



AMENDMENT TO DECLARATION FOR
DISCOVERY HEIGHTS
(A PLANNED COMMUNITY WITHIN SOUTHPORT)
(Amendment Permitting Driveway Parking)

Preamble

This amendment affects property previously dedicated as Discovery Heights, A Planned Community Within Southport, by declaration recorded in the Anchorage Recording District, Third Judicial District, State of Alaska, amended as follows:

Item	Date of Recording	Book	Page
Declaration	August 29, 1994	2699	91
First Amendment-Addition of Limited Common Elements	December 13, 1995	2867	31
Phase II Amendment	December 13, 1995	2867	36
Amendment-Withdrawal of Tract F-G	April 15, 1997	3050	503
Phase III Amendment	April 15, 1997	3050	508
Phase IV Amendment	December 12, 1997	3167	603

Which Declaration and Amendments are hereinafter collectively referred to as "The Declaration." The Declaration submitted the project known as Discovery Heights to the Uniform Common Interest Ownership Act, AS 34.08 *et seq.*

The purpose of this parking amendment is to allow the exterior parking of two passenger cars in driveways.

Amendment

The language of Exhibit D (Occupancy Restrictions), Section 9 (Parking) of the Declaration shall be amended to read as follows:

9. Vehicles, Boats, Campers, etc. All vehicles, inoperable or otherwise, including but not limited to automobiles, trucks, campers, boats, recreational vehicles, snow-machines or other machinery, except for a maximum of two operable and properly registered automobiles, SUVs or pick-up trucks used for personal transportation and kept in the driveway and used in daily commuting or for other personal purposes, shall be kept in a garage or other closed structure. The purpose of this provision is to keep certain vehicles and equipment, whether frequently used or unused, out of sight.

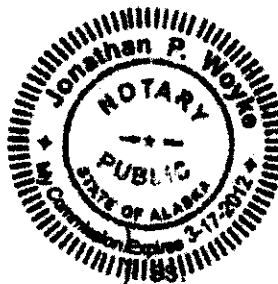
All remaining provisions of the Declaration shall remain in full force and effect.

Certification

The undersigned president of Discovery Heights Owners Association, hereby certifies that this amendment was properly adopted in accordance with Section 14.1 of the Declaration, and was approved 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.

Written approval from the holders of all first mortgages was not required, as this amendment does not "materially" impact lending collateral, nor does this amendment affect the items listed in Article XVII of the Declaration.

In witness whereof, the undersigned has caused this Amendment to Declaration to be executed this 14th day of August, 2009.



Discovery Heights Owners
Association

By: Taylor L West
Its: President

State of Alaska

Third Judicial District)

THIS IS TO CERTIFY that the foregoing instrument was acknowledged before me on this 14th day of August, 2009, by **Taylor West**, the president of Discovery Heights Owners Association, an Alaska corporation, on behalf of the corporation.

WITNESS my hand and notarial seal the day and year first hereinabove written.

-2-

Declaration Amendment—Driveway Parking
Discovery Heights (3783-1)



2 of 3

2009-062241-0

Jonathan Weyfel

NOTARY PUBLIC in and for Alaska
My Commission Expires: 3-17-2012

State of Alaska)
) ss.
Third Judicial District)

RECORD IN THE ANCHORAGE RECORDING DISTRICT

After recording, return to:

Shane J. Osowski
OSOWSKI LAW OFFICES, LLC
800 E. Dimond Blvd., Suite 3-495
Anchorage, AK 99515

-3-

Declaration Amendment—Driveway Parking
Discovery Heights (3783-1)



3 of 3

2009-062241-0

In the Anchorage Recording District

DECLARATION

FOR

DISCOVERY HEIGHTS

(A Planned Community within Southport)

RETURN TO:

Rob Gammel
Carr-Gottstein Properties
6401 A St
Anchorage, AK 99518

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE.....	1
<u>ARTICLE I - Definitions.....</u>	<u>2</u>
Section 1.1 - Act.....	2
Section 1.2 - Allocated Interests.....	2
Section 1.3 - Association.....	2
Section 1.4 - Bylaws.....	2
Section 1.5 - Common Elements.....	2
Section 1.6 - Common Expenses.....	2
Section 1.7 - Common Interest Community.....	3
Section 1.8 - Condominium.....	3
Section 1.9 - Declarant.....	3
Section 1.10 - Declaration.....	3
Section 1.11 - Development Rights.....	3
Section 1.12 - Director.....	3
Section 1.13 - Documents.....	3
Section 1.14 - Eligible Insurer.....	3
Section 1.15 - Eligible Mortgagee.....	4
Section 1.16 - Executive Board.....	4
Section 1.17 - Improvements.....	4
Section 1.18 - Majority or Majority of Unit Owners..	4
Section 1.19 - Manager.....	4
Section 1.20 - Master Association.....	4
Section 1.21 - Notice and Comment.....	4
Section 1.22 - Notice and Hearing.....	4
Section 1.23 - Person.....	4
Section 1.24 - Planned Community.....	5
Section 1.25 - Plans.....	5
Section 1.26 - Plat.....	5
Section 1.27 - Property.....	5
Section 1.28 - Rules.....	5
Section 1.29 - Security Interest.....	5
Section 1.30 - Special Declarant Rights.....	5
Section 1.31 - Trustee.....	5
Section 1.32 - Unit.....	6
Section 1.33 - Unit Owner.....	6
<u>ARTICLE II - Name and Type of Common Interest Community</u> <u>and Association.....</u>	<u>6</u>
Section 2.1 - Common Interest Community.....	6
Section 2.2 - Association.....	6
<u>ARTICLE III Description of Land.....</u>	<u>6</u>

<u>ARTICLE IV - Maximum Number of Units; Boundaries.....</u>	7
Section 4.1 - Maximum Number of Units.....	7
Section 4.2 - Boundaries.....	7
<u>ARTICLE V - Common Elements.....</u>	7
<u>ARTICLE VI - Conveyance or Encumbrance of Common Elements.</u>	8
Section 6.1 - Homeowner Approval.....	8
Section 6.2 - Proceeds of Sale or Loan.....	8
Section 6.3 - Form of Conveyance and Ratification..	8
Section 6.4 - Association Contract to Convey.....	8
<u>ARTICLE VII - Maintenance, Repair and Replacement.....</u>	8
Section 7.1 - Common Elements.....	8
Section 7.2 - Units.....	8
Section 7.3 - Access.....	9
Section 7.4 - Repairs Necessitated by Unit Owner's Action or Inaction.....	9
Section 7.5 - Repairs Necessitated by Association Action or Inaction.....	9
<u>ARTICLE VIII - Development Rights and Special Declarant Rights.....</u>	9
Section 8.1 - Reservation of Development Rights....	9
Section 8.2 - Limitations on Development Rights....	10
Section 8.3 - Phasing of Development Rights.....	11
Section 8.4 - Special Declarant Rights.....	11
Section 8.5 - Construction: Declarant's Easement..	11
Section 8.6 - Models, Sales Offices and Management Offices.....	12
Section 8.7 - Signs and Marketing.....	12
Section 8.8 - Declarant's Personal Property.....	12
Section 8.9 - Mail Box Enclosures.....	12
Section 9.10 - Reservation of Private Landscape Easements.....	12
Section 8.11 - Declarant Control of Association....	13
Section 8.12 - Limitations on Special Declarant Rights.....	14
Section 8.13 - Interference with Special Declarant Rights.....	14
<u>ARTICLE IX - Allocated Interests.....</u>	14
Section 9.1 - Allocation of Interests.....	14
Section 9.2 - Formulas for the Allocation of Interests.....	14

<u>ARTICLE X - Restrictions on Use, Alienation and Occupancy.....</u>	15
Section 10.1 - Use Restrictions.....	15
Section 10.2 - Occupancy Restrictions.....	15
Section 10.3 - Restrictions on Alienation.....	15
<u>ARTICLE XI - Easements and Licenses.....</u>	16
Section 11.1 - Recorded Easements and Licenses.....	16
Section 11.2 - Owner's Easement of Enjoyment in Common Elements.....	16
Section 11.3 - Limitations on Owner's Easement.....	16
<u>ARTICLE XII - Additions, Alterations and Improvements.....</u>	17
Section 12.1 - Additions, Alterations and Improvements by Unit Owners.....	17
Section 12.2 - Additions, Alterations and Improvements by Executive Board....	18
<u>ARTICLE XIII - Relocation of Boundaries Between Adjoining Units.....</u>	19
Section 13.1 - Consent of Executive Board Required.....	19
Section 13.2 - Platting and Amendment.....	19
Section 13.3 - Reallocation of Interests.....	19
<u>ARTICLE XIV - Amendments to Declaration.....</u>	19
Section 14.1 - General.....	19
Section 14.2 - When Unanimous Consent Required.....	20
Section 14.3 - Execution of Amendments.....	20
Section 14.4 - Recordation of Amendments.....	20
Section 14.5 - Cost of Amendments.....	20
Section 14.6 - Consent of Holders of Security Interests.....	20
Section 14.7 - Special Declarant Rights.....	20
Section 14.8 - Amendments to Create Units.....	20
Section 14.9 - Limitation of Challenges.....	20
<u>ARTICLE XV - Amendments to Bylaws.....</u>	21
<u>ARTICLE XVI - Termination.....</u>	21
<u>ARTICLE XVII - Mortgagee Protection.....</u>	21
Section 17.1 - Introduction.....	21
Section 17.2 - Percentage of Eligible Mortgagees....	21
Section 17.3 - Notice of Actions.....	21
Section 17.4 - Consent Required.....	22

