

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
PARKVIEW TERRACE EAST SUBDIVISION

This Declaration, made this 15th day of April, 1985, by KNAKANEN CORPORATION, an Alaska corporation, with a mailing address of 3305 Arctic Boulevard, Suite 200, Anchorage, Alaska 99503, herein called "Declarant".

Recitals

A. Declarant is the Owner of certain real property in the Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described as:

Block Four (4) Lots One through One Hundred One (1-101), Block Five (5) Lots One through Five (1-5) & Fourteen through Sixteen (14-16), Block Eight (8) Lots One through Thirteen (1-13), Block Ten (10) Lots One through Twenty-eight (1-28), Tracts One (1), Two (2), Three (3), D, E & F, Parkview Terrace East Subdivision Phase I-A; located in the South half of Section 18, Township 14 North, Range 1 West, S.N. Alaska, containing 150 lots, 5 tracts and 307.39 acres, in the Anchorage Recording District, Third Judicial District, State of Alaska,

herein called (the "Phase I-A Property");

B. Declarant desires to subject the Phase I-A Property plus all annexations or additions of real property thereto (future or additional phases) as contemplated in Section 5 of Article XIV herein, to certain covenants, conditions, restrictions and charges for the benefit of such property and its present and subsequent Owners as herein specified;

C. The power to enforce such covenants, conditions, restrictions and charges is to lie in Parkview Terrace East Owners Association, a nonprofit corporation organized under the laws of the State of Alaska (the Association);

NOW, THEREFORE, Declarant hereby declares that all of the property described above (Phase I-A Property plus any and all annexations or additions thereto hereafter effected, and herein collectively referred to as the "Property") shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, and charges, for the purpose of protecting the value and desirability of, and to run with, the Property and be binding on, and inure to the benefit of, all parties having any right, title or interest in the Property or any part thereof, including their legal representatives, heirs, successors and assigns.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Parkview Terrace East Owners Association, its successors and assigns.

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

Section 3. "Property" shall mean and refer to the Phase I-A Property hereinbefore described, plus such annexations and additions thereto, if any (future phases), as may hereafter be brought within the jurisdiction of the Association, pursuant to the provisions of Section 5 of Article XIV relating to annexation. Nothing herein contained shall obligate the Declarant or other person(s) to make any such annexations or additions.

Section 4. "Common Area" shall mean all real property owned by the Association, including all improvements thereto for the common use and enjoyment of the Owners. The Common Area for each phase of this development shall be conveyed to the Association, free and clear of all liens and exceptions except for reservations, easements, restrictions and other record matters, which will not interfere with its intended use and enjoyment, within ten (10) days following the conveyance of any Lot in that particular phase to a residential Owner.

Section 5. "Lot" shall mean and refer to any plot or parcel of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Knakanen Corporation, an Alaska corporation, plus its successors and assigns, in whole or in part, who acquire more than one undeveloped Lot, subject to regulation by the Association, for the purpose of development.

Section 7. Mortgage Defined. Mortgage as used throughout this Declaration shall mean a real property security interest in one or more Lots located in the Property identified or labeled as a mortgage or a deed of trust. "Mortgagor", "Mortgagee" and "holder" shall be deemed to be the equivalent of trustor, beneficiary and holder of the beneficial interest under a Deed of Trust, respectively. Where this Declaration requires affirmative actions for the benefit of or by "holders", "first mortgagees" or comparable labels, such terms shall be deemed to apply only to "institutional" holders of first mortgages such as any bank, savings and loan association, finance company, mortgage company, insurance company, or any federal, state or local agency, instrumentality or authority.

ARTICLE II

PROPERTY RIGHTS

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

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area, and to promulgate and enforce reasonable rules and regulations for the use of such facilities,

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations,

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective however unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use. Any Owner may delegate the right of enjoyment to the Common Area to family members, tenants, or contract purchasers who reside on the Lot to which such right of enjoyment is appurtenant. The Owner shall notify the Secretary of the Association in writing of the name of such delegate. The rights and privileges of such delegate are subject to suspension to the same extent as those of an "Owner." no such notice shall be necessary for members of an Owner's family residing on the property. Anything to the contrary herein or elsewhere notwithstanding, the entitlement to the use and enjoyment of the "Common Area" shall not be severable from any "Lot."

