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Anchorage

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ANCHORAGE RECORDING DISTRICT

DECLARATION

OF

SKY MANOR

(Units 5 and 6)

-A Condominium Community in Chugiak, Alaska-

AFTER RECORDATION RETURN TO:

James H. McCollum Law Office of James H. McCollum, LLC 400 L Street, Suite 100 Anchorage, Alaska 99501-1959

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DECLARATION

OF

SKY MANOR

- Units 5 and 6-

Declarant, C&T Construction, Inc., whose address is 11404 Jessie Mae Circle, Eagle River, Alaska 99577, does hereby submit the real property in Chugiak, Alaska described in Schedule A-1, to the provisions of the Alaska Common Interest Ownership Act, Title 34, Chapter 8, of the Alaska Statutes, for the purpose of creating Sky Manor, and making the Improvements shown in the Plat and Plans attached as Schedule A-3.

Sky Manor is a condominium community.

ARTICLE I Definitions

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

- Section 1.1 Act. The Uniform Common Interest Ownership Act, AS 34.08 of the Alaska Statutes as it may be amended from time to time.
- <u>Section 1.2 Allocated Interests</u>. The undivided interest in the Common Elements, the Common Expense liability, and votes in the Association allocated to Units in the Common Interest Community. The Allocated Interests are described in **Article VIII** of the Declaration and shown on **Schedule A-2**.
- <u>Section 1.3 Association</u>. Sky Manor Owners Association, Inc., a non-profit corporation organized under Title 10, Chapter 20 of the statutes of the State of Alaska. It is the Association of Unit Owners pursuant to Section 34.08.310 of the Act.
- Section 1.4 Bylaws. The Bylaws of the Association, as they may be amended from time to time.
- <u>Section 1.5 Common Elements</u>. Each portion of the Common Interest Community other than a Unit.
- <u>Section 1.6 Common Expenses</u>. The expenses or financial liabilities for the operation of the Common Interest Community. These include:

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- (a) Expenses of administration, maintenance, repair or replacement of the Common Elements;
- (b) Expenses declared to be Common Expenses by the Documents or by the Act;
- (c) Expenses agreed upon as Common Expenses by the Association; and
- (d) Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.
- <u>Section 1.7 Common Interest Community</u>. The real property described in **Schedule A-1**, subject to the Declaration of Sky Manor.
- <u>Section 1.8 Declarant</u>. C&T Construction, Inc., or its successors as defined in Subsection 34.08.990(12) of the Act.
 - Section 1.9 Declaration. This document, including any amendments.
- <u>Section 1.10 Development Rights</u>. The rights reserved by the Declarant under **Article VII** of the Declaration to create and add Units, Common Elements, and Limited Common Elements to the Common Interest Community; and to add property to the Community.
 - Section 1.11 Director. A member of the Executive Board.
- <u>Section 1.12 Documents</u>. The Declaration, Plat and Plans recorded and filed pursuant to the provisions of the Act, the Bylaws, and the Rules as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Document is a part of that Document.
- Section 1.13 Eligible Insurer. An insurer or guarantor of a first Security Interest in a Unit which has notified the Association in writing of its name and address and that it has insured or guaranteed a first Security Interest in a Unit. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in Article XVII.

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

- Section 1.15 Executive Board. The board of directors of the Association.
- <u>Section 1.16 Improvements</u>. Any construction, structure, signage, fixture or facilities existing or to be constructed on the land included in the Common Interest Community, including but not limited to, buildings, trees and shrubbery planted by the Declarant, a Unit Owner or the Association, paving, utility wires, pipes, signage, and light poles.
- Section 1.17 Limited Common Elements. The portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or by operation of Subsections (2) and (4) of Section 34.08.100. The Limited Common Elements in the Common Interest Community are described in **Article V** of the Declaration.
- <u>Section 1.18 Majority or Majority of Unit Owners</u>. The owners of more than fifty percent (50%) of the voting interest in the Association.
- <u>Section 1.19 Manager</u>. A person, firm or corporation employed or engaged to perform management services for the Common Interest Community and the Association.
- <u>Section 1.20 Notice and Comment</u>. The right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in **Section 23.1** of the Declaration.
- <u>Section 1.21 Notice and Hearing</u>. The right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in **Section 23.2** of the Declaration.
- <u>Section 1.22 Person</u>. An individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.
- <u>Section 1.23 Plans</u>. The plans filed with the Declaration as **Schedule A-3**, as they may be amended from time to time.

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- Section 1.24 Plat. The plat filed with the Declaration as Schedule A-3, as it may be amended from time to time.
- <u>Section 1.25 Property</u>. The land, all Improvements, easements, rights and appurtenances, which have been submitted to the provisions of the Act by the Declaration.
- <u>Section 1.26 Public Offering Statement</u>. The current document prepared pursuant to 34.08.530 of the Act as it may be amended from to time, and provided to purchasers.
- <u>Section 1.27 Rules</u>. Rules for the use of Units and Common Elements and for the conduct of persons within the Common Interest Community, adopted by the Executive Board pursuant to the Declaration.
- <u>Section 1.28 Security Interest</u>. An interest in real estate, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, and any other consensual lien or title retention contract intended as security for an obligation.
- Section 1.29 Special Declarant Rights. Right reserved for the benefit of a Declarant to: (A) complete Improvements indicated on Plat and Plans filed with the Declaration; (B) maintain sales offices, management offices, signs advertising the Common Interest Community, and models; (C) use easements through the Common Elements for the purpose of making Improvements within the Common Interest Community or within real estate that may be added to the Common Interest Community; (D) appoint or remove an officer of the Association or any Executive Board member during any period of Declarant Control; or (E) to exercise any Development Right.
- <u>Section 1.30 Trustee</u>. 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.
- <u>Section 1.31 Unit.</u> A physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described in **Section 4.2** of the Declaration.

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

ARTICLE II Name and Type of Common Interest Community and Association

- <u>Section 2.1 Common Interest Community</u>. The name of the Common Interest Community is Sky Manor. Sky Manor is a condominium community.
- <u>Section 2.2 Association</u>. The name of the Association is Sky Manor Owners Association, Inc.

ARTICLE III Description of Land

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

ARTICLE IV Maximum Number of Units; Boundaries

- Section 4.1 Maximum Number of Units & Types of Units. The Common Interest Community upon creation contains two (2) Units. As buildings are added, they contain the number of Units listed in the most current Schedule A-2. The Declarant reserves the right to create and add an additional twenty-eight (28) Units within the community for an aggregate maximum of thirty (30) Units within the Community.
- <u>Section 4.2 Boundaries</u>. Boundaries of each Unit created by the Declaration are shown on the Plat and Plans as numbered Units with their identifying number and are described as follows:
 - (a) <u>Upper Boundary</u>. The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams, and rafters extended to an intersection with the vertical perimeter boundaries.
 - (b) <u>Lower Boundary</u>. The horizontal plane or planes of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries and open horizontal unfinished surfaces of trim, sills, and structural components.

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- (c) <u>Vertical Perimeter Boundaries</u>: The planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished inner surfaces of poured concrete walls; the unfinished surfaces of the interior trim, and thresholds along perimeter walls and floors; the unfinished exterior surfaces of closed windows and closed perimeter doors; fireplace components; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions, and partition walls between separate Units.
- (d) <u>Inclusions</u>. Each Unit will include the spaces and Improvements lying within the boundaries described in Sections 4.2(a), 4.2(b), and 4.2(c) above, and will also include the spaces and the Improvements within such spaces containing any heating, water heating apparatus, all components of the fireplace and its ducting, smoke detector systems and all electrical switches, wiring, pipes, ducts, conduits, smoke detector system and television, telephone, and electrical receptacles and light fixtures and boxes serving that Unit exclusively, the surface of the foregoing being the boundaries of such Unit, whether or not such spaces are contiguous.
- (e) <u>Exclusions</u>. Except when specifically included by other provisions of Section 4.2, the following are excluded from each Unit: The spaces and Improvements lying outside of the boundaries described in Sections 4.2(a), 4.2(b), and 4.2(c) above; and all chutes, pipes, ducts other than fireplace ducting, wires, conduits, and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units and Common Elements or both.
- (f) <u>Inconsistency with Plans</u>. If this definition is inconsistent with the Plans, then this definition will control.

ARTICLE V Limited Common Elements

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

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

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any portion thereof serving more than one Unit or a portion of the Common Elements is a part of the Common Elements.

- (b) A deck designed to serve a single Unit, located outside the boundaries of the Unit, is a Limited Common Element allocated exclusively to the Unit and their use is limited to that Unit.
- (c) Driveways (outside of the garages), the uses of which are limited to the Unit as shown on the Plat and Plans.
- (d) Septic systems, the use of which is limited to the Unit or Units served.
- (e) Address number, Unit letter, gutters, doorbell buttons, and exterior light bulbs affixed to the building will be Limited Common Elements allocated to the Units served.
- (f) Yard areas, labeled on the Plat, designed to serve a single Unit, located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

ARTICLE VI Maintenance, Repair and Replacement

The chart below sets forth some of the maintenance, repair, and replacement obligations of the Unit Owner and of the Association, however, read Article VI carefully for the full designations.

