

AMENDED
DECLARATION SUBMITTING
REAL PROPERTY TO HORIZONTAL REGIME ACT FOR
FOWLER CONDOMINIUMS

31320x
The undersigned, being the owners of the real property more particularly described below, hereby submit said property to the provisions of the Horizontal Property Regimes Act (Title 34, Chapter 07, Alaska Statutes as now existing or as herein after amended, and hereby establish a "Horizontal Property Regime" with respect to said property, for the "project", to be known as Fowler Condominiums.

At the time of recording this Declaration, there has been filed in the Anchorage Recording District, Third Judicial District, State of Alaska, survey maps and floor plans for the project under File No. 80-15, which survey maps and floor plans are incorporated herein by reference as if fully set forth.

ARTICLE I

DESCRIPTION OF LAND

The land on which the buildings and improvements of the condominiums provided for in this Declaration is located, is situate in the Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Lot One (1), FOWLER SUBDIVISION, Third Judicial District, Anchorage, Alaska.

ARTICLE II

DEFINITIONS

The following terms shall have the following meanings when used herein:

Section 1: "Unit". "Unit" means an individual airspace, and, as used herein, is identical to "Apartment", as defined in Title 34, Chapter 07, Alaska Statutes, except

as herein otherwise defined. The boundary lines of each, unit are (except as elsewhere herein defined) the interior unfinished surfaces (exclusive of paint, paper, wax, tile, enamel or other furnishings) of its perimeter walls, floors, ceilings, windows and doors thereof, as shown on the survey maps and floor plans referred to above; and a unit includes both the portions of a building so described and the airspace so encompassed, and includes all fixtures, improvements and partitions therein contained. The foregoing notwithstanding the following are not a part of a "Unit": main or bearing walls, roofs, foundations, pipes, ducts, flues, chutes, conduits, wires and other utility installations to the exterior perimeters of a "Unit", columns and girders to the unfinished surface thereof, all regardless of location.

Section 2: "Condominium Unit". "Condominium Unit" means a "Unit", together with an undivided interest in the common areas and facilities as set forth in Articles V and VII hereof, and the limited common area and facilities appurtenant to and reserved to the use of a "unit" to the exclusion of other "Units" referred to in Article VI hereof.

Section 3: "Condominium Building". "Condominium Building" means the buildings constructed, or to be constructed, on the property described in Article 1 above.

Section 4: "Owner". "Owner" means any person or entity at any time having fee title to a "Condominium Unit".

Section 5: "Project". "Project" means the "Property", as defined in A.S. 34.07.450(13).

Section 6: "Common Area". "Common Area" means the "Common Area" as set forth in Article V hereof.

Section 7: "Limited Common Areas and Facilities". "Limited Common Areas and Facilities" means a part of the common area, an easement for the exclusive use of which will be granted as an appurtenance of a particular unit, as more particularly set forth in Article VI below.

Section 8: "Mortgage, Mortgagee, Mortgagor".

Reference in this Declaration to a mortgage shall be deemed to include a Deed of Trust; reference to a mortgagee shall be deemed to include the beneficiary of a Deed of Trust; reference to a mortgagor shall be deemed to include the trustor of the Deed of Trust.

Section 9: "Institutional Holder". The term "Institutional Holder" means a mortgage which is a bank or savings and loan association or establishment mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 10: "Insurer". The term "insurer" means HUD or other entities allowed to insure units under Section 234(c) of the National Housing Act. "Insurers" will have the same rights as "Mortgagee's" or "Institutional Holders" when it comes to receiving current copies of the declaration, bylaws, and any other rules, including most recent annual audited financial statements, rights of first refusal, and any notices.

ARTICLE III

DESCRIPTION OF CONDOMINIUM BUILDING

The basement floor walls on the outside of the building are constructed of 8" concrete blocks with 1-1/2" furring and 1-1/2" of insulation on the inside. The inside walls between units consist of 8" concrete blocks with no facing.

The outside of the upper portion of the building consist of (from outside in) exterior siding 2"x4"'s on 16" centers, .004 mil vapor barrier, 3-1/2" fiberglass insulation and 5/8" gypsum board. The interior walls between the units are constructed of 5/8" gypsum board on each side of 1/2"'s of sound board. The wall is 8" thick and the 2"x4"'s on 16" centers are staggered alternating from wall to opposite wall over the complete wall. The interior of the wall has 2-4" layers of sound absorbant batts.