Section 3. Leases. Any lease agreement between the Owner of a Lot, or the Declarant, and a lessee shall be subject in all respects to this Declaration, the Articles of Association. Any failure by such Lessee to comply with the terms of such documents shall be default under the lease. All leases shall be in writing. Other than the foregoing, there is no restriction on the leasing of a Lot. As used herein, "Lease" shall include any agreement for the leasing, rental or use of a Lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person who is the record Owner of a fee or undivided fee interest in any Lot subject to regulation and assessment by the Association, including contract sellers, shall automatically be a member of the Association; provided, however, persons holding an interest merely as security for the performance of an obligation are not to be deemed Owners and hence members. Membership shall be appurtenant to and may not be separated from the Ownership of a Lot.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class members shall be all Owners with one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members--the vote for such Lot shall, however, be exercised as the multiple Owners among themselves determine, but in no event may more than one vote be cast with respect to any Lot. The Declarant shall not be a Class A member until the Class B membership of Declarant ceases and becomes converted to Class A membership.

Class B. The Class B member(s) shall be the Declarant plus its successors and assigns, in whole or in part, who acquire more than one undeveloped Lot, subject to regulation and assessment by the Association for the purpose of development--each such person shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the earlier to occur of the following events:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership, or

(b) on December 31, 1990.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association (i) annual assessments or charges for the general purposes described in Section 2 of this Article, (ii) special assessments for capital improvements described in Section 4 of this Article, and (iii) periodic assessments or charges for snow removal, street lighting and roadway maintenance as more particularly described in Section 8 of this Article (the "SLR Charges"). Such annual and special assessments plus SLR charges shall be determined, established and collected from time to time by the Board of Directors of the Association. The annual and special assessments plus SLR charges together with interest thereon and costs of collection thereof shall be a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest thereon and costs of collection thereof, shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment or charge becomes due. Such personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments or charges levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, enjoyment, and welfare of the Owners of the Property, and for the improvement and maintenance of improvements, services and facilities devoted to such purposes. Without limiting the generality of the foregoing, assessments may be used to lease facilities for the use of the Owners of the Property.

Section 3. Maximum Annual Assessment. Until January 1, 1986, the maximum annual assessments (exclusive of assessments for capital improvements and SLR Charges) which may be levied by the Board of Directors shall be twenty Dollars (\$20.00) per Lot.

(a) From and after January 1, 1986, the maximum annual assessment which may be levied by the Board of Directors without a vote of the membership shall be adjusted in relation to the Consumer Price Index for all Urban Consumers for the Municipality of Anchorage, Alaska, issued by the Bureau of Labor Statistics of the United States Department of Labor, herein referred to as "price index figure"; provided, however, that in no event shall the maximum annual assessment be reduced to an amount less than \$5.00 per annum. The adjustment in the maximum annual assessment shall be determined as

the price index figure for the current November, the price index figure for November of the year immediately preceding the year for which such adjustment is to be made, and the sum of \$20.00 shall be the basis upon which such adjustment shall be computed. The difference, if any, between the price index figure for the current November, and the price index figure for November of the year immediately preceding the year for which such adjustment is to be made shall be ascertained by subtracting the lesser from the greater of such figures. Thereafter, such difference shall be divided by the price index figure for the previous November, which will provide the percentage of change, if any, in the price index figure. If such percentage of change represents an increase, then the maximum annual assessment for the following assessment year shall be \$20.00 plus the sum derived by multiplying the sum of \$20.00 by such percentage of change.

In the event the Consumer Price Index for All Urban Consumers issued by the United States Department of Labor be discontinued, or, if there is a substantial change in the method of determining the price index figure from the base month of November, any other appropriate and suitable governmental index shall be used provided it offers a comparison between a period reasonable close to November, and the subsequent month being measured.

(b) From and after January 1, 1986, the maximum annual assessment may be increased above the amount otherwise allowable under (a) above, to a stated maximum amount and for a stated number of years by an affirmative vote of two-thirds (2/3) of each class of members who are voting on such resolution, in person or by proxy, at a meeting duly called for this purpose.¹

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments and SLR charges authorized herein, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.¹ The Board of Directors may provide for the payment of such special assessment on a monthly or other periodic basis.

¹ By way of emphasis, an increase in the maximum assessment of levying of a special assessment must receive the approval, for each class of members, of at least 2/3 of the votes present at a meeting, or represented by proxy, that are entitled to be cast.