[Chart on following page]

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OWNER RESPONSIBILITY

- All portions of the Unit and any Improvements to it (including the garage)
- > Drywall
- > Interior cabinets, appliances, finishes and flooring
- Windowpanes, doors, garage doors
- Sweeping and removing debris from all Limited Common Elements
- ➤ Removing snow from all Limited Common Elements
- > Replacement of exterior light bulbs serving that Unit
- > All components of the fireplace and its ducting
- Maintenance, repair and replacement of the decks and all exterior components of the windows except for the windowpane
- Yard area landscaping and Limited Common Element fencing
- > In floor heating components and pipes

ASSOCIATION RESPONSIBILITY

- Common Elements including, but not limited to the roof, siding, concrete walkways
- Maintenance, repair and replacement of all exterior components of the windows except for the windowpane
- > Exterior light fixtures, doorbell button, Unit numbers
- > Septic Systems

Section 6.1 - Common Elements. The Association shall maintain, repair and replace all of the Common Elements, except for certain Limited Common Elements which are required by the Declaration to be maintained by the Unit Owners. Common Expenses associated with the cleaning, maintenance, repair or replacement of Limited Common Elements which are not the specific maintenance responsibility of a Unit or Units or a maintenance expense of the Association which is to be specifically assessed to the Unit Owner or Owners to whose Unit the Limited Common Element is appurtenant will be assessed against all Units in accordance with their Allocated Interests in the Common Expenses. If any Limited Common Element is assigned to more than one (1) Unit, the

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Common Expenses attributable to the Limited Common Element will be assessed and shared equally among the Units to which it is assigned.

- (a) <u>Maintenance</u>, <u>Repair</u>, <u>and Replacement Obligations of the Association with Respect to Certain Limited Common Elements</u>.
 - (i) Exterior Light Fixtures, Unit Numbers, and Doorbell Button. The Association shall maintain, repair and replace the Limited Common Element exterior light fixtures, Unit numbers, and doorbell buttons and shall assess the cost against the Unit to which such Limited Common Element is assigned.
 - (ii) <u>Septic Systems</u>. The Association shall maintain, repair and replace the Limited Common Element septic systems and shall assess the cost against the Units to which such septic system is assigned.
- (b) <u>Maintenance</u>, <u>Repair</u>, <u>and Replacement Obligations of Unit Owners with Respect to Certain Limited Common Elements</u>.
 - (i) <u>Driveways & Decks</u>. Each Unit Owner shall be responsible for maintaining, repairing and replacing the driveways and decks appurtenant to their Unit in accordance with the standards promulgated by the Board of Directors from time to time.
 - (ii) <u>Snow Removal</u>. Unit Owners shall be responsible for the removal of snow from all Limited Common Elements appurtenant to their Unit.
 - (iii) <u>Limited Common Element Yards</u>. Each Unit Owner shall be responsible for the maintenance, repair and replacement of the Limited Common Element yard allocated to their Unit.
 - (iv) <u>In Floor Heating System</u>. All components of the in-floor heating system shall be maintained, repaired, and replaced by the Unit Owner using the system.
 - (v) <u>Limited Common Element Fences</u>. Unit Owners with assigned Limited Common Element yards as shown on the Plat and Plans may construct a fence enclosing the yard area assigned to their Unit. See **Article IX** for restrictions.

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- (1) To the extent that a fence separates yard areas appurtenant to separate Units, then the responsibility for the maintenance, repair, and replacement of that portion of the fence shall be the joint responsibility of the Units to which such yards are appurtenant. The cost of construction of the fence shall be that of the Unit Owner constructing the fence enclosing the yard appurtenant to that Unit. To the extent that a fence constructed by a Unit Owner joins an existing fence dividing the yards between the two Units, then such Unit Owner shall pay to the owner of the adjoining Unit one-half (1/2) of the reasonable costs of the shared fence at reasonable commercial rates in effect at the time. No Unit Owner may construct a fence around a portion of its yard without completely enclosing that Unit Owner's yard.
- (2) Provided, however, that the requirements of (a) above, shall not be construed to compel a Unit Owner to erect a fence separating two yard areas, who does not agree to the erection of the fence. In such circumstances the fence construction costs shall be the responsibility of the Unit Owner desiring the construction of the fence. If the adjoining Unit Owner not originally in agreement with construction of the fence, should subsequently decide to enclose their yard with a fence, then at such time, the Unit Owner not originally in agreement shall contribute an equitable portion of fence construction costs to the Unit Owner who erected the fence separating their yard areas, including a reasonable adjustment for the remaining economic life of the existing fence.
- (3) Unit Owners shall maintain, repair and replace the Limited Common Element fence in accordance with the standards promulgated and provided to the Unit Owners from time to time by the Executive Board.

Section 6.2 - Units. Each Unit Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit. Exterior doors, windowpanes, and the garage door shall be maintained, repaired, and replaced by the Unit Owner in accordance with the standards promulgated and provided to the Unit Owners from time to time by the Executive Board. As defined in **Article IV**, the fireplaces are considered a part of the Unit and therefore each Unit Owner shall maintain, repair and replace all portions of the fireplace and its components, including the ducting.

Page 16 of 72 2014-041464-0 Section 6.3 - Repairs Resulting from Negligence. Each Unit Owner shall reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit. The Association shall be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements. If such expense is caused by misconduct, it will be assessed following Notice and Hearing.

Section 6.4 - Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs and for the purpose of reading, repairing, replacing utility meters and related pipes, valves, wires and equipment provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Unit Owner is present at the time.

ARTICLE VII Development Rights and Other Special Declarant Rights

<u>Section 7.1 - Reservation of Development Rights</u>. The Declarant reserves the following Development Rights:

- (a) The right by amendment, to create **twenty-eight** (28) additional Units for an aggregate maximum of **thirty** (30) Units in Sky Manor, in the areas shown on the Plat as "Development Rights Reserved" and as "Additional Property Not Owned by Declarant Development Rights Reserved".
- (b) The right by amendment to create Common Elements, and Limited Common Elements in Sky Manor in the areas shown on the Plat as "Development Rights Reserved."
- (c) The right, by amendment, to add property now located outside of the Community to Sky Manor, but limited to the real estate described as "Property Not in the Common Interest Community Development Rights Reserved" and "Additional Property Not Owned by Declarant Development Rights Reserved" in Schedule A-1.

Lot 7 of Sky Manor according to the official plat thereof, Plat No. 2014-63, is currently being re-platted to add approximately five (5) feet of right-of-way to

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the northerly portion of Lot 7. Upon recordation of the new subdivision plat Lot 7 will be known as Lot 7A. Development Rights are reserved in that portion of property being added to Lot 7 to create Lot 7A.

- Section 7.2 Additional Rights Reserved by Declarant. The Declarant reserves the right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across the Common Interest Community for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the Property. The Declarant also reserves the right to grant easements to public utility companies and to convey Improvements within those easements anywhere in the Common Interest Community for the above-mentioned purposes. If the Declarant grants any such easements, Schedule A-1 will be amended to include reference to the recorded easement.
- Section 7.3 Limitations on Development Rights. The Development Rights reserved in Section 7.1 are limited as follows:
 - (a) The Development Rights may be exercised at any time, but not more than seven (7) years after the recording of the initial Declaration.
 - (b) Not more than an aggregate maximum total of thirty (30) Units may be created in the Community.
 - (c) All Units and Common Elements created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Units created under the Declaration as initially recorded.
 - (d) No Development Rights may be exercised unless approved pursuant to Section 17.5 of the Declaration.
 - (e) In accordance with AS 34.08.540(12), all assurances made by the Declarant will continue to apply whether Development Rights are exercised by the Declarant or not.
- <u>Section 7.4 Phasing of Development Rights</u>. No assurances are made by the Declarant regarding the portions of the Property subject to Development Rights where the Declarant will exercise its Development Rights or the order in which such 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.

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- <u>Section 7.5 Special Declarant Rights</u>. 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 exercise a Development Right reserved in the Declaration.
 - (b) To maintain sales offices, management offices, signs advertising the Common Interest Community, and models.
 - (c) To use easements through the Common Elements for the purpose of making Improvements within the Common Interest Community.
 - (d) To appoint or remove an officer of the Association or an Executive Board member during a period of Declarant Control subject to the provisions of Section 7.10 of the Declaration.
- <u>Section 7.6 Models, Sales Offices and Management Offices</u>. As long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model Unit or sales office or management office.
- Section 7.7 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 or exercising Special Declarant Rights, whether arising under the Act or reserved in the Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State of Alaska, riparian owners or upland owners to fulfill the plan of development.
- <u>Section 7.8 Signs and Marketing</u>. The Declarant reserves the right to post signs and displays in the Common Elements to promote sales of Units, and to conduct general sales activities, in a manner as will not unreasonably disturb the rights of Unit Owners.
- <u>Section 7.9 Declarant's Personal Property</u>. The Declarant reserves the right to retain all personal property and equipment used in the 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 from the property, promptly after

the sale of the last Unit, any and all goods and Improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 7.10 - Declarant Control of the Association.

- (a) Subject to Subsection 7.10(b) there shall be a period of Declarant Control of the Association, during which a Declarant, or persons designated by the Declarant, may appoint and remove the officers and members of the Executive Board. The period of Declarant Control terminates no later than the earlier of:
 - (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Unit Owners other than a Declarant;
 - (ii) two (2) years after 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.

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

- (b) Not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Units that may be created to Unit Owners other than a Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board must be elected by Unit Owners other than the 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 a Declarant, not less than thirty-three-and-one-third percent (331/3%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.
- (c) Not later than the termination of any period of Declarant Control, the Unit Owners shall elect an Executive Board of at least three (3) members, at least a majority of whom shall be Unit Owners. The Executive Board shall elect the officers. The Executive Board members and officers take office upon election.