Section 17.5	- Inspection of Books.....	24
Section 17.6	- Financial Statements.....	24
Section 17.7	- Enforcement.....	24
Section 17.8	- Attendance at Meetings.....	25
Section 17.9	- Appointment of Trustee.....	25
Section 17.10	- Priority on Insurance and Condemnation Proceeds.....	25
Section 17.11	- Development Rights.....	25
Section 17.12	- Right to Reimbursement.....	25
<u>ARTICLE XVIII - Assessment and Collection of Common Expenses.....</u>		25
Section 18.1	- Apportionment of Common Expenses.....	25
Section 18.2	- Common Expenses Attributable to Fewer Than All Units.....	26
Section 18.3	- Lien.....	26
Section 18.4	- Budget Adoption and Ratification.....	28
Section 18.5	- Non-Budgeted Common Expense Assessments.....	28
Section 18.6	- Commencement of Common Expense Assessments.....	28
Section 18.7	- Certificate of Payment of Common Expense Assessments.....	28
Section 18.8	- Monthly Payment of Common Expenses...	29
Section 18.9	- Acceleration of Common Expense Assessments.....	29
Section 18.10	- No Waiver of Liability for Common Expenses.....	29
Section 18.11	- Personal Liability of Unit Owners....	29
<u>ARTICLE XIX - Right to Assign Future Income.....</u>		29
<u>ARTICLE XX - Persons and Units Subject to Documents.....</u>		29
Section 20.1	- Compliance with Documents.....	29
Section 20.2	- Adoption of Rules.....	30
<u>ARTICLE XXI - Insurance.....</u>		30
Section 21.1	- Coverage.....	30
Section 21.2	- Property Insurance.....	30
Section 21.3	- Liability Insurance.....	31
Section 21.4	- Fidelity Bonds.....	32
Section 21.5	- Unit Owner Policies.....	32
Section 21.6	- Workers' Compensation Insurance.....	32
Section 21.7	- Directors' and Officers' Liability Insurance.....	33
Section 21.8	- Other Insurance.....	33
Section 21.9	- Premiums.....	33

<u>ARTICLE XXII - Damage to or Destruction of Property.....</u>	33
Section 22.1 - Duty to Restore.....	33
Section 22.2 - Cost.....	33
Section 22.3 - Plans.....	33
Section 22.4 - Insurance Proceeds.....	33
Section 22.5 - Certificates by the Executive Board..	34
Section 22.6 - Certificates by Attorneys or Title Reports.....	34
<u>ARTICLE XXIII - Rights to Notice and Comment; Notice and Hearing.....</u>	34
Section 23.1 - Right to Notice and Comment.....	34
Section 23.2 - Right to Notice and Hearing.....	34
Section 23.3 - Appeals.....	35
<u>ARTICLE XXIV - Executive Board.....</u>	35
Section 24.1 - Association Records and Minutes of Executive Board Meetings.....	35
Section 24.2 - Powers and Duties.....	35
Section 24.3 - Executive Board Limitations.....	37
<u>ARTICLE XXV - Open Meetings.....</u>	37
Section 25.1 - Access.....	37
Section 25.2 - Notice.....	38
Section 25.3 - Executive Sessions.....	38
<u>ARTICLE XXVI - Condemnation.....</u>	38
<u>ARTICLE XXVII - Discovery Heights Planned Community Participation in Southport Master Planned Community.....</u>	38
Section 27.1 - Membership in Master Association.....	38
Section 27.2 - Allocation of Votes and Liability for Common Expenses.....	38
Section 27.3 - Collection of Master Association Common Expenses.....	39
Section 27.4 - Remedies Upon Default by Unit Owners Association.....	39
Section 27.5 - Representation on Master Association Executive Board.....	39
<u>ARTICLE XXVIII - Miscellaneous.....</u>	39
Section 28.1 - Captions.....	39
Section 28.2 - Gender.....	39
Section 28.3 - Waiver.....	39
Section 28.4 - Invalidity.....	40

Section 28.5	- Conflict.....	40
Section 28.6	- Rights of Action.....	40
Section 28.7	- Fees and Costs.....	40
Section 28.8	- Liquidated Damages.....	40

EXHIBITS TO RESTATEMENT

- Exhibit A - Development Plan
- Exhibit B - Easements and Licenses
- Exhibit C - Table of Allocated Interests
- Exhibit D - Occupancy Restrictions
- Exhibit E - Standards for Architectural Control

Return to:
Summit Title Insurance Agency, Ltd.
341 W. Tudor Rd. #102
Anchorage, Alaska 99503

95-059401
3600

ANCHORAGE DISTRICT
REQUESTED BY
SMT

'95 DEC 13 AM 8 51

In the Anchorage Recording District

DECLARATION FOR DISCOVERY HEIGHTS

(A Planned Community within Southport)

PREAMBLE

Declarant CARR-GOTTSTEIN PROPERTIES, f/k/a Carr-Gottstein Associates dba Southport Company, an Alaska Partnership, (hereafter "Declarant") whose mailing address is 6401 A Street, Anchorage, Alaska 99518, and lot owners The Petersen Group, Inc., an Alaska Corporation whose address is 3820 Lake Otis Parkway, Suite 204, Anchorage, Alaska 99508, and Sylenda M. Harvey, whose address is P.O. Box 11830, Anchorage, Alaska 99511-1830, are the owners of all real property in Anchorage, Alaska, previously described as:

Lots 1-4, Block 2; Lots 1-6, Block 3; Lots 1-15, Block 4; Lots 1-4, Block 5, and Tracts H-1 and H-2, Southport Subdivision Addition No. 1, according to Plat No. 93-129, records of the Anchorage Recording District, Third Judicial District, State of Alaska.

A Declaration of Covenants, Conditions and Restrictions for Southport Subdivision Addition No. 1 covering said property was recorded by Declarant on November 8, 1993, in Book 2532, at Page 559. Subsequently, Lot 5, Block 3 was sold to The Petersen Group and Lot 8, Block 4 was sold to Sylenda Harvey.

By this Declaration for Discovery Heights, Declarant, The Petersen Group and Sylenda M. Harvey hereby repeal the previous declaration and submit the above-described property to this declaration.

Several lots submitted to the previous declaration have been replatted along with a tract that was not previously submitted to the declaration. The real property now submitted to the Declaration for Discovery Heights (A Planned Community within Southport) is described as follows:

Lots 4-6, Block 3; Lots 5-15, Block 4; Lots 1-4, Block 5; and Tracts H-1 and H-2, Southport Subdivision, Addition No. 1, according to Plat No. 93-129,

and

Lot 3A, Block 3; Lots 3A and 4A, Block 4; and
Tract C-1, Southport Subdivision, Addition No.
1, according to Plat No. 94-42,

and

Tract D-2A, Unit No. 2A, Bayshore West,
according to Plat No. 76-220,

Anchorage Recording District, Third Judicial
District, State of Alaska.

By this declaration, Declarant, The Petersen Group, and
Sylenda M. Harvey submit the real property described immediately
above to the provisions of AS 34.08, the Uniform Common Interest
Ownership Act, for purposes of creating Discovery Heights (A
Planned Community within Southport).

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, as it may be amended from time to time.

Section 1.2 - Allocated Interests. The undivided interest in
the Common Expense liability and the votes in the Association,
allocated to Units in the Common Interest Community. The Allocated
Interests are described in Article IX of this Declaration.

Section 1.3 - Association. The Discovery Heights Owners
Association, a non-profit corporation organized under Chapter 10.20
of the statutes of the State of Alaska. It is the Association of
Unit Owners pursuant to Section 34.08.310 of the Act. The
Association is a member of the Southport Master Association.

Section 1.4 - Bylaws. The Bylaws of the Association, as they
may be amended from time to time. Neither such Bylaws nor any
amendments to such Bylaws need be recorded in the property records.

Section 1.5 - Common Elements. Each portion of the Common
Interest Community other than a Unit as defined herein or a tract
on which developer rights are reserved.

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

- (i) Expenses of administration, improvement, maintenance, repair or replacement of the Common Elements;
- (ii) Expenses declared to be Common Expenses by the Documents or by the Act;
- (iii) Expenses declared to be Common Expenses by the Master Association if, and when, by the terms of its declaration, the Master Association is activated;
- (iv) Expenses agreed upon as Common Expenses by the Association; and
- (v) 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 or for which the Association has maintenance or repair responsibilities.

Section 1.7 - Common Interest Community. The real property subject to the Declaration for Discovery Heights (A Planned Community within Southport).

Section 1.8 - Condominium. A Common Interest Community in which portions of the real estate are designated for separate ownership, the remainder of the real estate is designated for common ownership solely by the owners of those portions, and the undivided interests in the Common Elements are vested in the Unit Owners.

Section 1.9 - Declarant. Carr-Gottstein Properties, or its successor, as defined in AS 34.08.990(12).

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

Section 1.11 - Development Rights. The rights reserved by the Declarant under Article VIII of the Declaration to create Units and Common Elements within the Common Interest Community or to withdraw real estate from the Common Interest Community.

Section 1.12 - Director. A member of the Executive Board.

Section 1.13 - Documents. The Declaration and Plats which have been recorded and filed, the Bylaws, and the Rules, if any, as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Document is a part of that Document.