Section 5. Notice and Quorum for Action Authorized Under Sections 3(b) and 4. Written notice of any membership meeting called for the purpose of taking any action authorized under Sections 3(b) or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of both classes of membership shall constitute a quorum. If the required quorum is not present, another meeting shall be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on January 1, 1987. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall thereafter fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period in an amount not in excess of the maximum assessment allowance under Section 3 of this Article. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors which may also provide for the payment of such assessments on a monthly or other periodic basis. The Association shall, upon demand, and for a reasonable charge, furnish to any Owner liable for an assessment a certificate signed by an officer of the Association setting forth whether the assessments on the property owned by such Owner have been paid. A properly executed certificate of the Association as to the status of assessments of a Lot is binding upon the Association as of the date of its issuance.

Section 8. Periodic Charges or Assessments for Snow Removal, Lighting and Roadway Maintenance. Until such time as a public body or authority undertakes to provide (i) snow removal services, (ii) power to light the streets, and (iii) roadway maintenance, within the Property, the Association shall appropriately provide all such services with funds procured by periodically charging or assessing each Lot at a uniform rate as determined by the Board of Directors. These charges or assessments herein identified as "SLR Charges" are intended to reimburse and provide funds (in advance of payment), to enable the Association to provide such services until a public body or authority assumes such duties.

Section 9. Effect of Nonpayment of Assessments on SLR Charges; Remedies of the Association. Any SLR charges not paid within thirty (30) days after the due date as established by the Board of Directors shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the charges provided for herein by non-use of the Common Area or abandonment of his or her Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments and SLR charges provided for in this Article shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment and SLR lien; provided, however, the sale or transfer of any Lot pursuant to a foreclosure, or other proceeding in lieu thereof, of any first mortgage or deed of trust, shall extinguish the lien of such assessment and SLR charges as to payment which became due prior to such sale or transfer. Such sale or transfer shall not relieve such new Owner from liability for any assessments or SLR charges thereafter becoming due or the Lot from the lien thereof.

ARTICLE V

RESTRICTIONS ON USE OF PROPERTY BY OCCUPANTS

Section 1. Land Use and Building Type

(a) No Lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single family dwelling not to exceed two and one-half (2-1/2) stories in height and a private garage for not more than two cars per dwelling unit with the exception that three-car garages are to be allowed in Block Ten (10).

(b) No mobile homes or travel trailers shall be used for residential purposes within the subdivision.

Section 2. Recreational Vehicles, Travel Trailer. Recreational vehicles and travel trailers must be stored upon the property in garages or designated recreational vehicle and travel trailer parking areas--such vehicles and trailers shall not be parked overnight in the streets of the subdivision.

Section 3. Commercial Vehicles. No commercial vehicles, or similar commercial or construction equipment shall be parked, placed, erected, or maintained on any Lot for any purpose except during the period of construction.

Section 4. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereupon which may become a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the enjoyment of their Lots or in their enjoyment of common properties.

Section 5. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in sanitary containers. Such material shall not be disposed of by incineration on any Lot.

Section 6. Pet Regulations. No animals, livestock or poultry shall be kept on any Lot except that domestic dogs, cats, fish and birds in inside bird cages may be kept as household pets on or within a Lot, provided such dogs, cats, fish and birds shall not be bred or raised therein for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the number of dogs, cats and birds to two (2) each. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Directors of the Association, a nuisance to any other Owner. Dogs and cats belonging to Owners, occupants or their licensees or invitees must be either kept within enclosure, or enclosed balcony, or on a leash held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Board of Directors of the Association. Should any dog or cat belonging to an Owner be found unattended, out of the enclosure and not held on a leash by a person capable of controlling the animal, such animal may be removed by Declarant (or other occupant or Owner within the Property), or a person designated by them so to do, to a pound under the jurisdiction of the municipality in which the property is situated and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests and invitees, for any damage to person or property caused by any pet brought or kept upon the Property by an Owner or by members of his family, guests, licensees or invitees.

Section 7. Signs. No signs of any kind shall be displayed to the public on any Lot, except one sign of not more than five square feet in size advertising the property for sale or rent, or one sign by a builder or developer to advertise the property during the construction and sales period, not to exceed thirty square feet in size. No electric signs of any kind may be utilized.

Section 8. Natural Resource Extraction. No natural resource extraction, mining or quarrying operation of any nature shall be permitted upon or in any Lot, nor shall wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot.