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- (d) Notwithstanding any provision of the Declaration or the Bylaws to the contrary, following notice under 34.08.390, the Unit Owners, by a two-thirds (%) vote of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a member of the Executive Board with or without cause, other than a member appointed by the Declarant.
- Section 7.11 Time Limitations on Special Declarant Rights Other than Development Rights. Except for Special Declarant Rights that may terminate earlier by statute and unless previously terminated by an amendment to the Declaration executed by the Declarant, Special Declarant Rights terminate at the latest to occur of the following:

Such time as the Declarant;

- 1. is no longer obligated under any warranty or obligation;
- 2. no longer holds any Development Right;
- 3. no longer owns a Unit; or
- 4. no longer holds any Security Interest in any Unit.

Section 7.12 - Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

ARTICLE VIII Allocated Interests

- <u>Section 8.1 Allocation of Interests</u>. The table showing Unit numbers and their Allocated Interests is attached as **Schedule A-2**. These interests have been allocated in accordance with the formulas set out in this **Article VIII**. These formulas are to be used in reallocating interests if Units are added to the Common Interest Community.
- <u>Section 8.2 Formulas for the Allocation of Interests</u>. The Interests allocated to each Unit have been calculated on the following formulas:
 - (a) <u>Undivided Interest in the Common Elements</u>. Each Unit in the Common Interest Community shall have an equal percentage of the undivided interest in the Common Elements.
 - (b) <u>Liability for the Common Expenses</u>. Each Unit in the Common Interest Community shall have an equal percentage of liability for Common Expenses. Nothing contained in this Subsection shall prohibit certain Common

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Page 21 of 72 2014-041464-0 Expenses from being apportioned to particular Units under Article XVIII of the Declaration.

- (c) <u>Votes</u>. Each Unit in the Common Interest Community shall have one (1) equal vote. Any specified percentage, portion or fraction of Unit Owners, unless otherwise stated in the Documents, means the specified percentage, portion, or fraction of all of the votes as allocated in **Schedule A-2**.
- (d) <u>Multiple Ownership of a Unit</u>. When more than one person holds an ownership interest in any Unit, the vote for such Unit shall be exercised as determined among those Unit Owners, but in no event shall more than one vote be cast with respect to any such Unit. Any votes cast with regard to any such Unit in violation of this provision shall be null and void.

Section 8.3 - Assignment of Allocated Interests Upon Creation of Units Pursuant to Exercise of Development Rights. The effective date for assigning Allocated Interests to Units created pursuant to Section 7.1 of the Declaration shall be the date on which the amendment creating the Units is recorded in the records of the Anchorage Recording District.

ARTICLE IX Restrictions on Use, Alienation and Occupancy

- <u>Section 9.1 Use and Occupancy Restrictions</u>. Subject to the Special Declarant Rights reserved under **Article VII**, the following use restrictions apply to all Units and to the Common Elements:
 - (a) <u>Single Family Use</u>. Each Unit is restricted to residential use as a single-family residence including home professional pursuits not requiring regular visits from the public or unreasonable levels of mail, shipping, trash or storage. A single-family residence is defined as a single housekeeping unit, operating on a non-profit, non-commercial basis between its occupants, cooking and eating with a common kitchen and dining area. The number of permitted occupants in a single family residence shall not exceed the requirements contained in the Anchorage Code of Ordinances, Chapter 15.10.020, Section 8.01, Housing Maintenance and Occupancy code.
 - (b) <u>Bylaws and Rules</u>. The use of Units and Common Elements is subject to the Bylaws and the Rules of the Association.

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(c) <u>Nuisance</u>.

- (i) No noxious or offensive activity shall be carried on within the Community, nor shall anything be done therein which may become an annoyance or nuisance to the neighborhood.
- (ii) Quiet Time. Quiet time shall be between the hours of 10:00pm and 8:00am. The audible volume of televisions, stereos, and, or musical equipment operated during quiet time shall be substantially reduced so as not to interfere with the quiet enjoyment of the Community. The following activities are prohibited during quiet time; snow blowing and noise creating recreation activities including but not limited to: skateboarding, basketball, hockey and soccer.
- (d) <u>Improper Use</u>. No improper, offensive or unlawful use may be made of the Units, and Unit Owners shall comply with and conform to applicable Federal and State of Alaska laws and regulations and all ordinances, rules and regulations of the Municipality of Anchorage. The violating Unit Owner shall hold the Association and other Unit Owners harmless from fines, penalties, costs and prosecutions for the violation thereof or non-compliance therewith.
- (e) <u>Signs</u>. Except for parking and street signage, no signs whatsoever shall be displayed to the public view except a sign of not more than five square feet (5 sq. ft.) advertising the property for sale or rent by a Unit Owner, or signs used by the Declarant to advertise the Property during the Unit sales or construction period.

(f) Garbage and Refuse Disposal.

- (i) No accumulation of rubbish, debris or unsightly materials shall be permitted within Units. Trash, garbage or other waste shall be wrapped in a secure package and deposited into trash containers which shall not be visible to adjacent Units or to the road, except when placed at the roadside on the day of garbage pick-up for those Unit Owners subscribing to trash collection services. Trash containers shall be removed from the roadside no later than forty-eight (48) hours from the day of garbage pick-up.
- (ii) No portion of the Property shall be used for the storage of building materials, refuse, or any other materials.

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(g) Parking and Vehicles and Storage.

- (i) Vehicles, shall include but are not limited to, automobiles, motorcycles, trucks, campers, boats, recreational vehicles, and snow machines.
- (ii) The use of Limited Common Element driveways shall be for vehicles parked only in accordance with the Rules. Any Vehicle parked in a driveway shall be properly licensed and in operating condition. Vehicles must fit within the Limited Common Element driveways.
- (iii) Vehicles parked illegally or in violation of these covenants may be towed by the Association and/or the property management company.
- (iv) No repair, restoration or disassembly of Vehicles shall be permitted within a Limited Common Element area or Common Element except for emergency repairs thereto and only to the extent necessary to enable movement thereof to a proper repair facility.
- (v) No junk vehicle shall be parked within Limited Common Elements or Common Elements. A junk vehicle is a vehicle which is missing essential parts, such as, but not limited to, tires, wheels, engine, brakes, windows, lights and lenses, exhaust system, and such other parts that are necessary for the legal operation of a vehicle.
- (vi) No vehicle other than a vehicle operated by or for a disabled person may be parked in any space reserved for disabled persons.
- (vii) Motor bikes, motorcycles and automobiles shall have operable mufflers.
- (viii) No dump trucks, or heavy equipment such as bulldozers and graders may be kept anywhere within the Community expect by Declarant or its subcontractors during construction or a contractor engaged by the Association during construction or repair of Improvements. No part of the Property may be used for the storage of equipment, materials or merchandise used or to be sold in a business or trade.

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- (ix) No more than three (3) campers, boats, motor homes and recreational vehicles or trailers, in any combination, may be stored in the rear yard.
- (h) Oil and Mining Operations. No oil or gas drilling, development operations, refining, quarrying or mining operations of any kind shall be permitted on the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Unit. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Unit. No surface entry will be permitted and no extraction of minerals will be permitted within a two hundred fifty (250) foot buffer measured vertically from the surface.
- (i) <u>Antennae and Satellite Dishes</u>. References to satellite dishes herein shall include 'antennas'.
 - (i) <u>Connectivity</u>. Each Unit is pre-wired to the attic area for connection to a satellite dish. Unit Owners may connect to this wiring for the purpose of placing no more than two (2) satellite dishes on the roof directly over their Unit. Roof penetration providing satellite wiring connectivity to a satellite dish shall be completed in a professional workmanlike manner by a licensed bonded and insured installer, approved by the Association. Except for the wiring installed by the Declarant during the original construction of the building containing the Unit, to connect to the roof, no wiring for satellite dishes is permitted within or upon the Common Elements.
 - (ii) <u>Size</u>. A satellite dish installed on a roof shall not exceed forty-eight inches (48") in size.
 - (iii) Location. Roof top installation of a satellite dish shall be in accordance with Section 9.1(i)(i) herein and shall be located outside the roof set back area. The roof set back is a minimum of two (2) feet from the roof edge and shall not protrude beyond four feet (4') above the roof line of the Unit. If a Unit Owner chooses to locate a satellite dish on the Limited Common Element deck appurtenant to their Unit, such installation shall be completed in a professional workmanlike manner by a licensed bonded and insured installer, approved by the Association. No satellite wiring or equipment shall protrude beyond deck boundaries and on to the Common Elements. The location satellite dishes installed inside the Unit is unrestricted, provided that no portion of the antenna or

satellite dish extends beyond the boundaries of the Unit or Limited Common Elements.