Section 1.14 - 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 1.15 - 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 1.16 - Executive Board. The Board of Directors of the Association.

Section 1.17 - Improvements. Any construction, structure, fixture or facility existing or to be constructed on the land included in the Common Interest Community including, but not limited to, buildings, fences, trees and shrubbery planted by the Association, paving, utility wires, pipes, and light poles.

Section 1.18 - Majority or Majority of Unit Owners. The owners of at least 51% 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 - Master Association. The association made up of Unit Owner Associations in Southport. The Master Association for Southport (A Master Planned Community).

Section 1.21 - Notice and Comment. The right of Unit Owners 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 1.22 - Notice and Hearing. The right of Unit Owners 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 1.23 - Person. An individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

Section 1.24 - Planned Community. A Common Interest Community that is not a condominium or a cooperative.

Section 1.25 - Plans. The development plan recorded with this Declaration as Exhibit A and any floor plans filed with the district recorders office.

Section 1.26 - Plat. Any municipally approved plat of property within The Discovery Heights Planned Community filed in the Anchorage Recording District.

Section 1.27 - Property. The land and all improvements, easements, rights and appurtenances which are subject to this Declaration.

Section 1.28 - Rules. Rules for the use of the Common Elements owned or managed by the Discovery Heights Owners Association and for the conduct of Persons using the Common Elements within the Common Interest Community, adopted by the Executive Board pursuant to this Declaration.

Section 1.29 - 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 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 an Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.30 - Special Declarant Rights. The right (as defined in AS 34.08.990(30) of the Act) reserved for the benefit of a Declarant to (A) complete improvements indicated on plats and plans filed with the Declaration; (B) exercise a Development Right; (C) maintain sales offices, management offices, models and signs advertising the Common Interest Community; (D) 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; (E) appoint or remove any office of the Association or any executive Board member during any period of Declarant control or (F) merge or consolidate the Common Interest Community with another Common Interest Community of the same form of ownership. Special Declarant Rights are described in Article VIII.

Section 1.31 - 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 1.32 - Unit. A physical portion of the Common Interest Community (sometimes referred to as a lot) designated for separate ownership or occupancy, the boundaries of which are shown on the Plats or Plans.

Section 1.33 - Unit Owner. Person who owns a Unit. Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation.

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 Discovery Heights (A Planned Community within Southport).

Section 2.2 - Association. The name of the Association is DISCOVERY HEIGHTS OWNERS ASSOCIATION.

ARTICLE III

Description of Land

The entire Common Interest Community is situated in Anchorage, Alaska, on property described as:

Lots 4-6, Block 3; Lots 5-15, Block 4; Lots 1-4, Block 5; and Tracts H-1 and H-2, Southport Subdivision, Addition No. 1, according to Plat No. 93-129,

and

Lot 3A, Block 3; Lots 3A and 4A, Block 4; and Tract C-1, Southport Subdivision, Addition No. 1, according to Plat No. 94-42,

and

Tract D-2A, Unit No. 2A, Bayshore West, according to Plat No. 76-220,

Anchorage Recording District, Third Judicial

District, State of Alaska.

ARTICLE IV

Maximum Number of Units; Boundaries

Section 4.1 - Maximum Number of Units. The maximum number of Units permitted in this Common Interest Community, be they created as Condominium, Cooperative, or Planned Community Units, is 436. This maximum number of Units is based on the number of dwelling units permitted in development areas J and I in AO 92-105, the municipal zoning ordinance governing development in Southport. A portion of development area G from AO 92-105, which also has a specified number of permitted dwelling units, is included in the legal description for Discovery Heights. The maximum number of units specified in this Declaration is not intended to prevent the withdrawal of that portion of development area G from the Discovery Heights Planned Community and its later development with the full number of dwelling units permitted by municipal zoning. The initial phase of Discovery Heights, consists of 17 Units, Lots 3A, 4, 5, and 6, Block 3; and Lots 3A, 4A, and 5-15, Block 4. Condominium Units which may be created on Lots 1-4, Block 5, will be added to the Planned Community by amendment to this Declaration. A separate declaration will have to be recorded to create and administer the Condominium Units.

Section 4.2 - Boundaries. The boundaries of the initial Units in Discovery Heights are the boundaries of the numbered lots created on Plat 93-129 or 94-42, Anchorage Recording District, and shown on the development plan attached hereto as Exhibit A labelled "TO BE BUILT". If any Condominium Units are created in Discovery Heights, the boundaries of the Condominium Units will be the boundaries defined in the Declaration creating the Condominium Units and shown on the Condominium Plans filed along with the Condominium Declaration. Amendments by which the Condominium Units are added to the Planned Community will contain a description of the Unit boundaries.

ARTICLE V

Common Elements

The Common Elements are Tracts H-1 and H-2, according to Plat No. 93-129, Anchorage Recording District. Additional Common Elements may be created within the Common Interest Community as additional phases of Discovery Heights are developed under the Declarant's reserved rights.

ARTICLE VI

Conveyance or Encumbrance of Common Elements

Section 6.1 - Homeowner Approval. Portions of the common elements may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least 80 percent of the votes in the Association, including 80 percent of the votes allocated to Units not owned by a Declarant, agree to the action.

Section 6.2 - Proceeds of Sale or Loan. The proceeds of a sale and proceeds of a loan secured by encumbering a common area are an asset of the Association.

Section 6.3 - Form of Conveyance and Ratification. An agreement to convey common elements or to subject the common elements to a security interest must be evidenced by the execution of an agreement, or ratifications of the agreement, in the same manner as a deed by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before the date. The agreement is effective only upon recording.

Section 6.4 - Association Contract to Convey. The Association on behalf of the Unit Owners may contract to convey an interest in common elements as provided in this Article but the contract is not enforceable against the Association until approved as required herein. After approval, the Association has the powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute a deed or other instrument.

ARTICLE VII

Maintenance, Repair and Replacement

Section 7.1 - Common Elements. The Association shall maintain, repair and replace all of the Common Elements belonging to the Discovery Heights Owners Association but may delegate the responsibility for such maintenance to the Southport Master Association or other responsible party. The Association shall also maintain the lighting and landscaping on the island in Discovery Bay Drive, the subdivision sign and electric meter located on Lot 3A, Block 3, and any mailbox enclosures or landscaping installed by Declarant or the Association. These responsibilities may also be delegated to the Southport Master Association or other responsible party.

Section 7.2 - Units. Each Unit Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit, except the portions thereof, if any, to be maintained, repaired or replaced by the Association. Landscaping and fencing

in the telephone and electric easements and private landscape easements shown on the plats or reserved by deed shall be maintained by the Owner of the Unit on which the landscaping is located unless the Declarant or Association assumes responsibility for such maintenance or the Association delegates the responsibility for such maintenance to the Southport Master Association or other responsible party.

Section 7.3- 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, 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 7.4 - Repairs Necessitated by Unit Owner's Action or Inaction. Each Unit Owner will reimburse the Association for any costs incurred by the Association and any damages to any other Unit(s) or to the Common Elements to the extent that such damages or costs were caused intentionally, negligently or by the Unit Owner's failure to properly maintain, repair or make replacements to his or her Unit. Such expense will be assessed following Notice and Hearing.

Section 7.5 - Repairs Necessitated by Association Action or Inaction. The Association will be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements.

ARTICLE VIII

Development Rights and Special Declarant Rights

Section 8.1 - Reservation of Development Rights. The Declarant reserves the following Development Rights:

(a) The right, by amendment to add Units and Common Elements in the areas of the Common Interest Community designated as "Development Rights Reserved" on Exhibit A and, at the time of such amendment, to specify the Standards for Architectural Control and the Restrictions on Use, Alienation and Occupancy of the Units created thereby, should different standards and restrictions than those contained in this Declaration be necessary.

(b) The right, by amendment, to withdraw land designated as "Development Rights Reserved" on Exhibit A; provided, however, that

if said land is withdrawn it will be developed in accordance with the Municipal Land Use Code.

(c) The right to construct utility lines, pipes, wires, ducts, conduits and other facilities across the land not designated "Development Rights Reserved" on Exhibit A for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the Property and on the land designated as "Development Rights Reserved" on Exhibit A. The Declarant also reserves the right to withdraw and grant easements to public utility companies and to convey Improvements within those easements anywhere in the Common Interest Community not occupied by buildings, for the above-mentioned purposes. If the Declarant grants any such easements, Exhibit B will be amended to include reference to the recorded easements.

(d) The right of architectural control over construction of the first residence on a lot in the first phase of construction under this Declaration within ten (10) years of the date this Declaration is recorded, and the right of architectural control over construction of the first residence on a lot in the subsequent phases of construction under this Declaration within ten (10) years of the date the amendment for that phase is recorded. Declarant may establish the Architectural Control Standards for a new phase of Discovery Heights in the amendment that adds that phase to the planned community.

(e) The right to install fencing and landscaping within the telephone and electric easements and private landscape easements shown on plats of the property or reserved in Unit deeds to property within the planned community.

Section 8.2 - Limitations on Development Rights. The Development Rights reserved in Section 8.1 are limited as follows:

(a) The Development Rights may be exercised at any time, but not more than twenty (20) years after the date of recording of this Declaration. If exercised more than seven (7) years after recording of the original Declaration, consent of fifty-one percent (51%) of the Eligible Mortgagees shall be required pursuant to Section 17.4.

(b) Not more than 436 total Units may be created pursuant to the Development Rights.