Section 9. Radio, Television Transmitters and Antennas. No radio, television, or other communication transmitter(s), receivers or antennas over 12 feet in height, or five feet in width, shall be mounted on any dwelling, or erected and maintained on any Lot; provided, if an antenna retracts when not in use to a height or width equal to such limitations, then use thereof is permissible even if when in use such limitations are exceeded.

Section 10. Windows and Facades. No garments, rugs or other objects shall be hung from the windows or facades of the improvements to a Lot, nor dusted, nor shaken, nor beaten from or about or upon, such windows or facades. Only customary curtains or shades or draperies, or some combination thereof, visible from the exterior of the improvements to a Lot shall be used. In this regard, and without limiting the foregoing, no newspapers, metal foil, sheets, blankets, and the like shall be used as window coverings.

Section 11. Inoperable Vehicles. No inoperable vehicle shall be parked or maintained upon any Lot unless kept within a garage, nor parked or maintained on any street, alley or easement adjacent to or in the vicinity of any Lot in the Property. However a vehicle temporarily inoperative, pending repair by the Owner, will not, for a period of thirty (30) days (subject to availability of parts), be considered a violation of this provision.

Section 12. Snowmobiles. Snowmobiles shall not be operated or used on or in any portion of (i) the Property, (ii) any Common Area(s) or (iii) any Lot(s).

Section 13. Trees and Vegetation. Each Lot Owner shall maintain a minimum of eight trees, not less than 8 feet in height on each Lot. No vegetation shall be removed from the face of any bluff area, nor shall any improvements be built on the face of any bluff area.

Bluff areas shall be defined to include that sloped area where there exists within any given one hundred (100) horizontal feet, a vertical drop exceeding thirty-six (36) feet. No vegetation shall be removed from the face of any bluff area, nor shall any improvements be built on the face of any bluff area. However, improvements may be made to the toe areas provided all requirements of these Covenants, Conditions and Restrictions are met and full written approval is obtained from the Municipality of Anchorage, Physical Planning Department.

Section 14. Common Area. It is the intent that all Common area (tracts D., E. & F.) be retained in their natural state and not be disturbed. However, this does not preclude the development of small recreational sites within these Common areas. Approval for such recreational sites shall be approved by 2/3 of each class of members and the Board of Directors.

ARTICLE VI

RESTRICTIONS REGARDING CONSTRUCTION AND MAINTENANCE

Section 1. Architectural Control. Except as otherwise provided for in Article VIII herein, no building, fence, mail box, garbage container, wall, or other structure shall be erected, placed or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved by written endorsement thereon by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more persons appointed by the Board. If the Board, or its designated committee, fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

The plans submitted shall include a site plan for each lot. These site plans shall show both original and finished grades in such a manner that an evaluation can be made as to proper building placement and utilization of the natural topography. It is necessary that all development be done in such a manner that disturbance to the natural terrain be kept to a minimum. The site plan shall also indicate all limits of construction disturbance of the natural ground cover and restoration measures. All unapproved disturbances shall be restored back to their original conditions as closely as possible. Non-restoration of unapproved disturbed areas shall be resolved in accordance with Section 6 of this ARTICLE VI.

Neither the Board nor any architectural committee shall be responsible for any defects, structural or otherwise, in plans or specifications or for any defects in any building or structure erected in accordance with such plans and specifications. The purpose of the controls reserved hereby are to insure the conformity and harmony of all buildings and structures as to quality, external design and location in relation to surrounding structures and the topography.

Section 2. Dwelling Cost, Quality and Size. No dwelling shall be permitted on any Lot at a market value of less than \$65,000.00 exclusive of land, based upon cost levels prevailing on the date these covenants are recorded, it being the intention and purpose of the covenants to assure that all dwellings be of quality workmanship and materials substantially the same or better than that which can be produced on the date these covenants are recorded at the minimum cost stated herein, for the minimum permitted dwelling size. The ground floor area of the main structure exclusive of one-story open porches and garages shall contain not less than 900 square feet for a one-story dwelling, or less than 550 square feet per floor for a dwelling of more than one story. All buildings shall have a minimum of one (1) car garage.

Section 3. Construction. The construction of any building or structure shall be prosecuted with reasonable diligence continuously from the time of commencement until fully completed, and in no event shall such construction period exceed one year. No buildings constructed elsewhere shall be moved to or placed on any Lot except with the written approval of the Board of Directors of the Association or Architectural Committee. No building shall be in any manner occupied while in the course of original construction or until it complies with all requirements as to area and with all other conditions and restrictions applicable thereto.