ARTICLE IV

DESCRIPTION OF UNITS AND ACCESS

Section 1. All units are delineated on the above-referenced survey maps and floor plans. The units are more particularly described on Exhibit "B" attached hereto and made a part hereof.

Section 2. The immediate access to which the units have access is set forth in Exhibit "B" attached hereto and made a part hereof.

ARTICLE V

DESCRIPTION OF COMMON AREAS AND FACILITIES

The common areas and facilities shall consist of:

Section 1. The land described in Article I above, the airspace above same, except the airspace occupied by each of the units, and all improvements situate upon such land, except those improvements actually within the airspace occupied by each unit. The common areas shall include stairs, balconies, fences, walkways, guest parking areas and landscaping.

Section 2. The foundation, beams, studding, supports, main walls and roof of the condominium building.

Section 3. The installations of common utility services to the exterior of the perimeter walls, floors or ceilings of each unit. In the case of utility services metered to and for each individual unit, such electricity, the common area or facility extends only to (and not including) such meter; and the meters and wires, conduits or pipes from same are improvements belonging exclusively to each particular unit. The pipes, conduits and wires from the interior surface of the exterior walls (or partitions between units) of the building are the exclusive property and responsibility of the owner of each such unit. Similarly, each unit has separate heating and hot water facilities, and such items are the exclusive property and responsibility of the owner of each such unit.

Section 4. All other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Section 5. Certain items which might ordinarily be considered common areas, such as, but not limited to, screen doors, window screens, awnings, storm windows, planter boxes, antenna, and the like, may, pursuant to decision of rules, be designated as private or individual items to be furnished and maintained at individual expense, in good order, according to standards and requirements set by the Board by rule, regulation or Bylaw.

Section 6. There will be eight quest parking spaces. These spaces will be considered common area. They are shown more fully on floor plans and survey maps.

ARTICLE VI

DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES

Space P-1 will belong exclusively to Unit #1 and so forth as shown in more detail on survey maps and floor plans for project. Decks and sunken patios will belong exclusively to units that have access to them. Deck D-1 will belong exclusively to Unit #1 and sunken patio SP-1 will belong exclusively to Unit #1. These are shown in more detail on survey maps and floor plans for project.

ARTICLE VII

UNDIVIDED INTEREST IN COMMON AREAS AND FACILITIES

The percentage of undivided interest in the common areas and facilities appertaining to each condominium unit and its owner for all purposes, including voting, is in accordance with Exhibit "D", attached hereto and made a part hereof.

ARTICLE VIII

VALUE OF LAND AND IMPROVEMENTS

Section 1. The value of the total property of the condominium project with designated improvements thereon is THREE HUNDRED FORTY NINE MILLION DOLLARS (\$349,000,000.00)

Section 2. The value of each unit including its limited common areas, if any, and the percentage of undivided interest in the common areas and facilities appertaining to such unit for all purposes, including voting, is as set forth on Exhibit "D", attached hereto. Such values are established as required by Chapter 34.07 A.S. and do not necessarily reflect the amount for which a condominium unit will be sold by Declarant or others.

ARTICLE IX

STATEMENT OF PURPOSES FOR THE CONDOMINIUM BUILDINGS AND CONDOMINIUM UNITS - USE RESTRICTIONS

Section 1. Residential. The condominium units are hereby restricted to single family residential uses and uses related to the convenience and enjoyment of such residential use.

Section 2. Sales and Construction Facilities of Declarant and Commercial Activity. Notwithstanding Section 1, Declarant shall be permitted to maintain during the period of construction and sale of condominium units upon such portion of the property as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of condominium units and Declarant or a person designated by the Association as agent of the Association for purposes of managing the property, may maintain a management office and facilities in a residence. Furthermore, professional and administrative occupations may be carried on within the units so long as there exists no external evidence thereof.

Section 3. Compliance with Law. No immoral, improper, offensive or unlawful use shall be permitted or made of the project or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the project shall be observed.