- Safety and Non-interference. Installation shall comply (iv) with reasonable safety standards and may not interfere with cable, telephone or electrical systems of neighboring Units.
- Maintenance. No satellite dish on the roof shall be (v) permitted to fall into disrepair or to become unsightly. Unit Owners have the sole responsibility of maintaining the installation and repair of their satellite dish and related equipment. In the event that a satellite dish installed on the roof by the Unit Owner becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired at the Unit Owner's expense.
- Neutral Color. Satellite dish color shall be neutral tones No commercial advertising on the satellite dish is of gray only. permitted other than the brand name.
- Removal and Damages. If a satellite dish, antenna and other related equipment is removed, any damage to the Common Elements or Limited Common Elements of the Unit must be repaired. The Owners Association may repair damages not repaired by the Unit Owner and assess the reasonable cost thereof against the Unit Owner.
- Unit Owners may maintain Pets in their Units of the (i) following types: domestic cats; domestic dogs; domestic birds (not poultry or fowl); gerbils, rodents, reptiles; and fish. No other animals may be kept as Pets.
 - Birds must be kept in bird cages. Gerbils, rodents, and (i) reptiles must be kept in aquariums or cages; fish must be kept in aquariums only.
 - No more than three (3) dogs or cats in any combination, (ii) being either three (3) dogs or three (3) cats or two (2) dogs and one (1) cat or two (2) cats and one (1) dog, are permitted per Unit.
 - No unreasonable quantity of pets shall be permitted. (iii)
 - Pets shall not be raised or bred for commercial purposes. (iv)



- Pets demonstrating behaviors within the classifications defined in Anchorage Municipal Code ("AMC") 17.40.020(A), as it may be amended from time to time, and not falling within any of the exceptions contained AMC 17.40.020(B) are prohibited on the Property.
- Unit Owner's shall hold the Association harmless from all claims resulting from the actions of his or her Pet.
- Unit Owners shall be responsible for keeping their Units, (vii) Limited Common Elements and Common Elements free and clear of Pet feces. Unit Owners shall immediately remove their Pet's animal feces from all areas of the Common Interest Community.
- (viii) The provisions of the Municipal leash law (AMC 17.10.010), as it may be amended from time to time shall be observed and pets shall be leashed and kept under control at all times. Pets shall be licensed, vaccinated and maintained in accordance with Municipal law.
- Unit Owners shall contain and control their Pets to the extent necessary to prevent their pet creating or becoming a nuisance as defined and described in AMC 17.10.015, as it may be amended from Pets causing or creating a nuisance or unreasonable time to time. disturbance or noise, so as to interfere with the rights, comfort or convenience of other Unit Owners shall be permanently removed from the Property upon three (3) days' written Notice and Hearing from the Executive Board. If the Pet owner fails to honor such request, the Executive Board may remove the offending pet.
- Water. No individual well or water system shall be allowed. (k)
- Basketball and Baseball Equipment. Basketball (1)backboards, baseball cages, hockey cages and recreation apparatus shall be portable and stored out of sight from the street and other adjoining Unit Owners during the winter season. No permanent basketball hoops, backboards, baseball cages or recreation apparatus may be attached to the Common Elements.
- Limited Common Element Fences. Limited Common Element fences must be approved by the Executive Board and must be at least a chain link fence with wooden slats quality or better quality. Pallet type fencing is prohibited. All fences must be maintained to preserve attractiveness and shall be kept in a good state of repair, cleanliness and neatness. Fences shall be

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maintained in accordance with the standards promulgated by the Executive Board from time to time.

- (n) <u>Natural Vegetation and Screening</u>. Removal of trees and natural vegetation bordering the Unit is prohibited if such removal would result in the loss of screening of the Unit from other Units.
- (o) <u>Sheds and Outbuildings</u>. Unit Owners may construct one shed or outbuilding in the Limited Common Element rear yard area. Sheds or outbuilding designs and plans must be approved by the Executive Board to ensure consistency with the construction, quality, and color of the Unit, and to ensure the shed or outbuilding does not exceed a maximum of five hundred (500) square feet.

Section 9.2 - Restrictions on Alienation. A Unit may not be conveyed pursuant to a time-sharing plan. No Unit may be leased except by written leases in excess of six (6) months. Each lease will be filed with the Association, and written notice given of commencement and termination of possession. Each lease will incorporate the terms and restrictions of the Documents as a personal obligation of the tenant. Each lease will attorn to the Association as landlord solely for the purpose of enforcing the restrictions of the Documents following Notice and Hearing to the Unit Owner/landlord, and an opportunity to cure the violation, and then by direct levy, injunction and/or eviction by summary process, against the tenant. The Association will not otherwise assume the responsibilities or obligations of the landlord. The Association will have the right and power to exercise the landlord's rights of summary eviction against any tenant of the Unit Owner who violates the restrictions of the Documents, provided the landlord has received Notice and Hearing and is given a reasonable opportunity to cure the violation following the hearing. A copy of all written occupancy agreements conforming to the foregoing requirements shall be submitted to the Executive Board to verify compliance with these requirements.

Section 9.3 - Violations of Use Restrictions. A violation shall be failure by a Unit Owner to comply with a restriction, or cure a prohibited activity within five (5) days after notification of non-compliance. Violations of the use restrictions are disruptive to the Community and create additional administrative expense to the Association and accordingly, the Association may assess fines as specified in the rules adopted by the Association. Fines collected from Unit Owners pursuant to this Section shall be collected by and belong to the Association

ARTICLE X Easements and Licenses

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Declarant hereby reserves an easement for the maintenance, repair, replacement, and operation of a water well and well house located on Lot 7 of Sky Manor, according to the official plat thereof, Plat No. 2014-63, Anchorage Recording District, Third Judicial District, State of Alaska as shown on **Schedule A-3**. Declarant hereby covenants and agrees to supply water to all Units at a commercially reasonable rate. All other easements or licenses to which the Common Interest Community is presently subject are recited in **Schedule A-1** to the Declaration. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to its powers under **Article VII** of the Declaration.

ARTICLE XI Allocation and Reallocation of Limited Common Elements

No Limited Common Element depicted on the Plat or Plans may be reallocated by an amendment to the Declaration except pursuant to this **Article XI** or as part of a relocation of boundaries of Units pursuant to **Article XIII** of the Declaration.

Such amendment shall require the approval of all holders of Security Interests in the affected Units, which approval shall be endorsed thereon. The person executing the amendment shall provide an executed copy thereof to the Association, which, if the amendment complies with the provisions of the Declaration and the Act, shall record it. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Common Interest Community.

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

ARTICLE XII Additions, Alterations and Improvements

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

- (a) No Unit Owner will make any structural addition, structural alteration, or Improvement in or to the Unit that affects the Common Elements without the prior written consent thereto of the Executive Board in accordance with Subsection 12.1(c).
 - (b) Subject to Subsection 12.1(a), a Unit Owner:

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- (i) May make any other Improvements or alterations to the interior of his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Common Elements;
- (ii) May not change the appearance of the Common Elements, or the exterior appearance of a Unit or any other portion of the Common Interest Community, without permission of the Association; and
- (iii) After acquiring an adjoining Unit or an adjoining part of an adjoining Unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Common Elements. Removal of partitions or creation of apertures under this Subsection is not an alteration of boundaries.
- (c) A Unit Owner may submit a written request to the Executive Board for approval of actions prohibited by Subsection 12.1(a) or 12.1(b). The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its rules.
- (d) Any applications to any department or to any governmental authority for a permit to make any addition, alteration or Improvement in or to any Unit shall be executed by the Association only. Such execution will not, however, create any liability on the part of the Association or any of its members to any contractor, sub-contractor or material man on account of such addition, alteration or Improvement or to any person having any claim for injury to person or damage to property arising therefrom.
- (e) All additions, alterations and Improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

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

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<u>Board.</u> Subject to the limitations of **Section 17.4** of the Declaration, the Executive Board may make any additions, alterations or Improvements to the Common Elements which, in its judgment, it deems necessary.

ARTICLE XIII Relocation of Boundaries Between Adjoining Units

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

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

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

ARTICLE XIV Amendments to Declaration

Section 14.1 - General. Except in cases of amendments that may be executed by the Association under Section 34.08.740 (Eminent Domain) of the Act, or by certain Unit Owners under Article XIII (Reallocation of Boundaries between adjoining Units) of the Declaration and Section 34.08.260 (Termination of Common Interest Community) of the Act, and except as limited by Article XVII (Mortgagee Protection) of the Declaration, the Declaration, including the Plat, may be amended only by vote or agreement of Unit

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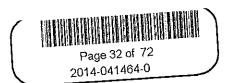
Page 31 of 72 2014-041464-0 Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

Material Amendments or Extraordinary Actions, as defined below, are subject to the notice provisions contained in **Subparagraph** (c) below:

- A) A Material Amendment shall mean an amendment which adds, deletes, or modifies any provision of the Declaration regarding the items set forth in the list below. Material Amendments shall also mean any matter identified as a material amendment by the secondary lending agencies, including Federal National Mortgage Association (FNMA), Housing and Urban Development (HUD), Veterans Administration (VA), Alaska Housing Finance Corporation (AHFC), or any other national major secondary financing agency:
 - 1. Assessment basis or assessment liens;
 - 2. Any method of imposing or determining any charges to be levied against individual Unit Owners;
 - 3. Reserves for maintenance, repair or replacement of Common Element Improvements;
 - 4. Maintenance obligations;
 - 5. Allocation of rights to use Common Elements;
 - 6. Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of Improvements on Units;
 - 7. Reduction of insurance requirements;
 - 8. Restoration or repair of Common Element Improvements;
 - 9. The addition, annexation or withdrawal of land to or from the project;
 - 10. Voting rights;

