. Except in cases of amendments by the Association under Article XI of this Declaration and Section 34.08.740 of the Act, or by certain Unit Owners under Article XI and Section 13.1 of this Declaration and 34.08.260 of the Act, and except as limited by Section 14.4 and Article XVII of this Declaration, this declaration, including the Plat and Plans, may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

Section 14.2 - Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

Section 14.3 - Recordation of Amendments. Each amendment to the Declaration must be recorded and the amendment is effective only upon recording. An amendment, except an amendment pursuant to Article XIII of this Declaration, must be indexed in the grantee's index in the name of the Common Interest Community and the Association and in the name of the parties executing the amendment.

Section 14.4 - When Unanimous Consent Required. Except to the extent expressly permitted or required by other provisions of the Act and this Declaration, an amendment may not create or increase Special Declarant Rights, increase the number of Units, change the boundaries of a Unit, the Allocated Interests of a Unit, or the uses to which a Unit is restricted, in the absence of unanimous consent of the Unit Owners.

Section 14.5 - Execution of Amendments. An amendment to the Declaration required by the Act to be recorded by the Association, which have been adopted in accordance with this Declaration and the Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

Section 14.6 - Special Declarant Rights. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

Section 14.7 - Consent of Holders of Security Interests. Amendments are subject to the consent requirements of Article XVII.



ARTICLE XV

Amendments to Bylaws

The Bylaws may be amended only by vote of two-thirds (2/3) of the members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose.

ARTICLE XVI

Termination

Termination of the Common Interest Community may be accomplished only in accordance with Section 34.08.260 of the Act.

ARTICLE XVII

Mortgagee Protection

Section 17.1 - Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, and not in substitution for, any other provisions of the Documents, but in the case of conflict, this Article shall control.

Section 17.2 - Percentage of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Units then subject to Security Interests held by Eligible Mortgagees.

Section 17.3 - Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

(a) Any condemnation loss or any casualty loss exceeding Ten Thousand Dollars and Zero Cents (\$10,000.00) which affects a portion of the Common Interest Community or any Unit in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;

(b) Any delinquency in the payment of Common Expense assessments owed by an Owner whose Unit is subject to a first Security Interest held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;



(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 17.4; and

(e) Any judgment rendered against the Association.

Section 17.4 - Consent Required.

(a) Document Changes. Notwithstanding any lower requirement permitted by this Declaration or the Act, no amendment of any material provision of the Documents by the Association or Unit Owners described in this Subsection 17.4(a) may be effective without the vote of at least sixty-seven percent (67%) of the Unit Owners (or any greater Unit Owner vote required in this Declaration or the Act) and until approved in writing by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). Material includes, but is not limited to, any provision affecting:

- (i) Assessments, assessment liens or subordination of assessment liens;
- (ii) Voting rights;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
- (iv) Responsibility for maintenance and repairs;
- (v) Reallocation of interests in the Common Elements or Limited Common Elements, including any change in the pro rata interest or obligations of any Unit Owner for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding Security Interests in such Units must approve such action;
- (vi) Rights to use Common Elements and Limited Common Elements;
- (vii) Boundaries of Units except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding Security Interests in such Unit or Units must approve such action;
- (viii) Convertibility of Units into Common Elements or Common Elements into Units;
- (ix) Abandonment, partition, subdivision, expansion or contraction of the Common Interest Community, or the addition, annexation, partition, subdivision or withdrawal of property to or from the Common Interest Community;

(x) Insurance or fidelity bonds, including the use of hazard insurance proceeds for losses to any property in the Common Interest Community for other than the repair, replacement or reconstruction of such property except as provided by AS 34.08.440(h);

(xi) Leasing of Units;

(xii) Imposition of restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(xiii) Establishment of self-management when professional management had been required previously by any Eligible Mortgagee;

(xiv) Restoration or repair of the project after a hazard damage or partial condemnation in a manner other than that specified in the Documents;

(xv) Termination of the Common Interest Community for reasons other than the substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required; and

(xvi) The benefits of mortgage holders, insurers or guarantors.

(b) Actions. Notwithstanding any lower requirement permitted by the Declaration or the Act, the Association may not take any of the following actions other than rights reserved to the Declarant as special Declarant rights without the approval of at least fifty-one percent (51%) of the Eligible Mortgagees:

(i) Convey or encumber the Common Elements or any portion thereof (as to which an eighty percent (80%) Eligible Mortgagee approval is required). (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Common Interest Community will not be deemed a transfer within the meaning of this clause);

(ii) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;

(iii) The restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Documents;

(iv) The termination of the Common Interest Community for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required;

(v) The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), in which case



only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;

(vi) The merger of this Common Interest Community with any other common interest community;

(vii) The granting of any easements, leases, licenses and concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Common Interest Community and excluding any leases, licenses or concessions for no more than one year);

(viii) The assignment of the future income of the Association, including its right to receive Common Expense assessments; and

(ix) Any action taken not to repair or replace the Property.