Section 4. Rules and Regulations. Rules and regulations may be adopted by the Board of Directors concerning and governing the use of the general and limited common areas providing such rules and regulations shall be furnished to owners prior to the time they become effective and that such rules and regulations shall be uniform and non-discriminatory.

Section 5. No Unauthorized Additions, Alterations or Decorations. No additions, alterations or decorations to any common area, including those exterior common areas designated as limited common areas, shall be commenced, erected or maintained without the prior written approval of the Board of Directors as to conformity and harmony or external design and location with existing structures in the project.

Section 6.. Animals. The association may by rules and regulations prohibit or limit the raising, breeding or keeping of animals in any unit or on the common areas or any part thereof.

Section 7. Temporary Structure. No temporary structure, boat, truck, trailer, camper or recreation vehicle of any kind shall be used as a living area while located on the project; however, trailers or temporary structures for use incidental to the initial construction of the improvements on the property may be maintained thereon, but shall be removed within a reasonable time, upon completion of construction of the project.

Section 8. No First Right of Refusal. The right of an owner to sell, transfer, or otherwise convey the owner's condominium unit will not be subject to any right of first refusal or any similar restriction in favor of the Association of condominium owners, without the written approval of 100% of the holders of first mortgages on the condominium units.

Section 9. Renting, Leasing. With the exception of a lender in possession of a condominium unit following a default on a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no owners shall be permitted to rent or lease a condominium unit for transient or hotel purposes. No owner may lease or rent less than the entire condominium unit. Any lease or rental agreement shall provide that the terms thereof shall be subject in all respects to the provisions of the Declaration and the Bylaws, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease or rental agreement. All leases and rental agreements shall be required to be in writing. Other than the foregoing, there is no restriction on the right of any owner to lease or rent a condominium unit.

Section 10. Parking and Vehicular Restrictions.

No vehicle which shall not be in an operating condition shall be parked or left on the property subject to this Declaration other than in the parking space designated as belonging to a unit and that unit owner is the owner of the vehicle. There shall be no exposed storage or trailer, snow mobiles or recreation vehicles of any nature on any portion of the property for whether a temporary or permanent period, by any owner, lessee or occupant. However, guests of owners, lessees or occupants may park recreational vehicles on the property on a temporary basis only. Guest parking areas are located in the common areas and shall be supervised by the Board of Directors.

It is expressly understood by all purchasers of units that the limited common areas and common areas of parking on the south side of the property and is more fully shown by the survey maps and floor plans for the project has easements running across said parking and in the event that sewer, storm drain or electrical work had to be done, temporary non-use of said parking could occur for work or digging or for whatever easement owners deem reasonable.

ARTICLE X

AGENT FOR RECEIPT OF PROCESS

Pending amendment hereto, the person to receive service of process in the cases provided for under the Horizontal Property Regimes Act (Title 34, Chapter 07)

Steve Fowler
2137 Fairbanks Street
Anchorage, AK 99503

such location being within the recording district in which the project is located. At the first meeting of the Board of Directors of the Association of Owners, as provided for in the Bylaws of the Association, a new registered agent may, with such agent's consent, be appointed, and an appropriate amendment of these Declarations shall be filed in the District Recorder's Office.

ARTICLE XI

EASEMENTS FOR ENCROACHMENTS AND UTILITIES

Section 1. Easements. If any portion of the common area now encroaches upon any condominium unit or if any condominium unit now encroaches upon any other condominium unit or upon any portion of the common areas, as a result of the construction of the building, or if any such encroachment shall occur hereafter as a result of settling or shifting of the building or for any other reason, a valid easement for the encroachment and for the maintenance of the same so long as the building stands shall exist. In the event any building, or any adjoining common area, shall be partially or totally destroyed as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common areas upon any condominium unit or upon any portion of the common areas due to this rebuilding, shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the building construed to be encumbrances affecting the marketability of title to any condominium unit.

Section 2. Reservation to Grant Easements. Declarant reserves the right to grant, convey, transfer, cancel relocate and otherwise deal with any and all utility easements now or hereafter located on or about the project; provided, however, no such action shall be taken that would substantially affect the appearance or structure of a condominium unit; and provided further that as and when one hundred percent (100%) of the condominium units have been sold the rights reserved under this Article shall be exercisable solely by and only by the Association.