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- 11. Restrictions affecting leasing or sale of a Unit; or
- 12. Any provision which is for the express benefit of mortgagees.
- B) An Extraordinary Action shall mean any of the actions set forth in the list below. Extraordinary Actions shall also mean any matter identified as an extraordinary action by the secondary lending agencies, including Federal National Mortgage Association (FNMA), Housing and Urban Development (HUD), Veterans Administration (VA), Alaska Housing Finance Corporation (AHFC), or any other national major secondary financing agency:
 - 1. Merging or consolidating the Association (other than with another non-profit entity formed for purposes similar to the subject Association);
 - 2. Determining not to require professional management if that management has been required by the Association documents, a majority of Eligible Mortgagees or a majority vote of the members;
 - 3. Expanding the Association to include land not previously described as additional land which increases the overall land area of the project or number of Units by more than ten percent (10%);
 - 4. Abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of Common Elements (except for (i) granting easements which are not inconsistent with or which do not interfere with the intended Common Element use; (ii) dedicating Common Element as required by a public authority; (iii) limited boundary-line adjustments made in accordance with the provisions of the Declaration; or (iv) transferring Common Element pursuant to a merger or consolidation with a non-profit entity formed for purposes similar to the subject Association);

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- 5. Using insurance proceeds for purposes other than construction or repair of the insured Improvements; or
- 6. Making capital expenditures (other than for repair or replacement of existing Improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.
- C) Notice of meetings of Unit Owners regarding Material Amendments or Extraordinary Actions shall be in accordance with the terms set forth below:
 - 1. at least twenty-five (25) days' advance notice to all members is required (at least seven (7) days' notice is required in the case of a meeting for other purposes);
 - 2. the notice states the purpose of the meeting and contains a summary of any Material Amendments or Extraordinary Actions proposed;
 - 3. the notice contains a copy of the proxy that can be cast in lieu of attendance at the meeting;
- D) The following Material Amendments and Extraordinary Actions must be approved by members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all members of the Association, including at least a majority of the total authorized votes entitled to be cast by members other than the Declarant:
 - (1) Termination of the Declaration or other termination of the Project;
 - (2) Dissolution of the Association except pursuant to a consolidation or merger; and
- E) During the period of Declarant Control all Material Amendments and Extraordinary Actions must have the approval of VA, if VA has guaranteed any loans secured by Units in the project.

<u>Section 14.2 - Limitation of Challenges</u>. 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.

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Page 34 of 72 2014-041464-0 Section 14.3 - Recordation of Amendments. Each amendment to the Declaration must be recorded and the amendment is effective only upon recording. An amendment, except an amendment pursuant to **Article XIII** of the Declaration, must be indexed in the grantee's index in the name of the Common Interest Community and the Association and in the name of the parties executing the amendment.

Section 14.4 - Execution of Amendments. An amendment to the Declaration required by the Act to be recorded by the Association, which have been adopted in accordance with the Declaration and the Act, must be prepared, executed, recorded, and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

<u>Section 14.5 - Special Declarant Rights</u>. Provisions in the Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

<u>Section 14.6 - Consent of Holders of Security Interests</u>. Amendments are subject to the consent requirements of **Article XVII**.

ARTICLE XV Amendments to Bylaws

The Bylaws may be amended only by vote of two-thirds (%) 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

<u>Section 17.1 - Introduction</u>. 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.

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Page 35 of 72 2014-041464-0 Section 17.2 - Percentage of Eligible Mortgagees. Wherever in the 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.

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

- (a) Any condemnation loss or any casualty loss exceeding the greater of ten thousand dollars (\$10,000) or ten percent (10%) of the annual budget which affects a portion of the Common Interest Community or any Unit in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;
- (b) Any delinquency in the payment of Common Expense assessments owed by an Owner whose Unit is subject to a first Security Interest held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity insurance policy maintained by the Association;
- (d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in **Section 17.4**; and
 - (e) Any judgment rendered against the Association.

Section 17.4 - Consent Required.

(a) <u>Document Changes</u>. 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 the vote of at least sixty-seven percent (67%) of the Unit Owners (or any greater Unit Owner vote required in the Declaration or the Act) and until approved in writing by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by the Declaration). Material includes, but is not limited to, any provision affecting:

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- (i) Assessments, assessment liens or subordination of assessment liens;
 - (ii) Voting rights;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
 - (iv) Responsibility for maintenance and repairs;
- (v) Reallocation of interests in the Common Elements or Limited Common Elements, including any change in the pro rata interest or obligations of any Unit Owner for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding Security Interests in such Units must approve such action;
- (vi) Rights to use Common Elements and Limited Common Elements;
- (vii) Boundaries of Units except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding Security Interests in such Unit or Units must approve such action;
- (viii) Convertibility of Units into Common Elements or Common Elements into Units;
- (ix) Abandonment, partition, subdivision, expansion or contraction of the Common Interest Community, or the addition, annexation, partition, subdivision or withdrawal of property to or from the Common Interest Community;
- (x) Insurance and fidelity insurance, including the use of hazard insurance proceeds for losses to any property in the Common Interest Community for other than the repair, replacement or reconstruction of such property except as provided by AS 34.08.440(h);
 - (xi) Leasing of Units;



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- (xii) Imposition of restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (xiii) Rights of the majority of the Eligible Mortgagees to demand professional management, and establishment of selfmanagement when professional management had been required previously by any Eligible Mortgagee;
- (xiv) Restoration or repair of the project after a hazard damage or partial condemnation in a manner other than that specified in the Documents;
- (xv) Termination of the Common Interest Community for reasons other than the substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required; and
 - (xvi) The benefits of mortgage holders, insurers or guarantors.
- (b) <u>Actions</u>. Notwithstanding any lower requirement permitted by the Declaration or the Act, the Association may not take any of the following actions other than rights reserved to the Declarant as Special Declarant Rights without the approval of at least fifty-one percent (51%) of the Eligible Mortgagees:
 - (i) Convey or encumber the Common Elements or any portion thereof (as to which an eighty percent (80%) Eligible Mortgagee approval is required). (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Common Interest Community will not be deemed a transfer within the meaning of this clause);
 - (ii) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
 - (iii) The restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Documents;
 - (iv) The termination of the Common Interest Community for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required;

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- (v) The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), in which case only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;
- (vi) The merger of this Common Interest Community with any other common interest community;
- (vii) The assignment of the future income of the Association, including its right to receive Common Expense assessments; and
 - (viii) Any action taken not to repair or replace the Property.
- (c) <u>Collection of Common Expenses</u>. The Association may not change the period for collection of regularly budgeted Common Expense assessments to other than monthly without the consent of all Eligible Mortgagees.
- (d) <u>Notice</u>. The failure of an Eligible Mortgagee to respond within sixty (60) days to any written request of the Association for approval of a non-material addition or amendment to the Documents shall constitute an implied approval of the addition or amendment, provided that the notice was delivered by certified or registered mail, with a return receipt requested.
- <u>Section 17.5 Development Rights</u>. 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.
- <u>Section 17.6 Inspection of Books</u>. The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours.
- Section 17.7 Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer which submits a written request, with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

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- <u>Section 17.8 Enforcement</u>. 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.
- <u>Section 17.9 Attendance at Meetings</u>. Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting which a Unit Owner may attend.
- Section 17.10 Appointment of Trustee. In the event of damage or destruction under Article XXII or condemnation of all or a portion of the community, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 1.30. Such Trustee may be required to be a corporate trustee licensed by the State of Alaska. Proceeds will thereafter be distributed pursuant to Article XXII or pursuant to a condemnation award. Unless otherwise required, the members of the Executive Board acting by majority vote through the president may act as Trustee.

ARTICLE XVIII Assessment and Collection of Common Expenses

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

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

- (a) If any Limited Common Element is assigned to more than one (1) Unit, the Common Expenses attributable to the Limited Common Element that are the separate responsibility of those Unit Owners shall be assessed equally among the Units to which it is assigned.
- (b) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such service.
- (c) Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit.
- (d) An assessment to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their Common Expense liabilities.

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- (e) If Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against the Unit.
- (f) Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable as Common Expense assessments.

Section 18.3 - Lien.

- (a) The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Unit Owner from the time the assessment or fine becomes due. Fees, charges late charges, fines and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.
- A lien under this Section is prior to all other liens and (b) encumbrances on a Unit except: (1) a lien and encumbrances recorded before the recordation of the Declaration; (2) a first Security Interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments charges against the Unit. A lien under this Section is also prior to all Security Interests described in Subsection 2 of this Subsection if the Common Expense assessments based on the periodic budget adopted by the Association pursuant to Section 18.4 of this Article which would have become due in the absence of acceleration during the six (6) months immediately preceding institution of an action to enforce either the Association's lien or a Security Interest described in Subsection 2 of this This Subsection does not affect the priority of mechanics' or Subsection. materialmen's liens, or the priority of a lien for other assessments made by the Association. A lien under this Section is not subject to the provision of AS 09.38.010.
- (c) Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section is required.
- (d) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the assessment becomes due; provided, that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the Association's

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lien shall be tolled until thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

- (e) This Section does not prohibit an action to recover sums for which **Subsection 18.3(a)** creates a lien or prohibit an Association from taking a deed in lieu of foreclosure.
- (f) A judgment or decree in any action brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party.
- (g) A judgment or decree in an action brought under this Section is enforceable by execution under AS 09.35.010.
- (h) The Association's lien must be foreclosed as a lien is foreclosed under AS 34.35,005.
- (i) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be due from that Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense assessments based on a periodic budget adopted by the Association pursuant to Section 18.4 of the Declaration.
- (j) If a holder of a first or second Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale, other than the assessments which are prior to that Security Interest under **Subsection 18.3(b)**. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.
- (k) Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due.
- Section 18.4 Budget Adoption and Ratification. Within thirty (30) days after adoption of a proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by

the Unit Owners continues until the Unit Owners ratify a budget proposed by the Executive Board.