(c) The Association may not change the period for collection of regularly budgeted Common Expense assessments to other than monthly without the consent of all Eligible Mortgagees.

(d) The failure of an Eligible Mortgagee to respond within thirty (30) days to any written request of the Association for approval of a non-material addition or amendment to the Documents shall constitute an implied approval of the addition or amendment.

Section 17.5 - Inspection of Books. The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours.

Section 17.6 - Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer which submits a written request, with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

Section 17.7 - Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 17.8 - Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting which a Unit Owner may attend.

Section 17.9 - Appointment of Trustee. In the event of damage or destruction under Article XXI or XXII or condemnation of all or a portion of the community, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 1.30. Such Trustee may be required to be a corporate trustee licensed by the State of Alaska. Proceeds will thereafter be distributed pursuant to Article XXII or pursuant to a condemnation award. Unless



otherwise required, the members of the Executive Board acting by majority vote through the president may act as Trustee.

ARTICLE XVIII

Assessment and Collection of Common Expenses

Section 18.1 - Apportionment of Common Expenses. Except as provided in Section 18.2, all Common Expenses shall be assessed against all Units in accordance with their percentage interest in the Common Expenses as shown on Schedule A-2 to this Declaration.

Section 18.2 - Common Expenses Attributable to Fewer Than All Units.

(a) If any Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element shall be assessed equally among the Units to which it is assigned.

(b) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such service.

(c) Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit.

(d) An assessment to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their Common Expense liabilities.

(e) If Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against the Unit.

(f) Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable as Common Expense assessments.

Section 18.3 - Lien.

(a) The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Unit Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

(b) A lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) a lien and encumbrances recorded before the recordation of the Declaration; (2) a



first Security Interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments charges against the Unit. A lien under this Section is also prior to all Security Interests described in 18.3(b)(2) herein, if the Common Expense assessments based on the periodic budget adopted by the Association pursuant to Section 18.4 of this Article which would have become due (in the absence of acceleration) during the six (6) months immediately preceding institution of an action to enforce either the Association's lien or a Security Interest described in Subdivision (2) of this Subsection. This Subsection does not affect the priority of mechanics' or materialmen's liens, or the priority of a lien for other assessments made by the Association. A lien under this Section is not subject to the provision of AS 09.38.010.

(c) Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section is required.

(d) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the assessment becomes due; provided, that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the Association's lien shall be tolled until thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

(e) This Section does not prohibit an action to recover sums for which Subsection 18.3(a) creates a lien or prohibit an Association from taking a deed in lieu of foreclosure.

(f) A judgment or decree in any action brought under this Section shall include costs and reasonable attorney's fees for the prevailing party.

(g) A judgment or decree in an action brought under this Section is enforceable by execution under AS 09.35.010.

(h) The Association's lien must be foreclosed as a mortgage or deed of trust on real estate is foreclosed, or as a lien is foreclosed under AS 34.35.005.

(i) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be due from that Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense assessments based on a periodic budget adopted by the Association pursuant to Section 18.5 of this Declaration.

(j) If a holder of a first or second Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection 18.4(b). Any unpaid assessments not satisfied from the



proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.

(k) Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due.

Section 18.4 - Budget Adoption and Ratification. Within thirty (30) days after adoption of a proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Unit Owners continues until the Unit Owners ratify a budget proposed by the Executive Board.

Section 18.5 - Ratification of Non-budgeted Common Expense Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in Section 18.2 of this Declaration, in an amount greater than fifteen percent (15%) of the current annual operating budget, the Executive Board shall submit such Common Expense to the Unit Owners for ratification in the same manner as a budget under Section 18.4.

Section 18.6 - Certificate of Payment of Common Expense Assessments. The Association upon written request shall furnish to a Unit Owner a statement in recordable form setting out the amount of unpaid assessments against the Unit. The statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and each Unit Owner.

Section 18.7 - Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 18.1 and 18.2 shall be due and payable on the first of each month.

Section 18.8 - Acceleration of Common Expense Assessments. In the event of default for a period of thirty (30) days by any Unit Owner in the payment of any Common Expense assessment levied against his or her Unit, the Executive Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.