ARTICLE XII

INCIDENTS OF CONDOMINIUM OWNERSHIP

Section 1. Limited Common Areas. Limited common areas described in Article VI and identified on the condominium map, shall be used exclusively by the owner or owners of said condominium unit or units and not by others except by invitation.

Section 2. Title. Title to a condominium unit may be held or owned by any person or entity and in any manner in which title to real property may be held or owned in the State of Alaska.

Section 3. Inseparability. Each unit shall be inseparable from the undivided interest in and to the common elements appurtenant thereto, and no such unit shall be conveyed, leased, devised, mortgaged or otherwise transferred except as a complete condominium unit as defined herein in Article II. Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a condominium unit or any part thereof shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire condominium unit, together with all appurtenant rights created by law or by this Declaration.

Section 4. Partition not Permitted. Common areas and facilities shall be owned in common by the owners of condominium units, and no owner may bring any action for partition thereof. There shall be no subdivision of a condominium unit, and no part of a condominium unit may be separated from any other part thereof during the period of condominium ownership prescribed herein without written agreement of one hundred percent (100%) of the owners of the condominium units in the project and the holders of first mortgages on one hundred percent (100%) of the condominium units in the project in order that each unit and the undivided interest in the common areas appurtenant to such unit shall always be conveyed, demised, encumbered, or otherwise affected only as to a complete condominium unit.

There shall be no combination of the area or space of one condominium unit with that of another without written agreement of one hundred percent (100%) of the owners of the condominium units in the project and the holders of first mortgages on one hundred percent (100%) of the condominium units in the project.

Section 5. Assessments and Taxation. Each condominium unit shall be assessed and taxed separately for all taxes, assessments, and other charges of the State of Alaska, or any political subdivision, or any special improvement district, or any other taxing assessing authority, including without limitation, special ad valorem levies and special assessments. No forfeiture or sale of any condominium unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other condominium unit.

Section 6. Owner's Right to Ingress and Egress.

Each owner shall have the right to ingress and egress over, upon and across the common areas necessary for access to his condominium unit, and shall have the right to the horizontal and lateral support of his condominium unit, and such rights shall be appurtenant to and pass with the title to each condominium unit.

Section 7. Easements Deemed Created. Each owner has

a nonexclusive easement for and may use the common areas and facilities. All conveyances of condominium units hereafter made, whether by the Declarant, or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to the provisions hereof and of the Bylaws of the Association, even though no specific reference to such easements appear in any such conveyance.

Section 8. Association's Right to Use of Common Areas.

The Association shall have a nonexclusive easement to make such use of the common areas as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain in the general common areas maintenance and storage facilities for use by the Association.

Section 9. Labor and Material Liens. No labor

performed or materials furnished for use in connection with any condominium unit with the consent of, or at the request of, an owner, or his agent, or subcontractor thereof, shall create any rights against any other condominium unit or against any interest in the common areas, except as to the undivided interest therein appurtenant to the condominium unit of the owner for which such labor shall have been furnished. Each owner shall indemnify and hold harmless the other owners from and against liability or loss arising from the claim of any lien against the project, or any part thereof, for labor performed, or for materials furnished on or for such owner's condominium unit.

ARTICLE XIII

ADMINISTRATION

Section 1. The Association. The administration of the project shall be by the Fowler Condominium Association, Inc., an Alaska non-profit corporation, in accordance with this Declaration and its Articles of Incorporation and Bylaws.

Section 2. Membership. An owner of a condominium unit shall automatically become a member of the Association and shall remain a member for the period of his ownership.

Section 3. Amendment of Bylaws. The Board of Directors of the Corporation will adopt Bylaws. The Bylaws of the Association may be amended by a vote of the members of the Association whose aggregate interest in the common elements constitute two thirds (2/3) at a meeting of the Association duly called for such purpose, and if amendment changes a provision for express benefit of holders or insurers of first mortgages, 51% approval of holders or insurers of first shall mortgages also be required.

Section 4. Managing Agent. The Board of Directors may employ for the Association responsible management or manager at a compensation established by the Board to perform such duties and services as the Board shall authorize. Any management agreement for the project will be terminable by the Association for cause upon thirty (30) days' written notice thereof, and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.