(c) All buildings constructed under the Development Rights will be architecturally compatible as to style with each other and will be of comparable quality of construction, as specified in the amendment for each phase of development.

(d) All Units created pursuant to the Development Rights will be restricted to residential use, although different phases may provide for single-family or multi-family development.

provide for single-family or multi-family development.

(e) No Development Rights may be exercised, voluntarily abandoned or terminated by the Declarant unless approved as provided in Section 17.11.

Section 8.3 - Phasing of Development Rights. No assurances are made by the Declarant regarding the areas on Exhibit A designated "Developer Rights Reserved" as to the portions where the Declarant will exercise its Development Rights or the order in which portions, or all of the areas will be developed. The exercise of Development Rights as to some portions will not obligate the Declarant to exercise them as to other portions.

Section 8.4 - 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 the Declaration, plat and plans, as they may be amended;

(b) To exercise the Development Rights reserved in the Declaration;

(c) To maintain sales offices, management offices, models and signs advertising the Common Interest Community;

(d) To use easements through the Common Elements for the purpose of making improvements within the Common Interest Community; and

(e) To appoint or remove any officer of the Association, or any Executive Board member during any period of Declarant control, subject to the provisions of this Article.

In the exercise of its rights reserved under subsections (a) and (b) above, the Declarant may convey utility easements to utility companies and drainage easements to the Municipality of Anchorage in its own name and on behalf of the Association. All purchasers are deemed to consent to such conveyance as a condition of their purchase. The Special Declarant Rights may be exercised where applicable anywhere within the Common Interest Community.

Section 8.5 - Construction: Declarant's Easement. The Declarant reserves the right to perform warranty work, and repairs and construction work, and to store materials in secure areas, in Units and Common Elements, 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 discharging the Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in the Declaration.

Section 8.6 - Models, Sales Offices and Management Offices. As long as 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, sales office or management office. Declarant may have no more than 3 model Units and 3 sales/management offices within the Common Interest Community at any time, although the specific location may change from time to time as Units are developed and sold. A model Unit or sales/management office may be no larger than a typical Unit constructed for sale to the public. A temporary structure may be used as a sales/management office during the time that residences are being constructed. Declarant may delegate this authority to dealers who purchase Units to construct residences.

Section 8.7 - Signs and Marketing. The Declarant reserves the right to post signs and displays in the Units or Common Elements to promote sales of Units, and to conduct general sales activities, in a manner that will not unreasonably disturb the rights of Unit Owners.

Section 8.8 - Declarant's Personal Property. The Declarant reserves the right to retain all personal property and equipment used in sales, management, construction and maintenance of the premises that has not been represented as property of the Association. The Declarant reserves the right to remove, promptly after the sale of the last Unit from the Property, any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 8.9 - Mail Box Enclosures. Declarant reserves the right to construct, subject to U.S. Postal Service approval, uniform enclosures or structures or landscaping to house or visually modify required centralized Mail Box facilities.

Section 8.10 - Reservation of Private Landscape Easements. On Plats No. 93-129 and 94-42, Declarant has shown "private landscape easements" with a plat note reading "activities in the private landscape, screening or buffer easements shown hereon will be pursuant to the homeowners association documents." By this Declaration, Declarant reserves to itself the beneficial interest in the "private landscape easements" for so long as Declarant exercises any Special Declarant Rights in Discovery Heights, subject to the maintenance provisions contained in Section 7.2 of this Declaration. At such time as the Special Declarant Rights expire or are voluntarily terminated by Declarant, the beneficial

interest in the "private landscape easements" shall lie with the Discovery Heights Owners Association, or its successor in interest.

Section 8.11 - Declarant Control of Association.

(a) Subject to Subsection 8.11(b), there shall be a period of Declarant control of the Association, during which the 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 that may be created to Unit Owners other than the Declarant;

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

(iii) two (2) years after any right to add new Units was last exercised; or

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

The 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 executed 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 that may be created to Unit Owners other than the 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 Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Unit Owners other than the 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, all 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 of the Association 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 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 8.12 - Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument executed by the Declarant, any Special Declarant Right (except for Development Rights) may be exercised by the Declarant so long as the Declarant is obligated under any warranty or obligation, owns any Units or any Security Interest on any Units, or for twenty (20) years after recording the original Declaration, whichever is sooner. Earlier termination of certain rights may occur by statute.

Section 8.13 - Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any rules that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

ARTICLE IX

Allocated Interests

Section 9.1 - Allocation of Interests. The table showing Unit numbers and their allocated interests is included in Exhibit C. The allocated interest appertaining to each Unit for all purposes, including voting and the determination of liability for Common Expenses, shall be in accordance with Exhibit C. These interests have been allocated in accordance with the formulas set out in this Article. These formulas are to be used in reallocating interests if Units are added to or removed from the Common Interest Community. When Units are added to or removed from the Common Interest Community, a revised Exhibit C, the Table of Allocated Interests, will be recorded with the Declaration Amendment.

Section 9.2 - Formulas for the Allocation of Interests.

(a) Liability for the Common Expenses: The percentage of liability for Common Expenses allocated to each unit is derived by dividing the total number of Units in the Common Interest Community into one hundred percent (100%). Nothing contained in this subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article XVIII of this Declaration.

(b) Votes. Each Unit in the Common interest Community shall have one (1) equal vote. Any specified percentage of Unit Owners, unless otherwise stated in the documents, means the specified percentage of all votes allocated to Units in the Association.

ARTICLE XRestrictions on Use, Alienation and Occupancy

Section 10.1 - Use Restrictions. Subject to the Development Rights and Special Declarant Rights reserved under Article VIII, the following use restrictions apply to all Units and to the Common Elements:

(a) Each Unit is restricted to residential use 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.

(b) The Units listed on the development plan (Exhibit A) as "To Be Built" are restricted to use for detached single family residences. A single family residence is defined as a single housekeeping unit, operating on a non-profit, non-commercial basis with a common kitchen and dining area.

(c) Additional phases of Discovery Heights may provide for attached single family residences or residential condominium units as specified in the Amendment adding those Units to the planned community.

(d) Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Alaska and all ordinances of the Municipality of Anchorage. Unit Owners shall hold harmless the Association and other Unit Owners from all fines, penalties, costs and prosecutions for any violation or noncompliance in their use of the Property.

Section 10.2 - Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article VIII, occupancy restrictions contained in Exhibit D to the Declaration apply to all Units. Additional occupancy restrictions may be found in the Bylaws, and the Rules of the Association.

Section 10.3 - Restrictions on Alienation.

(a) A Unit may not be conveyed pursuant to a time sharing plan as defined under AS 34.08.550.

(b) No Owner shall be permitted to rent or lease a Unit for transient or hotel purposes. No Owner may lease or rent less than the entire Unit. Any lease or rental agreement shall provide that the terms thereof shall be subject in all respects to the provisions of the Declaration, the Bylaws, and the Rules, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease or rental agreement.

All leases and rental agreements shall be in writing. A copy of the lease form shall be given to the Executive Board.

ARTICLE XI

Easements and Licenses

Section 11.1 - Recorded Easements and Licenses. All recorded easements or licenses to which the Common Interest Community is presently subject are recited in Exhibit B to this Declaration.

Section 11.2 - Owner's Easement of Enjoyment in Common Elements. Every Unit Owner, his heirs, successors, executors, administrators and assigns forever, in common with each other, shall have a right and easement of enjoyment in and to the Common Elements, and such easement shall be appurtenant to, and shall run with, the title to every Unit. Such easement shall include, among other consistent rights, the non-exclusive right to pass and repass across the Common Elements, to use the Common Elements pursuant to the provisions of this Declaration, and the right to prevent the restriction or alienation of the Common Elements.

Section 11.3 - Limitations on Owner's Easement. The rights and easements of enjoyment created hereby shall be subject to the following, which rights are deemed to be necessary and desirable to facilitate the orderly administration of the Common Interest Community:

(a) The right of the Association, in accordance with its Articles and Certificate of Incorporation and the Bylaws, following written approval by the holders of security interests pursuant to Article XVII, to borrow money for the purpose of improving, maintaining and operating the Common Elements and in aid thereof to mortgage, hypothecate, pledge, assign or grant a security interest in the assets of the Association, including, without limitation, its liens and receivables for Assessments.

(b) The right of the Association to take such steps as are reasonably necessary to protect the rights of the Unit Owners in the Common Elements against foreclosure.

(c) The right of the Association, to suspend the enjoyment rights (except rights of egress and ingress) of any Unit Owner for any period during which any Assessment remains unpaid, and for a period not exceeding thirty (30) days for any infraction of the Declaration, Bylaws or Rules, and to levy liquidated minimum damages in an amount not to exceed twice the monthly assessment for each offense for such infractions, as well as specific damages as may occur, all of which shall become Assessments.

(d) The right of the Association to charge reasonable fees for the use of the Common Elements, where such use shall involve additional expense to the Association and shall be different or unique from the use offered to other Unit Owners as a whole, or shall involve unique services or instructions, which fees shall be Assessments.

(e) The right of the Association to impose and grant easements over, under and across the Common Elements, for the purposes of fulfilling the general plan of development, providing ingress and egress, power, electricity, telephone, sewer, water, and other utility and lighting services, irrigation, drainage, television transmission facilities, security services and facilities, and other structures, services and devices in connection therewith, and the like, as the Association deems necessary and proper.