Section 18.9 - Commencement of Common Expense Assessments. Common Expense assessments shall begin on the first day of the month following the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs.

Section 18.10 - No Waiver of Liability for Common Expenses. No Unit Owner may exempt himself or herself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 18.11 - Personal Liability of Unit Owners. The owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment.



Personal liability for the assessment shall not pass to a successor in title to the Unit unless he or she agrees to assume the obligation.

~~Section 18.12. - Capitalization of the Association.~~ Declarant will establish a working capital fund in an amount at least equal to two (2) months' installments of the Annual Assessment for each Unit in the Project. Upon the first conveyance of record title to a Unit from Declarant, the owner shall contribute to the working capital of the Association an amount equal to two (2) months' installments of the Annual Assessment at the rate in effect at the time of the sale, and upon the sale of each Unit from the Declarant to an owner, Declarant will receive a refund of the contribution to the working capital fund made by Declarant for such Unit. The Association shall maintain the working capital funds in segregated accounts to meet unforeseen expenditures. Such payments to this fund shall not be considered advance payments of Annual Assessments and except for refunds to Declarant, shall not be refundable. Declarant may not use any working capital funds to defray any of its expenses or reserve contributions or to make up any budget deficits.

ARTICLE XIX

Right to Assign Future Income

The Association may assign its future income, including its right to receive Common Expense assessments, only by the affirmative vote of Unit Owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose.

ARTICLE XX

Persons and Units Subject to Documents

~~Section 20.1. - Compliance with Documents.~~ All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the entering into occupancy of a Unit constitutes agreement that the provisions of the Documents are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant, and all such provisions recorded in the records of the Anchorage Recording District of the Third Judicial District are covenants running with the land and shall bind any Persons having at any time any interest or estate in such Unit.

~~Section 20.2 - Adoption of Rules.~~ The Executive Board may adopt Rules regarding the use and occupancy of Units, Common Elements, and Limited Common Elements and the activities of occupants, subject to Notice and Comment.

ARTICLE XXI

Insurance

~~Section 21.1 - Coverage.~~ To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance described herein will not be



maintained, the Executive Board shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 21.2 - Property Insurance.

(a) Property insurance covering:

(i) The project facilities (which term means all buildings on the Property, including the Units and all fixtures, equipment and any Improvements and betterments whether part of a Unit or a Common Element, and such personal property of Unit Owners as is normally insured under building coverage), but excluding land, excavations, portions of foundations below the undersurfaces of the lowest crawlspace floors, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies; and

(ii) All personal property owned by the Association.

(b) Amounts. The project facilities for an amount (after application of any deductions) equal to one hundred percent (100%) of their actual cash value, but not less than their insurable replacement cost, at the time the insurance is purchased and at each renewal date. Personal property owned by the Association for an amount equal to its actual cash value.

The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing said replacement cost of the project facilities and the actual cash value of the personal property, and the cost of such appraisals shall be a Common Expense.

The maximum deductible for insurance policies shall be the lesser of Ten Thousand Dollars and Zero Cents (\$10,000.00) or one percent (1%) of the policy face amount.

The difference between the policy deductible and Two Hundred Fifty Dollars and Zero Cents (\$250.00) shall be paid by the Association as a common expense. Of the deductible portion Two Hundred Fifty Dollars and Zero Cents (\$250.00) as per Unit Owner affected shall be paid by each of the Unit Owner(s) suffering the loss.

(c) Risks Insured Against. The insurance shall afford protection against "all risks," except earthquake and flood, of direct physical loss commonly insured against.

(d) Other Provisions. Insurance policies required by this Section shall provide that:

(i) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner;

(ii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy.



(iii) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.

(iv) Loss must be adjusted with the Association.

(v) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and in the absence of such designation to the Association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee.

(vi) The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

(vii) The name of the insured shall be substantially as follows:

"Murphy Court Condominiums Owners Association, Inc., for the use and benefit of the individual Owners."

Section 2.1.3 - Liability Insurance. Liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than One Million Dollars and Zero Cents (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the activities of the Association.

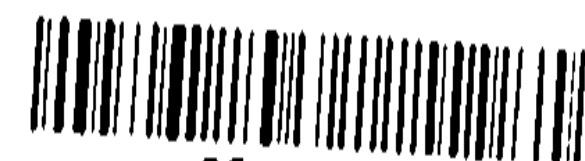
(a) Other Provisions. Insurance policies carried pursuant to this Section shall provide that:

(i) Each Unit Owner is an insured person under the policy with respect to liability arising out of interest of the Unit Owner in the Common Elements or membership in the Association.