Section 4. Building Location.

(a) No building shall be located on any Lot nearer the front line or nearer to the side street line than the minimum building setback lines shown on the recorded plat. In any event no building shall be located on any Lot nearer than 20 feet to the front line, or nearer than 15 feet to any side street line.

(b) No building, including a garage or other permitted accessory building, shall be located nearer than 5 feet to an interior lot line. No dwelling shall be located on any interior Lot nearer than 10 feet to the rear lot line.

(c) For the purpose of this covenant, eaves, steps and open porches shall not be considered a part of a building; provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot.

(d) It is intended that at the back, ten (10) feet of each lot shall be left undisturbed and in its natural state. Any and all disturbances in the rear portion of each lot shall have prior written approval from the Board of Directors or the architectural committee. A complete landscape and grading plan shall accompany each application.

Section 5. Sight Distance. No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between 2 feet and 6 feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No trees shall be permitted to remain within such distances, or such intersection, unless the foliage line is maintained at sufficient height to prevent obstruction of sight lines.

Section 6. Exterior Maintenance. In the event an Owner of any Lot shall fail to maintain the premises and/or the exterior of any improvements situated thereon, or both, in a manner consistent with the surrounding Lots, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and repair, maintain, and restore the Lot or the exterior of the buildings and any other improvements erected thereon, or any combination thereof. The cost of maintenance shall be added to and become part of the assessment to which such Lot is subject.

Section 7. Landscaping. Within one year after the commencement of any construction thereon, each Lot shall be suitably landscaped, including the planting of lawns, trees and/or shrubs, with all walks, driveways and parking areas paved or similarly improved. In the event any Lot Owner fails to comply with the provisions of this Section, such failure shall be deemed a failure to perform exterior maintenance and shall be subject to performance by the Association as provided for in Section 6 above.

Section 8. Trees. No Owner shall be permitted to completely clear a Lot where standing trees of size and beauty exist. Space may be cleared for construction and trees may be thinned so long as the maximum natural beauty and esthetic values of such trees are retained.²

Section 9. Utility Lines, Aerials and Antennas. All electrical service and telephone lines shall be placed underground. No exposed television, radio or similar communication aerials or antennas shall be erected, placed or maintained on any Lot except as contemplated in Section 9 of Article V.

Section 10. Water. No individual well or water system shall be installed on any Lot. Authorized water utility will require pressure reducing valves to be installed and maintained at the Owner's expense, at any Lot where water pressure exceeds 80 psi.

Section 11. Sewer. No individual sewage disposal system shall be installed on any Lot.

Section 12. Temporary Structures. No temporary structure, boat, truck, trailer, camper or recreational vehicle of any kind shall be used as a living area while located on the Property; however, trailers or temporary structures for use incidental to the initial construction of the improvements on the Lot may be maintained thereon but shall be removed within a reasonable time after completion of construction on the project.

Section 13. Mail Boxes, Address and Identification Signs. The type and location of all mail boxes, address and other identification signs originally installed by Declarant (or if not installed by the Declarant, as may be determined by the Board of Directors of the Association or its Architectural Control Committee), to be generally uniform for all the Lots, shall be maintained by the Association at the expense of each Owner.

² As provided in Article V, Section 13, a minimum of eight trees not less than eight feet in height shall be maintained on each Lot.

ARTICLE VII

PROTECTION OF MORTGAGEES

Section 1. Prior Written Approval. Anything herein or in the By-Laws to the contrary notwithstanding, except upon prior written approval of the institutional holders of first mortgages or Deeds of Trust encumbering 66-2/3% or more of the individual "Lots" within the "Property", neither the "Association" nor the "Owners" shall:

A. by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned, directly or indirectly, by such Association, except that the Declarant and the Association shall have the right to grant and relocate easements for utilities and similar purposes as elsewhere provided in this Declaration;

B. change the method of determining the obligations, assessments, dues or other charges which may be levied against a "Lot" or "Owner";

C. by act or omission, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance or the exterior maintenance of the improvements (residences) constructed on Lots, the maintenance of the Common Area, or common fences and driveways, or the upkeep of lawns and plantings in the Property;

D. fail to maintain fire and extended coverage on insurable Common Area, on a current replacement cost basis, in an amount not less than 100% of the insurable value;

E. use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such Common Area, or

F. materially amend this Declaration, the By-Laws of the Association or the Articles of Incorporation of the Association.