- Section 18.5 Ratification of Non-budgeted Common Expense Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in **Section 18.2** of the Declaration, in an amount greater than fifteen percent (15%) of the current annual operating budget, the Executive Board shall submit such Common Expense to the Unit Owners for ratification in the same manner as a budget under **Section 18.4**.
- Section 18.6 Certificate of Payment of Common Expense Assessments. The Association upon written request shall furnish to a Unit Owner a statement in recordable form setting out the amount of unpaid assessments against the Unit. The statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and each Unit Owner.
- Section 18.7 Monthly Payment of Common Expenses. Common Expenses assessed under Sections 18.2 and 18.4 shall be due and payable on the first of each month.
- <u>Section 18.8 Acceleration of Common Expense Assessments</u>. In the event of default for a period of thirty (30) days by any Unit Owner in the payment of any Common Expense assessment levied against his or her Unit, the Executive Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.
- Section 18.9 Commencement of Common Expense Assessments. Common Expense assessments shall begin on the first (1st) day of the month following the month in which conveyance of the first (1st) Unit to a Unit Owner other than the Declarant occurs.
- <u>Section 18.10 No Waiver of Liability for Common Expenses</u>. No Unit Owner may exempt himself or herself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.
- Section 18.11 Personal Liability of Unit Owners. The Owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment shall not pass to a successor in title to the Unit unless he or she agrees to assume the obligation.
- Section 18.12 Capitalization of the Association. Declarant will establish a working capital fund in an amount at least equal to two (2) months' installments of the

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

ARTICLE XIX Right to Assign Future Income

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

ARTICLE XX Persons and Units Subject to Documents

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

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

ARTICLE XXI Insurance

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

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described herein will not be maintained, the Executive Board shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 21.2 - Property Insurance.

(a) Property insurance covering:

- (i) The project facilities (which term means all buildings on the Property, including the Units and all fixtures, equipment and any Improvements and betterments whether part of a Unit or a Common Element, and such personal property of Unit Owners as is normally insured under building coverage), but excluding land, excavations, portions of foundations below the undersurfaces of the lowest crawlspace floors, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies; and
 - (ii) All personal property owned by the Association.
- (b) Amounts. The project facilities for an amount (after application of any deductions) equal to one hundred percent (100%) of their actual cash value, but not less than their insurable replacement cost, at the time the insurance is purchased and at each renewal date. Personal property owned by the Association for an amount equal to its actual cash value.

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

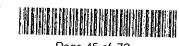
The maximum deductible for insurance policies shall be the lesser of ten thousand dollars (\$10,000) or one percent (1%) of the policy face amount.

The difference between the policy deductible and two hundred fifty dollars (\$250) shall be paid by the Association as a common expense. Of the deductible portion two hundred fifty dollars (\$250) as per Unit Owner affected, shall be paid by each of the Unit Owner(s) suffering the loss.

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

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- (d) <u>Other Provisions</u>. Insurance policies required by this Section shall provide that:
 - (i) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.
 - (ii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy.
 - (iii) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.
 - (iv) Loss must be adjusted with the Association.
 - (v) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and in the absence of such designation to the Association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee.
 - (vi) The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.
 - (vii) The name of the insured shall be substantially as follows:

"Sky Manor Owners Association, Inc. for the use and benefit of the individual Owners."

<u>Section 21.3 - Liability Insurance</u>. Liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than One Million Dollars (\$1,000,000), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the activities of the Association.

- (a) Other Provisions. Insurance policies carried pursuant to this Section shall provide that:
 - (i) Each Unit Owner is an insured person under the policy with respect to liability arising out of interest of the Unit Owner in the Common Elements or membership in the Association.
 - (ii) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.
 - (v) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.
 - (iv) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.
 - (v) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.
- <u>Section 21.4 Fidelity Insurance</u>. The Association shall obtain a fidelity insurance policy. Such policy shall, at a minimum, satisfy the requirements of such financing sources as are typically used to finance condominium purchases.
- <u>Section 21.5 Unit Owner Policies</u>. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his or her own benefit.
- <u>Section 21.6 Workers' Compensation Insurance</u>. The Executive Board shall obtain and maintain workers' compensation insurance to meet the requirements of the laws of the State of Alaska.
- <u>Section 21.7 Directors' and Officers' Liability Insurance</u>. 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.

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<u>Section 21.8 - Other Insurance</u>. 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

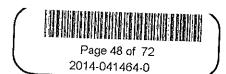
<u>Section 22.1 - Duty to Restore</u>. A portion of the Common Interest Community for which insurance is required under Section 34.08.440 of the Act or for which insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed must be repaired or replaced promptly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

- (a) The Common Interest Community is terminated;
- (b) Repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or
- (c) Eighty percent (80%) of the Unit Owners, including each owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.
- <u>Section 22.2 Cost.</u> The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.
- <u>Section 22.3 Plans</u>. The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of Unit Owners and fifty-one percent (51%) of Eligible Mortgagees.

Section 22.4 - Replacement of Less Than Entire Property.

- (a) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community.
 - (b) Except to the extent that other persons will be distributes:
 - (i) the insurance proceeds attributable to a Unit and Limited Common Elements that is not rebuilt must be distributed to the owner of the Unit and the owner of the Unit to which the Limited Common

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Elements were allocated, or to lien holders, as their interests may appear; and

- the remainder of the proceeds must be distributed to each Unit Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Units.
- If the Unit Owners vote not to rebuild a Unit, the Allocated (c) Interests of the Unit are reallocated upon the vote as if the Unit had been condemned under Subsection 34.08.740(a) of the Act, and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.
- Section 22.5 Insurance Proceeds. The insurance Trustee, or if there is no insurance Trustee, then the Executive Board of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 22.1(a) through Subsection 22.1(c), the proceeds shall be disbursed first for the repair or restoration of the damaged Property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Common Interest Community is terminated.
- Section 22.6 Certificates by the Executive Board. The Trustee, if any, may rely on the following certifications in writing made by the Executive Board:
 - Whether or not damaged or destroyed Property is to be repaired or (a) restored;
 - The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

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

ARTICLE XXIII Rights to Notice and Comment; Notice and Hearing

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

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

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

Section 23.4 - Mediation and Arbitration

(a) <u>Mediation Clause</u>. No Unit Owner shall commence an arbitration proceeding under the provisions of Section 23.4 (b) below unless such Unit

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

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

ARTICLE XXIV Executive Board

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

Section 24.2 - Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, the Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the

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Association and of the Common Interest Community which shall include, but not be limited to, the following:

- Adopt and amend Bylaws, Rules and regulations; (a)
- Adopt and amend budgets for revenues, expenditures and reserves; (b)
- Collect assessments for Common Expenses from Unit Owners; (c)
- Hire and discharge managing agents; (d)
- Hire and discharge employees and agents, other than managing agents, and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two (2) or more Unit Owners on matters affecting the Common Interest Community;
 - Make contracts and incur liabilities; (g)
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- Cause additional Improvements to be made as a part of the (i) Common Elements;
- Acquire, hold, encumber and convey in this Association's name any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Section 34.08.430 of the Act;
- Impose and receive a payment, fee or charge for services provided (k) to Unit Owners;
- Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy a reasonable fine for violations of the Declaration, Bylaws, Rules and regulations of the Association;



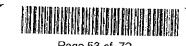
- (m) Impose a reasonable charge for the preparation and recordation of amendments to the Declaration, resale certificates required by Section 34.08.590 of the Act or a statement of unpaid assessments;
- (n) Provide for the indemnification of the Association's officers and Executive Board and maintain Directors' and officers' liability insurance;
- (o) Assign the Association's right to future income, including the right to receive Common Expense assessments;
- (p) Exercise any other powers conferred by the Declaration or the Bylaws;
- (q) Exercise any other power that may be exercised in this state by legal entities of the same type as the Association;
- (r) Exercise any other power necessary and proper for the governance and operation of the Association; and
- (s) By resolution, establish committees of Directors, and Unit Owners, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within forty-five (45) days of publication of such notice (unless such Unit Owner has been given notice of the proposed action under the provisions of **Article XXIII**, in which case that Article shall govern appeals), and such committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

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

ARTICLE XXV Open Meetings

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

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- Section 25.2 Meetings and Notice of Meetings. Regular meetings may be set by a schedule appointed by resolution of the Executive Board and no further notice will be required. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each member. The notice will be hand-delivered or mailed and will state the time, place and purpose of the meeting.
- <u>Section 25.3 Executive Sessions</u>. Meetings of the Executive Board may be held in executive session, without giving notice and without the requirement that they be open to Unit Owners, in either of the following situations only:
 - (a) No action is taken at the executive session requiring the affirmative vote of Directors; or
 - (b) The action taken at the executive session involves personnel, pending litigation, contract negotiations, or enforcement actions.

ARTICLE XXVI Condemnation

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

ARTICLE XXVII Miscellaneous

- <u>Section 27.1 Captions</u>. 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.
- <u>Section 27.2 Gender</u>. The use of the masculine gender refers to the feminine and neutral genders and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.
- <u>Section 27.3 Waiver.</u> 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.

Page 54 of 72 2014-041464-0 <u>Section 27.4 - Invalidity</u>. The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and in such event, all of the other provisions of the Documents shall continue in full force and effect.

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

<u>Section 27.6 - Rights of Action</u>. 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.

In an action to enforce the provisions of the Declaration, the prevailing party shall be entitled to recover court costs, liquidated damages and actual attorney fees.