(ii) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner;

(iii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.

(iv) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.



(v) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 21.4 - Commercial Crime Insurance. Commercial crime insurance including fidelity insurance covering all persons responsible for handling Association funds in an amount determined by the Board, whether or not they receive compensation for their services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force and in no event less than the sum of three months' assessments plus reserve funds. The bond shall include a provision that calls for ten (10) days' written notice to the Association, to each holder of a Security Interest in a Unit, to each Eligible Mortgagee and Eligible Insurer that services an AHFC-owned, FNMA-owned or FHLMC-owned mortgage on a Unit and to the insurance trustee, if any, before the bond can be cancelled or substantially modified for any reason.

Section 21.5 - Unit Owner Policies. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his or her own benefit.

- Section 21.6 - Workers' Compensation Insurance. The Executive Board shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Alaska.

Section 21.7 - Directors' and Officers' Liability Insurance. The Executive Board shall obtain and maintain directors' and officers' liability insurance, if available, covering all of the Directors and officers of the Association in such limits as the Executive Board may, from time to time, determine.

Section 21.8 - Other Insurance. The Association may carry other insurance which the Executive Board considers appropriate to protect the Association or the Unit Owners.

Section 21.9 - Premiums. Insurance premiums shall be a Common Expense.

ARTICLE XXII

Damage to or Destruction of Property

Section 22.1 - Duty to Restore. A portion of the Common Interest Community for which insurance is required under Section 34.08.440 of the Act or for which insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

(a) The Common Interest Community is terminated;

(b) Repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or



(c) Eighty percent (80%) of the Unit Owners, including each owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 22.2 - Cost. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 22.3 - Plans. The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of Unit Owners and fifty-one percent (51%) of Eligible Mortgagees.

Section 22.4 - Replacement of Less Than Entire Property.

(a) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community;

(b) Except to the extent that other persons will be distributees,

(i) The insurance proceeds attributable to a Unit and Limited Common Elements that is not rebuilt must be distributed to the owner of the Unit and the owner of the Unit to which the Limited Common Elements were allocated, or to lien holders, as their interests may appear; and

(ii) The remainder of the proceeds must be distributed to each Unit Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Units;

(c) If the Unit Owners vote not to rebuild a Unit, the Allocated Interests of the Unit are reallocated upon the vote as if the Unit had been condemned under Subsection 34.08.860(a) of the Act, and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

Section 22.5 - Insurance Proceeds. The insurance trustee, or if there is no insurance trustee, then the Executive Board of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 22.1(a) through Subsection 22.1(c), the proceeds shall be disbursed first for the repair or restoration of the damaged Property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Common Interest Community is terminated.

Section 22.6 - Certificates by the Executive Board. The Trustee, if any, may rely on the following certifications in writing made by the Executive Board:

(a) Whether or not damaged or destroyed Property is to be repaired or restored;



(b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

Section 22.7 - Title Insurance Policies. If payments are to be made to Unit Owners or mortgagees, the Executive Board, and the Trustee, if any, shall obtain and may rely on a title insurance policy based on a search of the records of the Anchorage Recording District of the Third Judicial District from the date of the recording of the original Declaration stating the names of the Unit Owners and the lienholders.

ARTICLE XXIII

Rights to Notice and Comment, Notice and Hearing

Section 23.1 - Right to Notice and Comment. Before the Executive Board amends the Bylaws or the Rules, whenever the Documents require that an action be taken after "Notice and Comment", and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action shall be given to each Unit Owner in writing and shall be delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or published in a newsletter or similar publication which is routinely circulated to all Unit Owners. The notice shall be given not less than five (5) days before the proposed action is to be taken. It shall invite comment to the Executive Board orally or in writing before the scheduled time of the meeting. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

Section 23.2 - Right to Notice and Hearing. Whenever the Documents require that an action be taken after "Notice and Hearing", the following procedure shall be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 23.3 - Appeals. Any Person having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of persons other than the Executive Board by filing a written notice of appeal with the Executive Board within ten (10) days after being notified of the decision. The Executive Board shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.

Section 23.4 - Mediation and Arbitration

(a) Mediation Clause. No Unit Owner shall commence an arbitration proceeding under the provisions of 23.4 (b) below unless such Unit Owner shall first give



a written notice (a "Dispute Notice") to the Association stating the nature of the dispute. The parties shall attempt in good faith to resolve the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association in effect on the date of this Agreement. If the dispute has not been resolved by mediation as provided above within sixty (60) days after the delivery of the Dispute Notice, the dispute shall be determined by arbitration in accordance with the provisions of Section 23.4(b).