Section 5. Receipt of Bylaws. Each owner shall receive a true and correct copy of the Bylaws of the Association upon becoming an owner, and shall acknowledge the receipt of same.

ARTICLE XIV

LIABILITY OF DIRECTORS AND OFFICES

Section 1. Exculpation. No director or officer of the Association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the Association or any member thereof, unless the same has

resulted from his own willfull misconduct or negligence.

Section 2. Indemnification. The association shall indemnify every director or officer, and his or her heirs, executors and administrators against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceedings to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or wilful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

ARTICLE XV

ASSESSMENTS

Section 1. Obligation. All owners shall be obligated to pay the estimated assessments imposed by the Board of Directors of the Association to meet the common expenses of maintenance, operation and management of the project. Any unit owned by Declarant that is unoccupied by a unit owner shall be assessed at seventy percent (70%) of the full cost assessment, however, all units shall pay full assessments no later than 120 days after conveyance of the first unit of the project. The assessments for the common expenses provided for herein shall commence on the 1st day of the month thirty (30) days following the first sale of a unit of the project. The Board may establish any reasonable system for collection periodically of common expenses, in advance or arrears as deemed desirable. Initially, assessments for the

estimated common expenses on the annual basis shall be made by the Board and shall be payable in equal monthly installments in advance on the first day of each calendar month. At the end of each calendar year the Board shall determine actual expenses and either assess each owner or credit against the next ensuing calendar month as the case may be. Assessments made shall be based upon the estimated cash requirements deemed to be such aggregate sum as the Board shall from time to time determine to be paid by all of the owners. Estimated expenses include the cost of maintenance and operation of the common area, expenses of management, taxes and special assessments, unless separately assessed, insurance premiums for insurance coverage as deemed desirable or necessary by the Board, repairs and renovations, and utility charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Board or Managing Agent under or by reason of this Declaration, payment of any deficit remaining from a previous assessment period, the creation of a reasonable contingency or other reserve or surplus fund as well as other costs and expenses relating to the general common expense. The omission or failure of the Board to fix the assessments for any assessment period shall not be deemed a waiver, modification or release of the owners from their obligation to pay the same. The Board shall have the right, but not the obligation, to make pro rata refunds of any assessments in excess of the actual expenses incurred prior to the end of the calendar year.

Section 2. Apportionments. The percentage of common expenses to be paid by the owners shall be equal to such owner's appurtenant interest in and to the common area as set forth in the Declaration.

Section 3. Time for Payment of Assessments

Assessments will be levied by the Board of Directors. Assessments shall be due and payable within thirty (30) days after written notice of the amount thereof shall have been given to the respective owner. Each monthly assessment shall bear interest at the highest legal rate per annum from the date it becomes due and payable if not paid within thirty (30) days after such date. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the owner for such assessment, but the date when payment shall become due and in such case shall be deferred to a date thirty (30) days after such notice shall have been given.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, payable over such a period as the Association may determine, for the purpose of deferring, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the project or any part thereof or for any other expense or purchase incurred or to be incurred as provided in this Declaration. Any amounts assessed pursuant hereto shall be assessed to owners in proportion to their respective undivided interests in the common area. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the owners and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment shall bear interest at the highest legal rate per annum from the date it becomes due and payable if not paid within thirty (30) days after such date.

Section 5. Assessment Lien. All sums assessed, but unpaid, for the share of common expenses or special assessments chargeable to any condominium unit shall constitute a lien on such condominium unit superior to all other liens and encumbrances except (a) tax and special assessment liens on the condominium unit in favor of a taxing authority and (b) all sums unpaid on any mortgage of record. To evidence the lien as herein permitted, the Board of Directors may, but shall not be required to prepare a written notice setting forth the amount of such unpaid indebtedness, the amount of accrued penalty thereon, the name of the owner of the condominium unit and a description of the condominium unit and record the same in the office of the Clerk of the Anchorage Recording District, State of Alaska. Such lien for assessment shall attach from the due date of the assessment. The condominium unit may be foreclosed upon by the Association in the manner for foreclosing a mortgage on real property upon recording of a notice for claim thereof. In the event of any such foreclosure, the owner shall be liable for the amount of unpaid assessments, any penalties thereon, the cost and expense of such proceedings, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien and all reasonable attorney's fees in connection therewith. The Association shall have the power to bid on a condominium unit at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 6. Personal Obligation. The amount of any assessment chargeable against any condominium unit shall be a personal and individual debt of the owner thereof. No owner may exempt himself from liability for the assessment by abandonment or waiver of the use or enjoyment of any of

the common elements. Suit to recover a money judgment for unpaid common expenses plus interest and expenses, including attorneys' fees, shall be maintainable without foreclosing or waiving the assessment lien provided herein.