Section 2. Written Notice to Mortgagees. A holder or insurer (or designee) of a first mortgage on one or more Lots, upon written request to the Association (such request to state the name and address of such holder or insurer or designee and a legal description of the Lot or Lots) and the filing of a true copy of the mortgage with the Association, will be entitled to timely written notice of:

A. any default in the Lot mortgagor's obligations under these Declarations, the By-Laws of the Association or the Articles of Incorporation of the Association, not cured within thirty (30) days of the date of default and the mortgagee, at its option, may pay any delinquent expenses;

B. any damage to the Common Areas and related facilities that exceeds \$2,000.00 and any damage to a Lot covered by a first mortgage in excess of \$1,000.00;

C. all meetings of the Association and such mortgagees may designate a representative to attend all such meetings; and

D. any condemnation proceedings or proposed acquisition by eminent domain affecting the Property.

Section 3. Information Available to Lienholders. The holders of first mortgages on one or more Lots shall have the right to examine the books and records of the Association and may, upon written request, require the submission of annual reports and other reasonable pertinent financial data, provided, however, that any inspection of such books and records shall be conducted during normal business hours. In any event, such holders of first mortgages shall be entitled to receive upon written request to the Association, an annual financial statement for the Association within 90 to 120 days following the end of any fiscal year of the Association.

Section 4. Priority on Damage or Destruction to Lot or Common Area. Anything herein or elsewhere to the contrary notwithstanding, no Owner of a Lot or other party will be entitled to any priority over a holder of a first mortgage on a Lot with respect to any distribution of any insurance proceeds, as a result of or interpretation of this Declaration, or the Articles of Incorporation, or By-Laws of the Association.

Section 5. Priority on Condemnation Proceeding. If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, no provision of this Declaration, nor of the By-Laws of the Association, nor of the Articles of Incorporation of the Association, shall be deemed to entitle the Owner of a Lot, or any other party, to priority over a holder of a first mortgage on a Lot with respect to distribution of any award or settlement of such proceedings.

Section 6. Cure of Defaults. The institutional holders of first mortgages encumbering Lots may jointly or singly (i) pay taxes or other charges in default that may or have become a charge against the Common Area and (ii) pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such common Area. Upon the making of such payments, such "institutional holder" shall be owed immediate reimbursement therefor from the Association.

ARTICLE VIII

RESERVED RIGHTS AND EASEMENTS OF DECLARANT

Declarant intends to develop and market, from time to time, the Phase I-A Property as well as additional or future phases or portions of the Property. Development may include both site or land development and construction. From time to time real property may be subject to this Declaration either as Lots or as Common Area upon which development, construction or marketing has not been completed. To assure Developer's ability and right to develop and market the Phase I-A Property and any additional or future phases without hindrance or interference, in addition to all other rights or easements in favor of Declarant herein established or reasonable implied therefrom, and not by way of limitation, the following provisions shall apply but only in accordance with Municipal and State law:

A. Declarant may maintain sales offices, "model homes", signs and other reasonable marketing facilities for the purpose of selling Lots (improved and unimproved) on the Phase I-A Property as well as on any additional or future phases of the Property.

B. During actual development and construction, Declarant may use and store development and construction equipment and materials (including temporary storage and construction office space) on or about the Property except Lots owned by an Owner. In the case of Lots owned by an Owner, there must be specific authorization in this Declaration or the By-Laws of the Association or permission from such Owner. C. For the purpose of such development, construction and sales, Declarant and duly authorized designees thereof shall have a continuing easement for use and access to the Common Areas so long as such use does not unreasonable interfere with the use and enjoyment of Owners.

D. Without limitation to the foregoing, no portion of Articles V or VII above shall be deemed to hinder, restrict or in any way apply to Declarant so far as the development, construction and marketing of the Phase I-A Property or any additional or future phases of the Property. To the extent any provision of this Declaration or the By-Laws is inconsistent with this Article the terms and provisions of this Article shall prevail.

ARTICLE IX

CONTRACT PURCHASERS

Anything to the contrary herein or elsewhere notwithstanding, there shall be no substantial changes or amendments to this Declaration, the By-Laws of the Association or the Articles of Incorporation of the Association, between the date of a binding written agreement between the Declarant and a purchaser for the purchase and sale of a Lot and the date of the closing of the purchase unless (i) the prior written consent of the purchaser is procured or (ii) such purchaser is given the right to rescind the purchaser's obligation to purchase in exchange for a refund of all earnest money and other deposits previously made for the affected Lot.