(b) Arbitration Clause. Any controversy, claim or dispute of whatever nature arising between Unit Owners or between Unit Owners and the Association, including but not limited to those arising out of or relating to the Declaration and associated documents or the construction, interpretation, performance, breach, termination, enforceability or validity of the Declaration, whether such claim existed before or arises on or after the date of this Declaration, including the determination of the scope of this Declaration to arbitrate, that is not settled through mediation as provided in Section 23.4(a) above shall be determined by arbitration, by one arbitrator in Anchorage, governed and administered by the American Arbitration Association under its Commercial Arbitration Rules. Judgment upon the arbitration award may be entered in any court having jurisdiction. The arbitrators shall award the prevailing party reasonable expenses and costs including reasonable attorneys' fees plus interest on the amount due at the legal rate provided in AS 45.45.010(a). The arbitrator's decision shall be final and binding and judgment may be entered thereon. In the event a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award, or fails to comply with arbitrator's award, the other party is entitled reasonable expenses and costs including a reasonable attorney's fee for having to compel arbitration or defend or enforce the award.

ARTICLE XXIV

Executive Board

Section 24.1 - Minutes of Executive Board Meetings. The Executive Board shall permit any Unit Owner to inspect the minutes of Executive Board meetings during normal business hours. The minutes shall be available for inspection within fifteen (15) days after any such meeting.

Section 24.2 - Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community which shall include, but not be limited to, the following:

- (a) Adopt and amend Bylaws, Rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;



- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees and agents, other than managing agents, and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (i) Cause additional Improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey in this Association's name any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Section 34.08.430 of the Act;
- (k) Grant easements for any period of time including permanent easements, and leases, licenses and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners;
- (m) Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy a reasonable fine for violations of this Declaration, Bylaws, Rules and regulations of the Association;
- (n) Impose a reasonable charge for the preparation and recordation of amendments to this Declaration, resale certificates required by Section 34.08.590 of the Act or a statement of unpaid assessments;
- (o) Provide for the indemnification of the Association's officers and Executive Board and maintain Directors' and officers' liability insurance;
- (p) Assign the Association's right to future income, including the right to receive Common Expense assessments;
- (q) Exercise any other powers conferred by this Declaration or the Bylaws;
- (r) Exercise any other power that may be exercised in this state by legal entities of the same type as the Association;



(s) Exercise any other power necessary and proper for the governance and operation of the Association; and

(t) By resolution, establish committees of Directors, and Unit Owners, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within forty-five (45) days of publication of such notice (unless such Unit Owner has been given notice of the proposed action under the provisions of Article XXIII, in which case that Article shall govern appeals), and such committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 24.3 - Executive Board Limitations. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

ARTICLE XXV

Open Meetings

Section 25.1 - Access. All meetings of the Executive Board, at which action is to be taken by vote at such meeting will be open to the Unit Owners, except as hereafter provided.

Section 25.2 - Meetings and Notice of Meetings. Regular meetings may be set by a schedule appointed by resolution of the Executive Board and no further notice will be required. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each member. The notice will be hand-delivered or mailed and will state the time, place and purpose of the meeting.

Section 25.3 - Executive Sessions. Meetings of the Executive Board may be held in executive session, without giving notice and without the requirement that they be open to Unit Owners, in either of the following situations only: (1) no action is taken at the executive session requiring the affirmative vote of Directors; or (2) the action taken at the executive session involves personnel, pending litigation, contract negotiations, or enforcement actions.

ARTICLE XXVI

Condemnation

If part or all of the Common Interest Community is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with Section 34.08.740 of the Act.



ARTICLE XXVII

Miscellaneous

Section 27.1 - Captions. The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents nor the intent of any provision thereof.

Section 27.2 - Gender. The use of the masculine gender refers to the feminine and neuter genders and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

Section 27.3 - Waiver. No provision contained in the Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