(f) The right of the Association to grant licenses and concessions for the use of the Common Elements, including licenses to non-Unit Owners.

(g) The right and duty of the Association to maintain, preserve and administer the Common Elements for the mutual benefit, health and safety of the Common Interest Community and each of its Owners, to such standards as set by the Association for the mutual benefit and safety of the Owners and the neighboring community.

ARTICLE XII

Additions, Alterations and Improvements

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

(a) No Unit Owner shall remove trees, install landscaping, construct a structure, nor shall any Unit Owner make any structural addition, structural alteration, or structural improvement in or to the Common Interest Community without the prior written consent thereto of the Executive Board. A Unit Owner 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. The Standards for Architectural Control contained in Exhibit E to the Declaration are applicable to additions, alternations and improvements by Unit Owners in Phase I. The Standards for Architectural Control for subsequent phases will be included in the amendment by which the units in those phases are brought into the planned community.

(b) 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 (a) of this section. The

Executive Board shall answer any written request for such approval, after Notice and Hearing, within forty-five (45) days after the request therefor. If, after such plans and specifications have been approved, the improvements are altered, erected or maintained otherwise than as approved by the Board, such alteration, erection and maintenance shall be deemed to have been undertaken without the approval of the Board having been obtained as required by the Declaration. The approval of the Board of any plans or specifications submitted for approval as herein specified shall not be deemed to be a waiver by the Board of its right to object to any of the features or elements embodied in such plans and specifications, if or when the same features or elements are embodied in any subsequent plans and specifications submitted for approval herein as provided for use on other Units. No member of the Board shall be liable to any person for his or her decisions or failure to act in making decisions as a member of said Board. Upon approval of the Board, it shall be conclusively presumed that the location and height of any improvement does not violate the provisions of this Declaration, subject to conditions contained within the approval notice.

(c) After a Unit Owner has obtained the written consent of the Executive Board for any addition, alteration or improvement to his or her Unit, the Unit Owner shall obtain any necessary governmental permits required for such addition, alteration or improvement and the cost of such permit(s) shall be paid by the Unit Owner. There will be no liability created on the part of the Association or any of its members, except for the Unit Owner effecting such addition, alteration or improvement, to any contractor, sub-contractor 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.

(d) 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.

(e) Any construction, landscape installation or removal of trees commenced without the written consent of the Executive Board will result in a penalty not to exceed \$100.00 (One Hundred Dollars) per day against the Unit Owner violating the provisions of this Article, as assessed by resolution of the Executive Board.

Section 12.2 - Additions, Alterations and Improvements by Executive Board. The Executive Board may make any additions, alterations or improvements to the Common Elements, telephone and electric easements and landscape easements which, in its judgment, it deems necessary.

ARTICLE XIII

Relocation of Boundaries Between Adjoining Units

Section 13.1 - Consent of Executive Board Required.

(a) No Unit Owner shall relocate the boundaries of adjoining Units within Discovery Heights without the prior written consent thereto of the Executive Board.

(b) A Unit Owner may request consent to the relocation of boundaries of adjoining Units, and the Executive Board shall respond to the request in the manner specified in Subsection 12.1(b).

Section 13.2 - Platting and Amendment. After approval by the Executive Board, a Unit Owner seeking to relocate the boundaries between adjoining Units must comply with all municipal requirements for replatting of lots and must comply with the amendment requirements of this declaration before the relocation of boundaries is effective. The amendment must be prepared and executed by the Association. The amendment must also be executed by the Unit Owners whose Unit boundaries are effected and by the Mortgagees of the Units involved. The amendment must include a revised Development Plan and a revised Table of Allocated Interests. All expense of the platting and amendment procedures must be borne entirely by the proponent(s) of the Unit boundary relocation.

Section 13.3 - Reallocation of Interests. The percentage share of common expense liability applicable to Units whose boundaries are relocated shall be amended on a pro rata basis so that the total common expense liability attributable to the Units involved in the boundary relocation is the same before and after the relocation. The purpose of this provision is to protect Unit Owners not involved in a boundary relocation from having to pay a higher percentage of the common expense liability. The formula for the proration of the percentage share of common expense liability to each Unit with relocated boundaries must be stated in the amendment, and Exhibit C to the Declaration, the Table of Allocated Interests, must be amended. Regardless of the size of the Unit created by a relocation of boundaries, the Unit shall have only one vote in the Association.

ARTICLE XIV

Amendments to Declaration

Section 14.1 - General. Except as otherwise provided by law or elsewhere in this Declaration, this Declaration, including the

Exhibits hereto, 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 - When Unanimous Consent Required. Except to the extent expressly permitted or required by provisions of the Act and this Declaration, an amendment may not create or increase special declarant rights, increase the number of Units, change 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 (100%) consent of the Unit Owners in the Association.

Section 14.3 - Execution of Amendments. An amendment to the Declaration required by AS 34.08.250 of the Act to be recorded by the Association, which has been adopted in accordance with this Declaration and AS 34.08.250 of 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 such designation, by the President of the Association.

Section 14.4 - Recordation of Amendments. Each amendment to the Declaration must be recorded in the recording district in which the Common Interest Community is located. The amendment is effective only upon recording.

Section 14.5 - Cost of Amendments. The proponent of any amendment will pay for the costs of preparation of the amendment and its recording, as well as the reasonable consultant fees incurred by the Association if the Executive Board deems it necessary to employ a consultant.

Section 14.6 - Consent of Holders of Security Interests. Amendments are subject to the consent requirements of Article XVII.

Section 14.7 - Special Declarant Rights. Provisions in the Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

Section 14.8 - Amendments to Create Units. To exercise any Development Right reserved under Section 8.1(a) or (b) of this Declaration, the Declarant shall prepare, execute and record an amendment to the Declaration. The Declarant shall also record new Exhibits A and C to reflect the changes made by the exercise of the Development Right. The amendment to the Declaration shall assign an identifying number to each new Unit created and reallocate the Allocated Interests among all Units. The amendment shall describe any Common Elements created thereby.

Section 14.9 - 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 (1) year after the amendment is recorded.

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 which affects the Common Elements, if such loss exceeds \$10,000.00, or any damage to an improvement or a Unit on which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable, if such damage exceeds \$10,000.00;

(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(b) of this Article; and

(e) Any judgment rendered against the Association.

Section 17.4 - Consent Required.

(a) Document Changes. Notwithstanding any lower requirement permitted by the 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 approval in writing by at least fifty-one percent (51%) of the Eligible Mortgagees. A "material" provision includes, but is not limited to, any provision affecting:

- (i) Assessments, assessment liens or priority of assessment liens;
- (ii) Voting rights;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
- (iv) Responsibility for maintenance and repair;
- (v) Reallocation of interests in the Common Elements;
- (vi) Rights to use Common Elements;
- (vii) Boundaries of Units;
- (viii) Convertibility of Units into Common Elements or Common Elements into Units;
- (ix) Expansion or contraction of the Common Interest Community, or the addition, annexation or withdrawal of property to or from the Common Interest Community;
- (x) Insurance or fidelity bonds;
- (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 hazard damage or partial condemnation in a manner other than that specified in the Documents;
- (xv) Termination of the Common Interest Community after occurrence of substantial destruction or condemnation; 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 without the approval of at least fifty-one percent (51%) of the Eligible Mortgagees:

- (i) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
- (ii) The restoration or repair of the Property after hazard damage or partial condemnation in a manner other than that specified in the documents;
- (iii) The merger of this Common Interest Community with any other Common Interest Community;
- (iv) 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);
- (v) The assignment of the future income of the Association, including its right to receive Common Expense assessments; or
- (vi) Any action taken not to repair or replace the Property.

(c) Actions requiring other than 51% mortgagee approval. The following actions by the Association require the consent of Eligible Mortgagees as specified below:

- (i) An eighty percent (80%) Eligible Mortgagee approval is required to convey or encumber the Common Elements or any portion thereof. (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) A sixty-seven percent (67%) Eligible Mortgagee approval is required for the termination of the Common Interest Community for reasons other than substantial destruction or condemnation;
 - (iv) The Association may not change the period for collection of regularly budgeted common expense assessments to other than monthly without the unanimous (100%) consent of Eligible Mortgagees.
- (d) Failure to Respond. The failure of an Eligible Mortgagee to respond within thirty (30) days to any written request of the Association for approval of an action or amendment to the Declaration shall constitute an implied approval of the action or amendment, provided that notice was delivered by certified or registered mail, with a "return receipt" requested.

Section 17.5 - Inspection of Books. The Association must maintain current copies of the Declaration, Bylaws, Rules, books, records and financial statements. The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours and, upon request, furnish such Eligible Mortgagees or Eligible Insurers annual reports and other financial data.

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.

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 within the Common Interest Community or condemnation of all or a portion of the Common Interest Community, any Eligible Mortgagee may require that insurance or condemnation proceeds be payable to a Trustee. 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.

Section 17.10 - Priority on Insurance and Condemnation Proceeds. No provision of the Documents of the Association shall be deemed to give priority to an Owner or any other party over any rights of an Eligible Mortgagee pursuant to the terms of its Security Instrument in the case of distribution of insurance proceeds or condemnation proceeds, whether such proceeds pertain to a Unit or Common Elements.

Section 17.11 - Development Rights. No Development Rights may be exercised or voluntarily abandoned or terminated by the Declarant unless all persons holding Security Interests in the Development Rights consent to the exercise, abandonment, or termination. No Development Rights may be exercised later than seven (7) years after the date of recording of this Declaration, unless fifty-one percent (51%) of the Eligible Mortgagees consent to the exercise of the Development Right.