<u>Section 27.7 - Association not a Guarantor of Security.</u> The Association may, but shall not be obligated to, maintain or support certain activities within the Common Interest Community designed to make the Property safer than it otherwise might be.

THE ASSOCIATION, THE DECLARANT, NOR NEITHER SUCCESSOR DECLARANT, SHALL BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMON INTEREST COMMUNITY, NOR SHALL THEY BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. EACH **UNIT OWNER** ACKNOWLEDGES, UNDERSTANDS, AND COVENANTS TO INFORM ITS TENANTS AND UNIT OCCUPANTS THAT THE ASSOCIATION, ITS EXECUTIVE BOARD AND COMMITTEES, DECLARANT AND ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING THE COMMON INTEREST COMMUNITY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

ARTICLE XXVIII Changes in Law

Certain provisions of the Declaration and the Bylaws repeat exactly or substantially the same rule or outcome in a particular instance as that required by the Act. Certain provisions repeat the same rule which the Act would impose as a default rule if the Declaration or the Bylaws were silent on that subject.

The Declarant anticipates the possibility that the Act will be amended from time to time to reflect contemporary thinking and experience regarding the structure and governance of common interest communities. The Declarant believes it is in the best interests of members of the community that the Property always be governed in accordance with the most current provisions of the Act, subject to the right in any particular case of the Unit Owners and the Executive Board to vary outcomes by adopting a rule or amendment to the Declaration in the manner provided for such amendments.

Accordingly, this Section directs that, in the future and from time to time, in all instances where the Declaration or the Bylaws contain language that precisely or substantially tracks the Act on the date that the Declaration is recorded, the Declaration and the Bylaws shall be automatically amended in accordance with the amended cognate language of the Act which may be adopted by the State of Alaska, unless the particular language of the Declaration or Bylaws, either as initially adopted or as amended at any subsequent time by the Association, is substantially at variance with the amended text of the Act.

IN WITNESS WHEREOF, the Declarant has caused the Declaration to be executed this 2 day of 0 , 2014.

Signed, Sealed and Delivered in the Presence of:

C&T CONSTRUCTION, INC

By: John E. Thomson

ts. President

[Notary acknowledgment on following page]

DECLARATION OF SKY MANOR T4614-01 DEC20

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| STATE OF ALASKA |) | |
|-------------------------|---|-----|
| |) | SS. |
| THIRD JUDICIAL DISTRICT |) | |

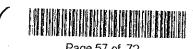
THIS IS TO CERTIFY that on this _______ day of _OCTUDE______, 20_______, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared JOHN E. THOMSON, to me known and known to me to be the PRESIDENT OF C&T CONSTRUCTION, INC. and known to me to be the person who signed the foregoing instrument, on behalf of said corporation, and he acknowledged to me that he 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.



Notary Public in and for Alaska
My Commission Expires: 67 26 2015

DECLARATION OF SKY MANOR T4614-01 DEC20



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SCHEDULE A-1 DESCRIPTION OF COMMON INTEREST COMMUNITY

PROPERTY IN THE COMMON INTEREST COMMUNITY NOT SUBJECT TO DEVELOPMENT RIGHTS

Lot 3, Sky Manor, according to the official plat thereof, Plat No. 2014-63, that is labeled on Schedule A-3 as "Not Subject to Development Rights", records of the Anchorage Recording District, Third Judicial District, State of Alaska

PROPERTY NOT IN THE COMMON INTEREST COMMUNITY SUBJECT TO DEVELOPMENT RIGHTS

Lots 1, 2, 5, 6, and 7 Sky Manor, according to the official plat thereof, Plat No. 2014-63, that is labeled on Schedule A-3 as "Property Not In the Common Interest Community - Development Rights Reserved", records of the Anchorage Recording District, Third Judicial District, State of Alaska

NOTE: Lot 7, Sky Manor according to the official plat thereof, Plat No. 2014-63, is currently being re-platted to add approximately five (5) feet of right-of-way to the northerly portion of Lot 7. Upon recordation of the new subdivision plat Lot 7 will be known as Lot 7A. Development Rights are reserved in that portion of property being added to Lot 7 to create Lot 7A.

*The Development Rights reserved in Lots 2-7, Sky Manor, according to the official plat thereof, Plat No. 2014-63, that is labeled on Schedule A-3 as "Development Rights Reserved" include the right to add the property to the Community; to create additional Units, Common Elements, and Limited Common Elements; and to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across the property. The Declarant has also reserved the right to grant easements to public utility

DECLARATION OF SKY MANOR T4614-01 DEC20

companies across the property shown on the condominium plat as "Development Rights Reserved."

ADDITIONAL PROPERTY NOT OWNED BY DECLARANT SUBJECT TO DEVELOPMENT RIGHTS

Lot 1 of Tundra Jewel Ranch Subdivision, according to the official plat thereof, Plat No. P-581, records of the Anchorage Recording District, Third Judicial District, State of Alaska

THE RECORDING DATA FOR RECORDED EASEMENTS & LICENSES APPURTENANT TO OR INCLUDED IN THE COMMON INTEREST COMMUNITY

- 1. Any easements or licenses contained in the reservations and exceptions in the U.S. Patent and /or acts authorizing the issuance thereof.
- 2. Reservation of section line easement along the section line as provided by 43 U.S.C. 932.
- 3. Right of Way Easement granted to Matanuska Electric Association, Inc. recorded on October 25, 2013 as Serial No. 2013-059914-0, records of the Anchorage Recording District, Third Judicial District, State of Alaska.



DECLARATION OF SKY MANOR T4614-01 DEC20

SCHEDULE A-2 TABLE OF INTERESTS

| Unit No. | Percentage Share of Common Elements | Percentage Share of Common Expenses | Vote in the Affairs of the Association | Limited Common Element Deck (D), Driveway (DW), Yard (Y), Septic (S) |
|----------|--|--|---|--|
| 5 | 50% | 50% | 1 | D-5, DW-5, Y- 5, S-5/6 |
| 6 | 50% | 50% | 1 | D-6, DW-6, Y-6, S-5/6 |
| | | • | | |

TOTALS 2 Units 100.00% 100.00% 2

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SCHEDULE A-3 PLAT AND PLANS

Plat No. 2014 – 104

Plat Serial No. 2014 – 041465 – 0

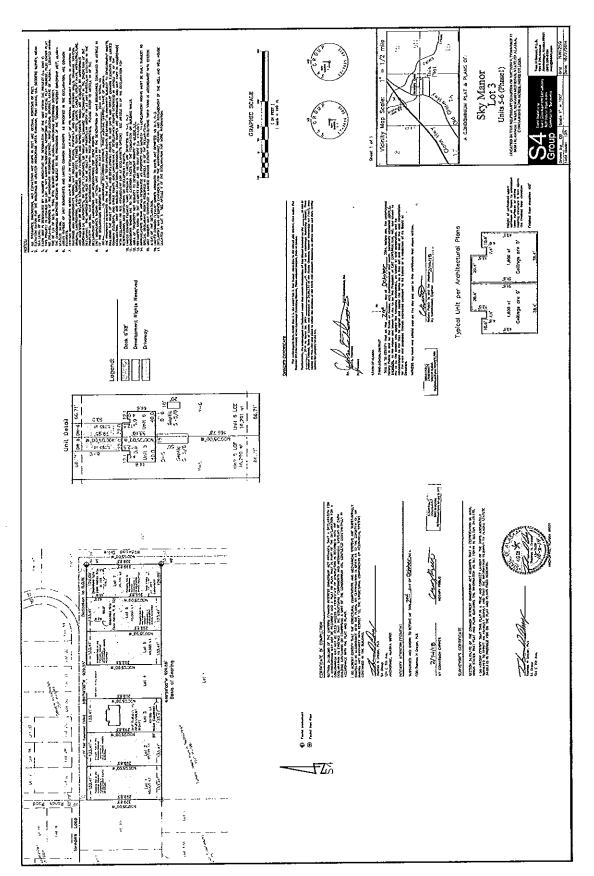
SKY MANOR

ANCHORAGE RECORDING DISTRICT

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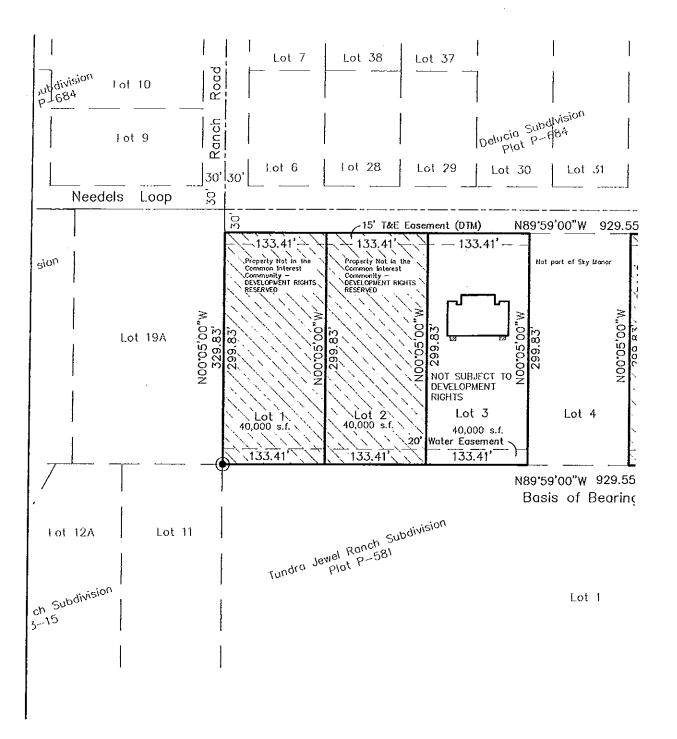
DECLARATION OF SKY MANOR T4614-01 DEC20