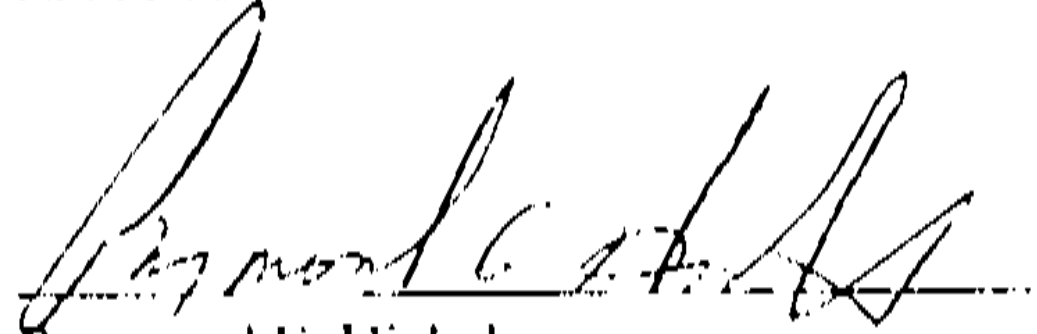
Section 27.4 - Invalidity. The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and in such event, all of the other provisions of the Documents shall continue in full force and effect.

Section 27.5 - Conflict. The Documents are intended to comply with the requirements of the Act and Title 10, Chapter 20 of the Alaska Statutes (Non Profit Corporation Law). In the event of any conflict between the Documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

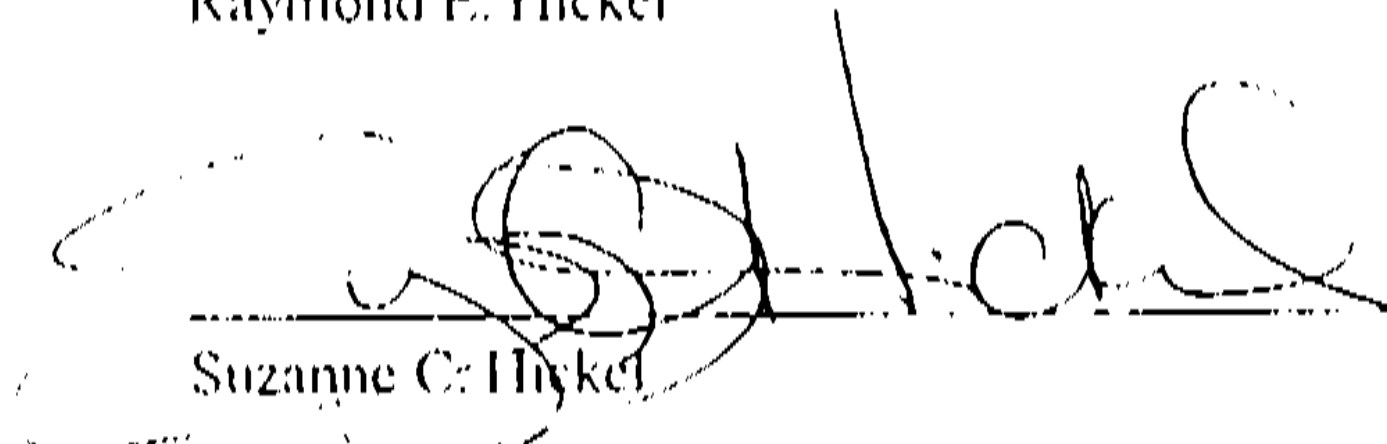
In Witness Whereof, the Declarant has caused this Declaration to be executed this 8 day of June, 2006.

Signed, Sealed and Delivered
in the Presence of:

DECLARANT: RAYMOND E. HICKEL AND SUZANNE C. HICKEL



Raymond E. Hickel



Suzanne C. Hickel

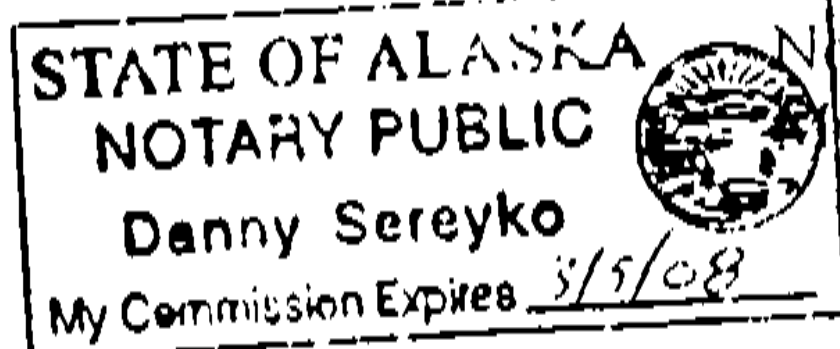


STATE OF ALASKA

THIRD JUDICIAL DISTRICT

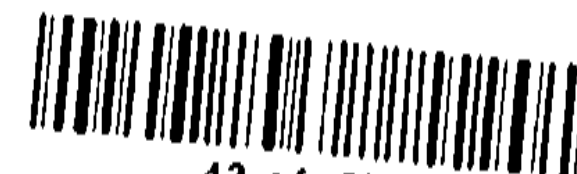
)
) SS.
)

The foregoing instrument was acknowledged before me this
5th day of June, 2006, by RAYMOND E. HICKEL AND
SUZANNE C. HICKEL.