Section 17.12 - Right to Reimbursement. Eligible mortgagees of Units in Discovery Heights may, jointly or singly, pay taxes or other charges, which are in default and which may or have become a charge against any Common Element owned by the Association and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the Common Elements. Eligible Mortgagees making such payments shall be owed immediate reimbursement from the Association.

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 share of the

Common Expense liability established in Article IX of this Declaration.

Section 18.2 - Common Expenses Attributable to Fewer than all Units.

(a) 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.

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

(c) 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.

(d) If a Common Expense is caused by the misconduct or failure to act of a Unit Owner, the Association may assess that expense exclusively against the Unit.

(e) 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 fines become due. Fees, charges, late charges, fines and interest charged pursuant to the Act, as it may be amended from time to time, and any of the Association's 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 or encumbrance recorded before the recordation of this 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 or charges against the Unit. A lien under this Section is also prior to all security interests described in Subdivision (2) of this Subsection if the Common Expense assessment based on the periodic budget adopted by the Association, pursuant to Section 18.4 of this Article, would have become due in the absence of acceleration

during the six (6) months immediately preceding the institution of an action to enforce the Association's lien. This 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 provisions of AS 09.38.010, as it may be amended from time to time.

(c) Recording of the Declaration constitutes record notice and perfection of the lien. Further recording of a claim of lien for assessments under this Section is not required.

(d) A lien for unpaid assessments 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 U.S. 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 § 362 of the U.S. Bankruptcy Code is lifted.

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

(f) When the Association acquires a judgment or decree in any action brought under this Section, such judgment or decree shall include an award to the Association for actual collection costs and reasonable attorney's fees.

(g) A judgment or decree in an action brought under this Section is enforceable by execution under AS 09.35.010, as it may be amended from time to time.

(h) The Association's lien must be foreclosed as a lien is foreclosed under AS 34.35.005, as it may be amended from time to time.

(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 18.4 of this Article.

(j) The purchaser at a foreclosure sale initiated by the holder of a security interest in a Unit is not liable for any

unpaid assessments against the Unit which became due before the sale, other than the assessments which are prior to that security interest under Subsection 18.3(b) above. Any unpaid assessments not satisfied from the proceeds of sale become common expenses for which all the Unit Owners, including the purchaser, may be assessed. For the purposes of this paragraph "the purchaser" shall include, but not be limited to, any holder of a security interest in a Unit which obtains title to a Unit.

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

(l) The Association may acquire, hold, lease, mortgage and convey a Unit foreclosed upon pursuant to this Section for unpaid assessments.

(m) A lien under this Section shall not be affected by any sale or transfer of a Unit except as provided in Subsection (j) above.

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) or 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 - 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 Article, the Executive Board shall submit such Common Expenses to the Unit Owners for their consideration and comment in the same manner as a budget under Section 18.4 above.

Section 18.6 - Commencement of Common Expense Assessments. Common Expense Assessments shall begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs unless Declarant elects to continue providing or paying for services that would otherwise constitute Common Expenses.

Section 18.7 - 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 his or her Unit. The statement must be furnished within ten (10) business days after

receipt of the request and is binding upon the Association, the Executive Board and each Unit Owner.

Section 18.8 - Monthly Payment of Common Expenses. All Common Expenses assessed under this Article XVIII shall be due and payable on the first day of each and every month.

Section 18.9 - Acceleration of Common Expense Assessments. In the event of default for a period of ten (10) 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. The holder of a first Security Interest in a Unit which has acquired title to any Unit as a result of a foreclosure of its Security Interest shall be exempt from the application of this Subsection.

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 in writing. Such agreement shall be provided to the Association.

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 and subject to Article XVII hereof with regard to obtaining mortgagees' consent.

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, including the Book of Resolutions, as it may be amended from time to time. 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, Third Judicial District, State of Alaska, are covenants running with the land and shall bind any persons having at any time any interest in such Unit.

Section 20.2 - Adoption of Rules. After Notice and Comment the Executive Board may adopt Rules (Resolutions) regarding the use of the Common Elements and the occupancy of Units, and the activities of occupants as they affect the Common Elements and the unity and harmony of the project.

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) The Association shall insure the personal property of the Association.

(b) The Association shall maintain property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall be not less than one hundred percent (100%) of the actual cash value of the insured property at the time the insurance is purchased, and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. The Association shall maintain insurance in an amount equal to the actual cash value of personal property owned by the Association. Prior to obtaining any insurance on Common Elements under this section, and at least annually thereafter, the Executive Board shall take reasonable steps satisfactory to the insurance company to determine the replacement cost of the Common Elements or obtain an agreed amount endorsement. The maximum deductible for insurance policies shall

be the lesser of \$10,000.00 or one percent (1%) of the policy face amount, whichever is less.

(c) 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 to 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 Association's policy 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 address; and

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

"DISCOVERY HEIGHTS OWNERS ASSOCIATION, for the use and benefit of the individual Owners."

Section 21.3 - Liability Insurance. Liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than \$1,000,000, covering all occurrences commonly insured against (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 the 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; and

(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 - Fidelity Bonds. A blanket fidelity bond is required, if reasonably available, for anyone who either handles or is responsible for funds held or administered by the Association, 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 (3) 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 servicer that services a FNMA-owned, VA-owned, FHLMC-owned, or AHFC-owned mortgage on a Unit and to the insurance trustee, if any, before the bond can be canceled 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 Board of Directors 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 reasonably 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 Unit Owner of a Unit that will not be rebuilt, vote not to rebuild.

Section 22.2 - Cost. The cost of repair or replacement of the Common Elements 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 - Insurance Proceeds.

(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) 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 Section 22.1, 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 22.5 - 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; and

(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 22.6 - Certificates by Attorneys or Title Reports. Title insurance companies or, 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 company's or an attorney's certificate of title or a title insurance policy based on a search of the records of the District Recorder's Office, Anchorage Recording District, Third Judicial District, State of Alaska, from the date of the recording of the original above-described Declaration stating the names of the Unit Owners and the mortgagees.

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 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 interests 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. The notice shall be given not less than five (5) days before the hearing date. 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.

ARTICLE XXIV

Executive Board

Section 24.1 - Association Records and Minutes of Executive Board Meetings. The Executive Board shall permit any Unit Owner, or holder, insurer or guarantor of first mortgages secured by Units, to inspect the records of the Association and the minutes of Executive Board and committee 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 independent contractors, employees and agents, other than managing agents;
- (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 (2) 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 part of the Common Elements;
- (j) Acquire, hold, encumber and convey in the 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 (1) year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, and for services provided to Unit Owners;
- (m) Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy reasonable fines 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, permanent and standing, 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 Board of Directors. However, actions taken by a committee may be appealed to the Board of Directors by any Unit Owner within forty-five (45) days of publication of such notice, and such committee action must be ratified, modified or rejected by the Board of Directors at its next regular meeting.

(u) By resolution, designate a representative or representatives, as the case may be, to the Southport Master Association Executive Board.

Section 24.3 - Executive Board Limitations. The Executive Board may not act on behalf of the Association to amend this Declaration, except in accordance with Article XIV above, 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 the 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 provided in Section 25.3 below.

Section 25.2 - Notice. Notice of every such meeting will be given not less than twenty-four (24) hours prior to the time set for such meeting, by mailing such notice to each Unit Owner and/or posting such notice in a conspicuous location in the Common Interest Community, except that such notice will not be required if an emergency situation requires that the meeting be held without delay.

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: (a) if no action is taken at the executive session requiring the affirmative vote of Directors, or (b) if the action taken at the executive session involves personnel, pending litigation, contract negotiations, or enforcement actions, matters involving the invasion of privacy of individual unit owners, matters which are to remain confidential by request of the affected parties and agreement of the Executive Board, or action taken by unanimous consent of the Executive Board.

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

Discovery Heights Planned Community Participation in Southport Master Planned Community

Section 27.1 - Membership in Master Association. The Declaration for Southport (A Master Planned Community) puts the real property being developed as Discovery Heights under the jurisdiction of the Southport Master Association. The Southport Declaration requires that, as property within the boundaries of the Master Association is developed, the Owners Association for that development automatically becomes a member of the Master Association.

Section 27.2 - Allocation of Votes and Liability for Common Expenses. The Discovery Heights Owners Association will have one vote in the Master Association for each Unit that is a member of the Owners Association. Liability for Common Expenses is based on a formula where the total number of votes in the Master Association equals 100 percent. Each Owner Association is liable for the percentage of total Common Expenses that equals the percentage of all votes in the Master Association held by the Unit

Owners Association. For example, if there are 100 votes in the Master Association and the Unit Owners Association holds 10 votes, that Association will be liable for 10 percent of the Common Expenses of the Master Association.

Section 27.3 - Collection of Master Association Common Expenses. A Common Expense of the Master Association is a Common Expense of the Unit Owners Association. The Unit Owners Association shall incorporate into its annual budget the amount required for it to pay its share of the Common Expenses of the Master Association. The Master Association will collect from the Unit Owners Association the share of Master Association Common Expenses for which the Unit Owners Association is liable.

Section 27.4 - Remedies Upon Default by Unit Owners Association. The remedies of the Master Association in the event of default by a Unit Owners Association on its obligation to pay its share of the Master Association's Common Expenses are spelled out in Article XI of the Declaration for Southport (A Master Planned Community.)