ARTICLE X

EVIDENCE OF OWNERSHIP AND RESTRICTION OF MAILING ADDRESS

Section 1. Proof of Ownership. Except for those Owners who initially purchase a Lot from Declarant, any person on becoming an Owner shall promptly furnish to the Secretary of the Association plus the Managing Agent, if any, (i) a certified copy or (ii) a reproduced copy of the original, of the recorded instrument vesting that person with an interest or Ownership in the Lot, which copy shall remain in the files of the Association.

Section 2. Registration of Mailing Address. The Owners or several Owners of an individual Lot shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications. Such registered address (i) shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof required to be used by the Association, (ii) be furnished by such Owners to the Secretary of the Association and any Managing Agent within fifteen (15) days after transfer of title, or after a change of address, and (iii) be in written form and signed by all of the Owners of the Lot or by such persons as are authorized by law to represent the interest thereof.

ARTICLE XI

PROFESSIONAL MANAGEMENT

The Association may employ an experienced professional management agent or manager with such duties and at such compensation as the Board of Directors of the Association shall authorize in accordance with this Declaration and the By-Laws of the Association. The duties conferred upon the management agent or manager by the Board of Directors may at any time be revoked, modified or amplified by the majority of Owners in a duly constituted meeting. All employment agreements for such management, and any contract providing for services by the Declarant, shall be in writing and shall contain provisions in essence providing:

A. The agreement may be terminated by either party without cause and without payment of any termination fee on thirty (30) days or more written notice. Additionally, the Association may for cause terminate the agreement upon five (5) days written notice.

B. The term of any such agreement may not exceed one year, although it may be renewable by the parties for successive one year terms.

ARTICLE XII

EASEMENTS

Easements for installation and maintenance of utilities, access and drainage facilities are created or reserved as depicted on Plat No. _____ for the Phase I-A Property and may also be created or be reserved on plats filed to accomplish annexation in accordance with Section 4 of Article XIV. Within such easement areas, no structure, planing or other material shall be placed on or permitted to remain, which may (i) damage, (ii) interfere with the installation and maintenance of utilities, (iii) change the direction or flow of water, sewage or other substances, or (iv) obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for improvements (i) a public authority or utility company is responsible for, or (ii) the Association is responsible for in accordance with this Declaration and as the same may be hereafter duly amended.

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

The Association has and will continue to have a non-exclusive easement for the operation, maintenance and repair of all underground utilities including water service lines, storm drain lines, sanitary sewer lines and landscape watering lines (if any) within the Property. Each Owner has a non-exclusive easement for and may use the Common Areas and facilities in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful right of the other Owners, excepting, however, any parts of the Common Area, if any, designated Limited Common Area.

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

Without limitation to the foregoing, the Association, its agents, employees and contractors, shall have the right to enter any Lot and the residence thereon constructed in case of any emergency originating in or threatening it or other residences or the Common Areas, and to effect maintenance and repairs which an Owner is required to make but fails to make.

In the event that any portion of the Common Area encroaches upon any Lot, or any Lot or improvement thereon encroaches upon the Common Area, or any Lot encroaches upon any other Lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, a valid easement for the encroachment exists, even though no specific reference to such easement appears in a conveyance instrument. In this regard, no Owner shall maintain any action for removal of a projection or overhang created by construction, reconstruction or settling, nor any action for damages in connection with any of the foregoing.

ARTICLE XIII

POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Powers. In addition to any power specified herein, or in the By-Laws of the Association, or in its Articles of Incorporation, the Association acting through its Board of Directors shall have all powers and authority authorized by law and not reserved to the membership by this Declaration, the By-Laws or the Articles of Incorporation.