Notary Public in and for Alaska

My commission expires: 3/5/2008



APPROVAL OF LENDER

The undersigned, beneficiary under Deed of Trust recorded on the 23rd day of May, 2006 under Serial Number 2006-033596-0, in the Anchorage Recording District, Third Judicial District, State of Alaska, approves the foregoing Declaration of Murphy Court Condominiums ("Declaration"), and the undersigned agrees and acknowledges that any foreclosure or enforcement of any other remedy available to the undersigned under the Deed of Trust shall not render void or otherwise impair the validity of the Declaration and the covenants running with the land described in the Declaration.

DATED this 30th day of MAY, 2006.

FIRST NATIONAL BANK ALASKA

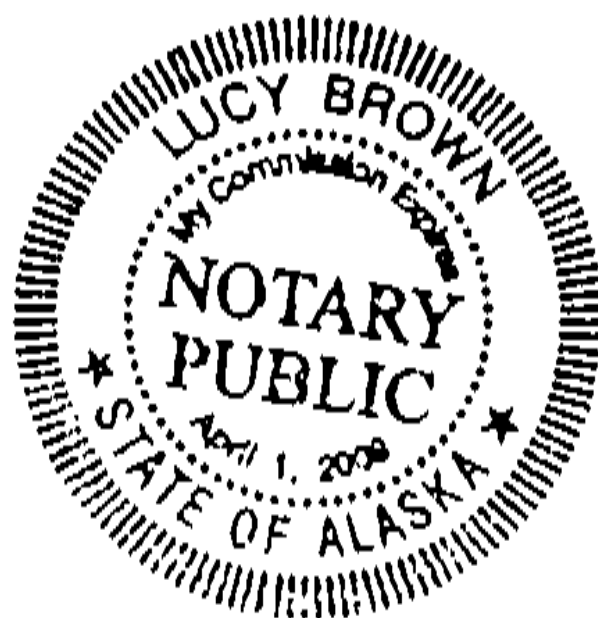
By: Don Clary
Don Clary
Its: Vice President

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledge before me this 30th day of MAY, 2006, by **DON CLARY, VICE PRESIDENT of FIRST NATIONAL BANK ALASKA.**

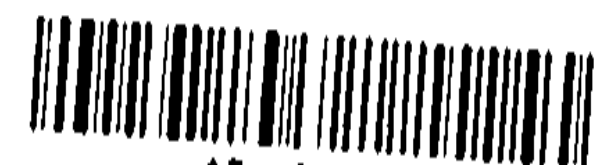
WITNESS my hand and official seal.

Lucy Brown
Notary Public in and for Alaska
My Commission Expires: 4-1-09



DESCRIPTION OF COMMON INTEREST COMMUNITY

(Declaration Schedule A-1)



SCHEDULE A-1

DESCRIPTION OF COMMON INTEREST COMMUNITY

Lot 9A, DYER SUBDIVISION, according to the official plat thereof, filed under Plat Number 68-166, Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

ENCUMBRANCES AFFECTING THE COMMON INTEREST COMMUNITY

SUBJECT TO the Right of Way Easement, including the terms and provisions thereof, granted to Chugach Electric Association, Inc., and its assigns and/or successors in interest, to construct, operate and maintain an electric transmission and/or telephone distribution line or system by instrument recorded June 17, 1952, in Book 73, at Page 348, in the Anchorage Recording District, Third Judicial District, State of Alaska, which easement affects the blanket easement;

FURTHER SUBJECT TO the effect of the notes which appear on the plat of said subdivision;

FURTHER SUBJECT TO the easements as dedicated and shown on the plat of said subdivision;

FURTHER SUBJECT TO the easement for telephone distribution system and appurtenances thereto, including the terms and provisions contained therein, granted to the City of Anchorage by instrument recorded September 9, 1975, in Book 46, Page 753, in the Anchorage Recording District, Third Judicial District, State of Alaska, which easement affects the West 10 feet of the North 47.53 feet of the South 57.53 feet;

FURTHER SUBJECT TO the Notice of Water Service Availability, including the terms and provisions thereof, recorded September 6, 1978, in Book 332, at Page 380, in the Anchorage Recording District, Third Judicial District, State of Alaska; and

FURTHER SUBJECT TO the Right of Way Easement, including the terms and provisions thereof, granted to Chugach Electric Association, Inc., and its assigns and/or successors in interest, to construct, operate and maintain an electric transmission and/or telephone distribution line or system by instrument recorded December 12, 2003, at Reception No. 2003-129086-0, in the Anchorage Recording District, Third Judicial District, State of Alaska, which easement affects the West 10 feet.