Section 27.5 - Representation on Master Association Executive Board. The Discovery Heights Owners Association is entitled to one representative on the Executive Board of the Master Association. Said representative will cast all of the Association's votes as directed by the Association's Executive Board. The Association may select and send an alternate to the meetings of the Master Association Executive Board, however, only one representative of the Owner's Association may speak for the Association and cast the votes of the Association.

ARTICLE XXVIII

Miscellaneous

Section 28.1 - 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 28.2 - 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 requires.

Section 28.3 - 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 28.4 - 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 28.5 - Conflict. The Documents are intended to comply with the requirements of the Act and Chapter 10.20 of the Alaska Statutes (Non-Profit Corporation Act). 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.

Section 28.6 - Rights of Action. The Declarant, the Association and any aggrieved Unit Owner shall have a right of action against Unit Owners for failure to comply with the provisions of the Documents, or with decisions of the Association which are made pursuant to the Documents. Unit Owners shall also have such rights of action against the Association.

Section 28.7 - Fees and Costs. In any action to enforce the provisions of this Declaration, the prevailing party shall be entitled to recover actual reasonable attorney's fees and court costs.

Section 28.8 - Liquidated Damages. Since it is difficult to determine damages for the violation of Declaration provisions, except where this Declaration provides some other figure, the prevailing party in any action to enforce the provisions of this Declaration shall be entitled to recover liquidated damages in the amount of \$25.00 per day for each day the condition, which is the subject matter of the action to enforce, exists. Each violation of the Declaration shall give rise to a separate liquidated damage recovery. This liquidated damage award shall increase, but not decrease, every five (5) years from the date of this Declaration to match the equivalent increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1967 equal \$100.00, issued by the Bureau of Labor Statistics for the United States Department of Labor with the index for August 1994 as the price index figure.

IN WITNESS WHEREOF, Declarant Carr-Gottstein Properties and Lot Owners Sylenda M. Harvey and the Petersen Group have caused this Declaration to be executed this 24 day of August, 1994.

DECLARANT: CARR-GOTTSTEIN PROPERTIES

By: *Robert A. Mintz*Its *Agent*

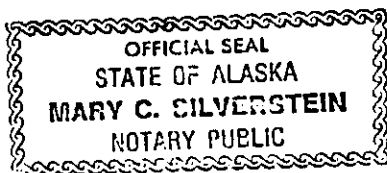
STATE OF ALASKA)

) ss

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 17 day of August, 1994, before me the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Robert A. Mintz, to me known and known to me to be the Authorized Agent of CARR-GOTTSTEIN PROPERTIES, and known to me to be the person who signed the foregoing instrument, on behalf of said corporation, and he/she acknowledged to me that he/she signed and sealed the same as a free act and deed of the said corporation for the uses and purposes therein expressed pursuant to its Bylaws or a resolution of its Board of Directors.

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



Mary C. Silverstein
Notary Public in and for Alaska
My commission expires: 5/17/95

SYLENDIA M. HARVEY
Owner of Lot 8, Block 4, Southport
Subdivision, Addition No. 1, Plat
No. 93-129

By: *Sylenia M. Harvey*
Sylenia M. Harvey

STATE OF ALASKA)

) ss

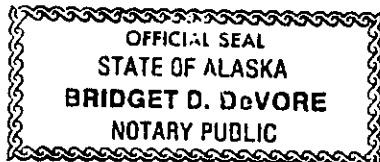
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 24th day of August, 1994, before me the undersigned Notary Public in and for the State

Declaration for Discovery Heights
(A Planned Community within Southport)

of Alaska, duly commissioned and sworn, personally appeared SYLENDIA M. HARVEY, to me known and known to me to be the person who signed the foregoing instrument, she acknowledged to me that she signed and sealed the same as a free act and deed for the uses and purposes therein.

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



Bridget D. DeVore
Notary Public in and for Alaska
My commission expires: 10-24-94

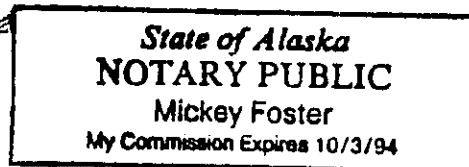
MORTGAGEE CONSENT:
NATIONAL BANK OF ALASKA

By: Jim McCormack
Title: Vice President

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 18 day of AUGUST, 1994, before me the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Jim McCormack, to me known and known to me to be the VICE PRESIDENT of NATIONAL BANK OF ALASKA, and known to me to be the person who signed the foregoing instrument, on behalf of said corporation, and he/she acknowledged to me that he/she signed and sealed the same as a free act and deed of the said corporation for the uses and purposes therein expressed pursuant to its Bylaws or a resolution of its Board of Directors.

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



Mickey Foster
Notary Public in and for Alaska
My commission expires: 10-3-94

THE PETERSEN GROUP, INC.
 Owner of Lot 5, Block 3, Southport
 Subdivision, Addition No. 1, Plat
 No. 93-129

By: *Robert C. Petersen*
 Its President

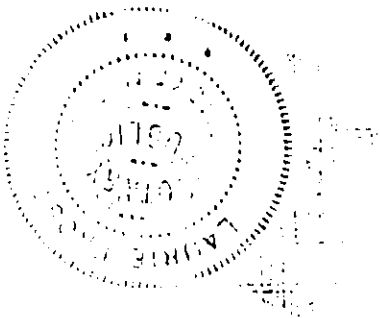
STATE OF ALASKA)

THIRD JUDICIAL DISTRICT)

ss

THIS IS TO CERTIFY that on this 19th day of August, 1994, before me the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared ROBERT C. PETERSEN, to me known and known to me to be the President of THE PETERSEN GROUP, INC., and known to me to be the person who signed the foregoing instrument, on behalf of said corporation, and he/she acknowledged to me that he/she signed and sealed the same as a free act and deed of the said corporation for the uses and purposes therein expressed pursuant to its Bylaws or a resolution of its Board of Directors.

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



Tamie L. Host
 Notary Public in and for Alaska
 My commission expires: 1-14-96

MORTGAGEE CONSENT
 KEY BANK OF ALASKA

By: *Sue M. Schlect*

Title: *Vice President*

Exhibit D to
DECLARATION FOR DISCOVERY HEIGHTS
(A Planned Community within Southport)

Occupancy Restrictions

1. Newspaper Delivery Receptacles. Newspaper stands and receptacles on individual Lots for the purpose of newspaper delivery are not permitted.

2. Private Landscape Easements. No dog run, shed, greenhouse, wood-pile, play equipment, or any other similar structure shall be placed in private landscape easements.

3. Utility Lines, Aerials and Antennas. All electrical service, telephone lines and television cable shall be placed underground. No aerials or antennae shall be placed or erected upon any Lot or affixed in any manner to the exterior of any residential unit or structure on the property, except direct broadcast cable antennas not exceeding 1.5 feet in diameter may be approved by the Executive Board after reviewing the exact design, location, and placement. No dish antennas, short wave antennas, transmitters, or base stations for two-way ham radio or other radios shall be permitted.

4. Water and Sewer. No individual well or water system, or sewage disposal system shall be installed on any Lot.

5. Sight Distance. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two feet and six 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 line.

6. 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 improvements on the Lot may be maintained thereon but shall be removed within a reasonable time after completion of construction of the project.

7. Nuisances. No noxious or offensive activity shall be allowed on any Lot, nor shall anything be done thereon which may be, or may become, a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the enjoyment of their Lots. No repair or restoration of any motor vehicle, boat, trailer, aircraft or other vehicle shall be permitted on any portion of any Lot except for emergency repairs thereto, and then only to the extent necessary to enable movement thereof to a proper repair facility. No vehicles or equipment shall be parked or placed in a public right-of-way for more than 24 hours. No vehicle or equipment owned by a resident or Owner shall be placed on a public street within the subdivision for more than 48 cumulative hours in any week.

8. 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.

9. Vehicles, Boats, Campers, etc. All vehicles, inoperable or otherwise, including but not limited to automobiles, trucks, campers, boats, recreational vehicles, snow-machines or other machinery shall be kept in a garage or other closed structure. The purpose of this provision is to keep all vehicles and equipment, whether frequently used or unused, out of sight.

10. Pets, Livestock and Poultry. No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish and birds inside bird cages may be kept as household pets provided they are not kept, bred, or raised therein for commercial purposes or in unreasonable quantities. No more than two dogs may be maintained on the premises.

11. Garbage and Refuse Disposal. Trash, garbage, or other waste shall be disposed of only by depositing same into designated trash containers. All trash containers must be screened. No Lot shall be used or maintained as a dumping ground for rubbish. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles therefor.

12. Signs. No sign of any kind shall be displayed to the public on any Lot or residential unit except one sign of not more than five square feet advertising the property for sale or rent, or signs by a builder company or by Declarant, to advertise the property during the construction sales period. Declarant reserves the right to place one or more permanent signs, of any size, and related monument at or near the entrance of the subdivision.

13. Natural Resource Extraction. No natural resource extraction 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 drilling for oil or natural gas shall be erected, maintained or permitted upon any Lot.

14. 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.