Section 2. Duties. In addition to any other duties specified herein, in the By-Laws or in the Articles of Incorporation of the Association, or reasonably implied from any of the foregoing, the Association, acting through its Board of Directors, shall have all duties specified by law plus the following:

A. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members entitled to vote;

B. supervise all officers, agents and employees of this Association, in performance of their duties;

C. procure and maintain policies for the benefit of the Association and its members of (i) fire and hazard insurance included within the term "extended coverage" on improvements located on the "Common Area" plus personally owned by the Association, (ii) liability insurance in behalf of the Association, (a) as may be reasonably required by institutional holders of first mortgages on any Lot but any event, (b) in the minimum amount of One Million Dollars (\$1,000,000.00) for acts or omissions of all officers, agents or employees of the Owners Association plus the condition of the Common Areas. Notwithstanding any other provisions made herein, or in the By-Laws of the Owners Association, so long as the Federal National Mortgage Association, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation or Alaska Housing Finance Corporation, or their successors or assigns, is a mortgagee or beneficiary of a mortgage or Deed of Trust constituting a lien on a Lot, or an Owner of a Lot, the Association will carry as a common expense a master policy of liability insurance and fidelity bonds with such coverages and endorsements and in such amounts as shall be required by such agencies regardless of other or different requirements of the Association, the Owner, other mortgagees or other interested parties;

D. maintain adequate fidelity coverage to protect against dishonest acts on the parts of officers, directors, trustees and employees of such Association and all others who handle or are responsible for handling funds of the Association. such fidelity bonds shall meet the following requirements:

(1) all such fidelity bonds shall name the Association as an obligee; and

(2) such fidelity bonds shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves; and

(3) such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar term; and

(4) such bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the holders of first mortgages or their designees thereof, as such holders are defined in the Declarations.

E. cause the Common Area and the individual Lots to be maintained in accordance with the Declarations.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Resubdivision. The area of Lots wherein described shall not be altered in size by resubdivision, except that (i) the Owners of three contiguous Lots may replot such Lots by dividing the inner or middle Lot, thereby increasing the size of the two remaining Lots which shall then be treated for all purposes pertinent to these covenants as enlarged single Lots, and (ii) the Declarant may, until December 31, 1990, replot, from time to time, one or more Lots, provided such alteration or replatting does not unreasonably affect the use and enjoyment of the Lots in the immediate vicinity of the resubdivided Lot(s).

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Municipality of Anchorage shall have the right to enforce any and/or all of these covenants, conditions, restrictions and reservations described herein.

Section 3. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty-five (35) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty-five (35) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 5. Annexation.

A. Additional parcels (future phases) of the real property more particularly described in the attached Exhibit A, may, but are not required to, be annexed from time to time to the Phase I-A Property in conformity with the applicable ordinances, rules and regulations, if any, of the Municipality of Anchorage for the purposes of subjecting such real property to regulation and assessment by the Association, and for the mutual enjoyment of Common Areas. Such annexation may be made as follows:

(i) Additions by Declarant. At any time prior to December 31, 1990, Declarant shall have the right, from time to time, to bring within the scheme of this Declaration, without the consent of the members of the Association, any parts or portions of the real property described in Exhibit A. Any such annexation shall be in accord with a general plan of development of the Declarant; provided, however, no such general plan shall bind the Declarant to make the proposed addition or to adhere to the plan in any subsequent development of the land shown therein.

(ii) Additions not in accordance with the general plan of development. Additions, other than those provided for in Section (a) above, may be made by the Declarant or any other Owner(s) of property who desires to add such property to the scheme of this Declaration, upon the written consent of two-thirds (2/3) of each class of members.

B. Additions authorized under this section shall be made by recording a supplemental Declaration of Covenants and Restrictions with respect to the annexed property. Modifications of the covenants, restrictions and charges contained in this Declaration as may be deemed appropriate for the development of such additional property. In no event however, shall such supplemental Declaration remove, modify or add to the covenants established by this Declaration with respect to the Phase I-A Property, or property previously annexed thereto.

IN WITNESS WHEREOF, Knakanen Corporation has caused these presents to be signed by its duly authorized officer the day and year first above set forth.

KNAKANEN CORPORATION

By: *Alfred H. Ek*
Its VICE PRES.

EXHIBIT A

Legal Description Of Possible Future
Phases that May Be Annexed

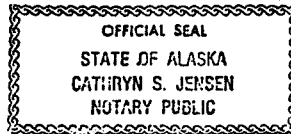
Any other property within the south half of Section 18.

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

} ss.

The foregoing instrument was acknowledged before me this 31 day
of May 1985, by Andrew H. Eker
of KNAPANEN CORPORATION, an Alaska corporation, on behalf of the corporation.



Cathryn S. Jensen
Notary Public in and for Alaska
My commission expires: 3-27-88