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2006-072263-0

Recording Dist: 301 - Anchorage
10/24/2006 3:05 PM Pages: 1 of 3



CC

AMENDMENT NO. 1 TO DECLARATION

OF

MURPHY COURT CONDOMINIUMS

BY

MURPHY COURT CONDOMINIUMS
OWNERS ASSOCIATION, INC.

AFTER RECORDATION RETURN TO:

James H. McCollum
Law Offices of James H. McCollum, LLC.
510 L Street, Suite 540
Anchorage, Alaska 99501-1959

AMENDMENT NO. 1 TO
DECLARATION
OF
MURPHY COURT CONDOMINIUMS

Murphy Court Condominiums Owners Association, Inc., an Alaska Corporation, with an office located at 601 W 41st Ave, Anchorage Alaska 99503 ("Association"), pursuant to that certain Declaration of Murphy Court Condominiums, dated the 8th day of June, 2006 and recorded on the 12th day of June, 2006, under Serial No. 2006-038467-0, as set forth in Plat No. 2006-70 in the Anchorage Recording District, Third Judicial District, State of Alaska ("Declaration"), and pursuant to AS 34.08.250 of the Alaska Uniform Common Interest Ownership Act and Section 14.4 of the Declaration and Murphy Court Condominiums Owners Association, Inc. Corporate Resolution No. 2006-01, does hereby amend the Declaration and does hereby declare:

ARTICLE I. The following Sections 9.1(m), 9.1(p) and 9.1(w) of the Declaration are substituted for the current Sections 9.1(m), 9.1(p) and 9.1(w) of the Declaration which are declared null and void.

Section 9.1 – Use and Occupancy Restrictions

(m) Parking and Vehicle Restrictions and Storage.

(i) No wrecked, inoperative, vandalized or otherwise derelict-appearing automobiles, whether operative or inoperative, shall be kept, placed, stored, or maintained on the Property, except that Unit Owners may store such automobiles within an enclosed garage so that the item is not visible from the street or adjacent Units.

(ii) Unit Owners shall not park vehicles in the Community, in excess of the number and size of vehicles that can be contained within their Unit's garage and Limited Common Element driveway area. Vehicles parked in driveways shall not extend beyond the driveway and encroach onto the street. Guest parking in the street shall be in accordance with Municipality of Anchorage regulations.

(iii) Except for temporary repairs involving immobility of forty-eight (48) hours or less, highway vehicles shall not be disassembled, repaired, rebuilt, painted or constructed outside of Unit garages on the Property. Following Notice and Hearing, the Association may remove any vehicle remaining immobile in excess of forty-eight (48) hours, and charge the removal costs to the respective Unit Owner.

(p) Limited Common Element Decks.

(i) Equipment including satellite dishes or satellite antennae and personal property shall not protrude beyond the deck boundary.



(ii) No deck storage is permitted, including, but not limited to, bicycles, gym equipment, boxes, tires, ladders, cleaning supplies (such as mops), garbage, trash containers, appliances (such as refrigerators) and visible storage cabinets.

(iii) No article, such as towels, rugs, or clothing may be hung or shaken from a deck.

(iv) The use or operation of a charcoal burner, barbecue, or any other open-flame cooking device, is prohibited on deck areas or within ten (10) feet of a Unit.

(w) Window Coverings. No window shall be covered with garments, sheets, blankets, cardboard, aluminum foil or similar materials.

ARTICLE II. All other terms and conditions of the Declaration remain the same.

MURPHY COURT CONDOMINIUMS,
OWNERS ASSOCIATION, INC.

By: [Signature]
Raymond Hickel
Its: President

STATE OF ALASKA

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) ss.

THIRD JUDICIAL DISTRICT

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THIS IS TO CERTIFY that on the 3rd day of October, 2006, before me the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **RAYMOND HICKEL**, to me known and known to me to be the President **MURPHY COURT CONDOMINIUMS OWNERS ASSOCIATION, INC** and known to me to be the person who signed the foregoing instrument, on behalf of said corporation

WITNESS my hand and official seal on the day and year in this certificate first above written.



[Signature]
Notary Public in and for Alaska
My Commission Expires: Oct 19, 2010