Exhibit E to
DECLARATION FOR DISCOVERY HEIGHTS
(A Planned Community within Southport)

Architectural Control Standards

1. Structure Type. No building or structure shall be erected, altered, placed or permitted to remain on any Unit other than:

- (a) one detached single-family dwelling;
- (b) every dwelling must have a garage capable of housing at least two automobiles. Larger garages or more than one garage may be permitted by the Executive Board on a case-by-case basis;
- (c) fences, gates and associated structures; and
- (d) any other accessory building, structure or other item permitted by the Executive Board.

None of the items listed above may be constructed, installed, placed or made without the express written approval of the Executive Board as provided in Article XII of this Declaration.

2. Cost, Quality and Size. No dwelling shall be constructed on a Unit in Phase I of less than 2,600 square feet of gross floor area for building/living space, excluding porches, garages, covered patios or sundecks unless the Executive Board expressly waives the size requirement. Any such waiver will be granted only if the Executive Board decides, in its sole discretion, that the proposal substantially conforms with the intent of these Architectural Control Standards and the finished appearance contributes to the appearance of the entire neighborhood.

Dwellings to be constructed on Lots 3A, 4, and 5, Block 3; and on Lots 3A, 4A, 5, and 6, Block 4 shall have a market value in 1994 dollars of at least \$250,000, including the value of the lot. Dwellings to be constructed on Lot 6, Block 3; and Lots 7-15, Block 4, shall have a market value in 1994 dollars of at least \$375,000, including the value of the lot. It is the intention and purpose of these standards to assure that all dwellings shall be of a quality of workmanship and materials substantially the same or better than that which can be produced on the date this Declaration is recorded. The Executive Board has the right to waive these dollar amounts in its sole discretion.

3. Building Height. Building height shall at a minimum conform to the Municipality of Anchorage zoning requirements. The Executive Board may expressly waive on a case by case basis the 25 foot height limitation and allow an individual building to be built up to 30 feet in height, measured as described in Title 21 of the Anchorage Municipal Code.

4. Exterior Appearance, Colors and Materials. To ensure the development of Discovery Heights as a planned community of high standards, the Executive Board shall be responsible for approving exterior colors to promote a pleasing and compatible neighborhood appearance. In doing so, the Executive Board shall have the power to approve any exterior color and/or trim before application, may refuse to grant approval, and may make such exceptions to the choices as it deems appropriate without adversely affecting the overall appearance of the neighborhood. Overly vibrant colors will be disallowed, as will color schemes that clash with the neighborhood's overall appearance. The subject matter of approving materials is also the responsibility of the Executive Board. High maintenance exterior finishes, such as; log oil or similar clear lacquer or varnish shall not be allowed on the exterior of any structure. However, natural semi transparent stains or other similar finishes which are designed to mimic clear finishes, which have been manufactured to offer longer term low maintenance, may be approved on a case by case basis, at the sole discretion of the Executive Board.

The exterior finish of every side of every home shall be of a horizontally placed lap siding, either of cedar or an approved, wood composition lap siding, or approved equal finish as determined by the Executive Board. The Board will generally deny the use T1-11 siding or material of similar appearance, quality, cost and/or composition. If more than one type of exterior siding is used on a building, the Owner must take precautions to specially blend the paint while applying it to the surface in order for the paint to appear the same color on all surfaces when dried. Other permitted exterior finishes are wood composition lap siding, real brick, real stone, designer block, stucco or an approved equal finish. The application of stucco is to be used only as an accent treatment and is limited to not more than 10% of the exterior surface area of any dwelling, unless this limitation is modified by the Executive Board. Exterior colors shall be restricted to soft "earth tones" as determined by the Executive Board. The exterior colors must be approved by the Executive Board PRIOR to application of the paint.

All roofs shall be of a material, color and texture approved by the Executive Board. Flat roof construction is specifically disapproved. Pitch of the roof must exceed five percent, otherwise no maximum or minimum pitch is specified, but approval of the Executive Board will be based on the visual impact of the roof on the Lot or on neighboring Lots, dwellings, roads and open spaces. The overall appearance of the dwelling will be an important consideration.

Lots 3A and 4-6, Block 3, shall not present a wall area facing Southport Drive that exceeds 350 square feet on any single plane, above the ground floor.

All projections including, but not limited to, chimney flues, vents, gutters, downspouts, utility boxes, porches, railings and exterior stairways shall match the color of the surface from which they project, or shall be of any approved color. Any building projections must be contained within any setback restrictions.

Visual impact of garage doors will be minimized by such measures as, but not limited to, location of the dwelling, protective overhangs, or projections, special door facing materials or design and/or landscaping. Only raised panel wood or raised panel metal garage doors are allowed.

5. Placement of Structures. The location of any and all man-made structures is subject to the approval of the Executive Board. Structures, as defined in the Anchorage Municipal Code, may not encroach into the yard areas required by the Anchorage Municipal Code. Minimum setback requirements are as follows:

Front yard:	25 feet
Side yard :	15 feet
Rear yard :	30 feet

unless the Executive Board approves the reduction of one or more of the setback requirements to the minimum as established by the Anchorage Municipal Code. Front yard setbacks are to be varied to avoid a uniform appearance and the Executive Board may require additional front yard setback.

6. Completion of Construction. Once commenced, any construction of a dwelling must be pursued to completion with diligence and continuity, and in no event shall such construction period exceed one year, except for certain interior unfinished areas previously approved by the Executive Board. During the course of construction, the Owner or builder shall protect pavements, curbs, walks, streets, shoulders and utility structures contiguous, in the vicinity of, or leading to the construction area, from damage and shall keep pedestrian and road rights-of-way plus drives reasonably clear of equipment, building materials, dirt, debris and similar items. No buildings constructed elsewhere shall be moved to or place on any Lot except with the written approval of the Executive Board. 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. All other improvements shall be completed within ninety days following commencement of construction.

7. Fences. No fence or wall shall be erected until after the plans are approved in writing by the Executive Board. No fence or wall shall be erected, placed or altered on any Lot nearer to any street or adjacent Lot than the minimum building setback line unless similarly approved. No metal, plastic, chain link, processed wood, or wood link fences shall be allowed in the subdivision. Only natural wood fences shall be permitted; however, posts and their brackets may be metal or processed wood with approval of the Executive Board. All fences must be properly maintained as an attractive addition to the Lot. Fences include dog runs, pens, garden enclosures, and any other visible exterior boundary dividers.

8. Landscaping. It is the intent of Declarant to require that landscaping be completed promptly after construction is completed. All homes substantially completed or occupied between the dates of August 15th and May 1st of the following year are to be landscaped no later than the first of August that occurs after occupancy or substantial completion. Homes substantially completed or occupied after May 1st and on or before June 30th of the same year must be landscaped by August 15th of the same year. Homes completed or occupied from July 1st through August 15th must be landscaped by September 15th of the same year. All walks, driveways and parking areas shall be paved or similarly improved. Vegetable gardens are not permitted in the front yard of a Lot without the express written approval of the Executive Board. All Lot Owners must submit their landscaping plans to the Executive Board for approval and all tree removal, tree thinning, vegetation removal or planting of new trees or vegetation must be in accordance with an approved landscape plan.

9. 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 maximum natural beauty and aesthetic values of such trees are retained. A minimum of three evergreen trees of not less than six (6) feet in height and two deciduous trees of not less than eight (8) feet in height and a minimum of four (4) shrubs not less than two (2) feet in height are to be maintained on the front portion of each Lot. The front portion of a Lot for the purpose of this section shall be limited to the area between the front of the building and the curb unless approved by the Executive Board. Trees and vegetation in the rear and sides of the Lot are not to be substituted for the vegetation required in this paragraph.

94- 056450
186 CC

ANCHORAGE REC. DISTRICT
REQUESTED BY *Car. Gottestein*
PROPERTIES

'94 AUG 29 PM 1 44

7. Nuisances. No noxious or offensive activity shall be allowed on any Lot, nor shall anything be done thereon which may be, or may become, a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the enjoyment of their Lots. No repair or restoration of any motor vehicle, boat, trailer, aircraft or other vehicle shall be permitted on any portion of any Lot except for emergency repairs thereto, and then only to the extent necessary to enable movement thereof to a proper repair facility. No vehicles or equipment shall be parked or placed in a public right-of-way for more than 24 hours. No vehicle or equipment owned by a resident or Owner shall be placed on a public street within the subdivision for more than 48 cumulative hours in any week.

8. 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.

9. Vehicles, Boats, Campers, etc. All vehicles, inoperable or otherwise, including but not limited to automobiles, trucks, campers, boats, recreational vehicles, snow-machines or other machinery shall be kept in a garage or other closed structure. The purpose of this provision is to keep all vehicles and equipment, whether frequently used or unused, out of sight.

10. Pets, Livestock and Poultry. No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish and birds inside bird cages may be kept as household pets provided they are not kept, bred, or raised therein for commercial purposes or in unreasonable quantities. No more than two dogs may be maintained on the premises.

11. Garbage and Refuse Disposal. Trash, garbage, or other waste shall be disposed of only by depositing same into designated trash containers. All trash containers must be screened. No Lot shall be used or maintained as a dumping ground for rubbish. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles therefor.

12. Signs. No sign of any kind shall be displayed to the public on any Lot or residential unit except one sign of not more than five square feet advertising the property for sale or rent, or signs by a builder company or by Declarant, to advertise the property during the construction sales period. Declarant reserves the right to place one or more permanent signs, of any size, and related monument at or near the entrance of the subdivision.

13. Natural Resource Extraction. No natural resource extraction 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 drilling for oil or natural gas shall be erected, maintained or permitted upon any Lot.

14. 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.