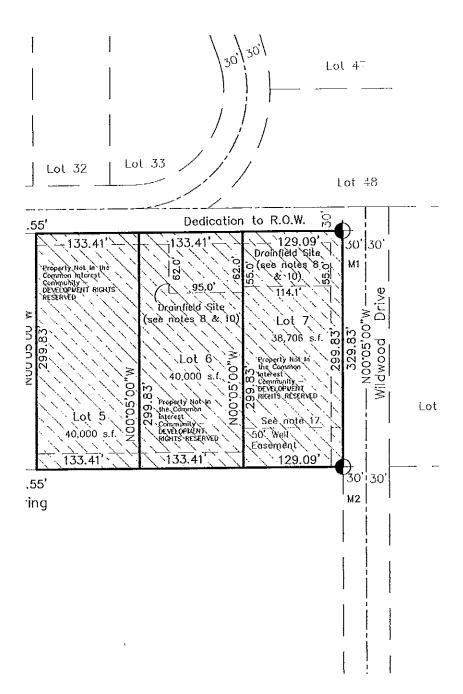
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THE FOLLOWING PAGES ARE ENLARGEMENTS OF THE PLAT

2014-041464-0





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Found monument

CERTIFICATE OF COMPLETION

SECTION 34.08.090 OF THE UNFORM COMMON INTEREST OWNERSHIP ACT PROVIDES THAT A DECLARATION FOR A CONDOMINUM MAY NOT BE RECORDED AND A PLAT OR PLAN THAT IS PART OF THE DECLARATION FOR A CONDOMINUM MAY NOT BE FRED UNLESS A CERTIFICATE OF COMPLETION IS RECORDED WITH THE DECLARATION AS EVIDENCE THAT THE STRUCTURAL COMPONENTS AND MECHANICAL SYSTEMS OF EACH BUILDING CONTAINING OR COMPRISING A UNIT OF THE CONDOMINUM ARE COMPLETED SUBSTANTIALLY IN ACCORDANCE WITH THE PLAT AND PLANS.

I DO HEREBY CERTIFY THAT THE STRUCTURAL COMPONENTS AND MECHANICAL SYSTEMS ARE SUBSTANTIALLY COMPLETED IN ACCORDINGE WITH THE PLAIS, NO CERTIFICATION IS GIVEN AS TO THE CONDITION OF, OR MAKING ANY WARRANTY WITH RESPECT TO, THE STRUCTURAL COMPONENTS OR MECHANICAL SYSTEMS CONTAINED IN THE BURLDING.

Thomas H Dreyer, PLS S4 Groun

S4 Group 124 E 7th Ave.

ANCHORAGE, ALASKA 99501

NOTARY ACKNOWLEDGMENT

SUBSCRIBED AND SWORN TO BEFORE WE THIS 2nd DAY OF October 2014.

FOR: Thomas H Dreyer, PLS

2/14/18

MY CONVISSION EXPIRES

CHUYPZ NOTARY PEBLIC

Milstrieuc Cagedaett Swe of Masia Ny Concesso Dotes Fordy (1, 2018

SURVEYOR'S CERTIFICATE

SECTION 34.08.170 OF THE COMMON INTEREST OWNERSHIP ACT REQUIRES THAT A CERTIFICATION BE MADE WHICH STATES THAT PLAT AND PLAN CONTAINS THE INFORMATION AS SET FORTH IN SECTION 34.08.170.

I DO HEREBY CERTIFY THAT THIS PLAT IS A TRUE AND CORRECT LAYOUT OF THE UNITS ACCURATELY SURVEYED TO DEPICT AN AS-BULT SURVEY AND THAT THE INFORMATION REQUIRED BY ALASKA STATUTE 34.08.170 IS PROVIDED FOR ON THE PLAT AND PLANS FILED HEREWITH.

Thomas H Drejer, PLS S4 Group

124 E 7th Ave.

15-7625 10-2-14

ANGIORAL ALASKA 99501

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Unit Detail

| 66.71' DW-5 | DW-6 66.71 |
|--|--|
| 0.08 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 12.1 13.1 15.0 | 22.0 22.0 22.0 22.0 20.0 Septic S-5/6 S-5/6 |
| Y-5 %00.90.00N | 166.78° |
| Unit 5 LCE 16,290 sf | Unit 6 LCE 16,291 sf |
| 66.71 | 66.71' |

Legend: Deck 6'X8' Development Rights Reserved

Driveway

OWNER'S CERTIFICATE

The undersigned does certify that it is the owner Lot 3, Sky Manor, according to the official plat thereof, filed under Plat Number 2013-83 records of the Anchorage Recording District, Third Judicial District, State of Alaska.

submit the property to the Act.

C&T Construction, Inc.

in E. Thomson

resident

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY that on this 2nd day of October , 2014, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared JOHN E. THOMSON, to me known and known to me to be the President of C&T CONSTRUCTION, INC. and known to me to be the person who signed the foregoing instrument, on behalf of said corporation, and he acknowledged to me that he 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 Boord of

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

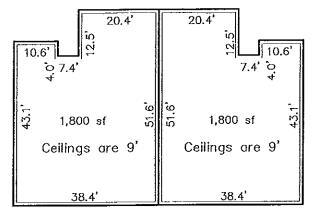
NOTARY PUBLIC CRAIG BENNETT STATE OF ALASKA My Commission Expires February 14, 2018

Notary Public in and for Aloska 2/14/18 My Commission Expires: _



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Typical Unit per Architectural Plans



Height of unfinished upper surfaces of floors to unfinished lower surfaces of ceiling bearing structure 9 feet above the finished floor elevation

Finished floor elevation 450'

NOTES:

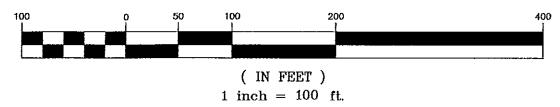
- ALL DISTANCES, DIMENSIONS, AND ELEVATIONS ARE GIVEN IN FEET AND DECIMAL PORTIONS OF FEET.
 ELEVATION DATUM FOR THE BUILDINGS IS GREATER ANCHORAGE AREA BOROUGH, POST QUAKE, U.S. GEODETIC SURVEY, MEAN SEA LEVEL OF 1972.
- EACH UNIT IS DESIGNATED BY A NUMBER INDICATING THE DESIGNATION OF THE UNIT WITHIN THE PROJECT (i.e. UNIT 1).
 THIS PROJECT IS LOCATED ON LOT 3, SKY MANOR SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED UNDER PLAT
 NO 2013-83, RECORDS OF THE ANCHORAGE RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. LOCATED WITHIN
- THE SE 1/4 OF SEC. 9, T15N, R1W, SEWARD MERIDIAN, ALASKA, ANCHORAGE RECORDING DISTRICT.
 THE CONDOMINIUM DEPICTED HEREON IS SUBJECT TO THE PROVISIONS OF THE "COMMON INTEREST OWNERSHIP ACT", ALASKA
- AREAS OUTSIDE OF UNIT BOUNDARIES AND LIMITED COMMON ELEMENTS, AS SPECIFIED IN THE DECLARATION, ARE COMMON

- 6.1(d) OF THE DECLARATION.

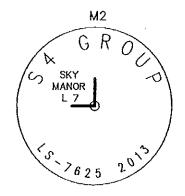
 16. LIMITED COMMON ELEMENT DRIVES ASSIGNED TO UNITS ARE DEPICTED AS D-1, D-2.

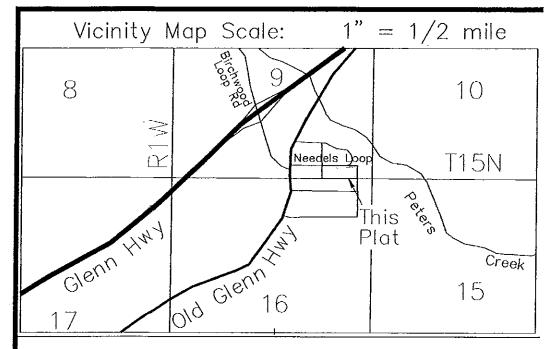
 17. DECLARENT HAS RESERVED EASEMENTS FOR THE MAINTENANCE, REPAIR, AND REPLACEMENT OF THE WELL AND WELL HOUSE LOCATED ON LOT 7. SEE ARTICLE X OF THE DECLARATION FOR MORE INFORMATION.

GRAPHIC SCALE









A CONDOMINIUM PLAT & PLANS OF:

Sky Manor Lot 3 Units 5-6 (Phase1)

LOCATED IN THE SOUTHEAST QUARTER OF SECTION 9, TOWNSHIP 15 NORTH, RANGE 1 WEST, SEWARD MERIDIAN, STATE OF ALASKA, CONTAINING 6.398 ACRES, MORE OR LESS.

| S4 Group | Land Surveying Land Development Consultants Subdivision Specialists Construction Surveying | Tom H Dreyer, P.L.S. 124 E 7th Avenue Anchorage, Alaska 99501 (907) 306-8104 mail@S4AK.com | |
|-----------------|--|--|--|
| Drawn by: CB | Scale 1" = 100' | Grid NW1259 | |
| Field Book: 125 | | Date: 10/2/2014 | |