Section 7. Notice to Mortgagee. The Association shall report to any Mortgagee of a condominium unit any unpaid assessments remaining unpaid for longer than sixty (60) days after the same shall have become due if such Mortgagee first shall have furnished to the Association written notice of the Mortgage.

Section 8. Annual Audit Furnished Holder of Mortgage. Any institutional holder of a mortgage on a condominium unit in the project will, upon request, be entitled to receive an annual audited financial statement of the project within sixty (60) days following the end of any fiscal year of the project.

Section 9. Personal Liability of Purchaser for Assessments. If the holder of a first mortgage or other purchaser of a condominium unit obtains possession of the condominium unit as a result of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, the possessor, his successors and assigns are not liable for the share of common expenses or assessments by the Association chargeable to the condominium unit which became due before his possession. This unpaid share of common expenses or assessments is a common expense collectable from all of the owners, including the possessor, his successors and assigns, pro rata.

Section 10. Initial Obligation of Purchaser of a Unit. A first purchaser of a condominium unit from the Declarant shall be required at the closing of the acquisition of such condominium unit to establish a reserve account by depositing with the Association an amount equal to one-

sixth (1/6) or two (2) months of the particular unit's allocation of the annual budget. Such reserve account shall, while this project is subject to the Horizontal Property Regime Act, be maintained by subsequent purchasers of condominium units.

ARTICLE XVI

AMENDMENT

This Declaration may be amended by affirmative vote of not less than two-thirds (2/3) of the condominium unit owners; provided, however, the percentage of undivided interest of each owner in the common areas may be changed, and alterations to the project may be authorized, only by an amendment approved by one hundred percent (100%) of the owners; and provided, further, that the written approval of the institutional holders of first mortgages on one hundred percent (100%) of the condominium units shall be a prerequisite to the effectiveness of any action which amends any material provision of this Declaration, including but not limited to, any amendment which would change the percentage interests of the owners in the project.

ARTICLE XVII

DAMAGE AND DESTRUCTION

Within sixty (60) days of any damage or destruction to all or part of the property, a determination as to whether to repair or to reconstruct the same in accordance with the original plan shall be by majority vote of all condominium unit owners. If at least a majority of the owners vote to rebuild, repair, or reconstruct, and the insurance proceeds are insufficient to repair and reconstruct, the owners shall be liable for any deficiency as a common expense. If all or part of the property is destroyed or substantially destroyed and a vote of a majority of the owners to rebuild, repair, or reconstruct is not obtained, the insurance proceeds shall be applied by the Board of Directors first to satisfy the interest of mortgages or beneficiaries of the various

condominium units; second to the cost of removing the destroyed structure; and the remaining proceeds divided among the owners based upon his percentage of undivided interest.

In the event of substantial damage to or destruction of any unit or any part of the common areas, the institutional holder of any first mortgage on a unit will be entitled to timely written notice of any such damage or destruction.

ARTICLE XVIII

ALTERATION OF THE PROJECT

Restoration or replacement of the project or the building thereof or construction of any additional building or structural alteration or addition to the building, different in any material respect from the condominium file plan of the project, shall be undertaken by the Association or any owner only upon the prior approval by a one hundred percent (100%) vote of the condominium unit owners. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record a complete set of floor plans of the project so altered, certified as built by a registered architect or professional engineer.

ARTICLE XIX

REPAIR AND MAINTENANCE

Section 1. Obligation of Owner.

(a) Every owner shall at all times repair, maintain and keep his unit and limited common areas subject to his exclusive control in good order and condition, except as otherwise provided by law or the Declaration, and without limitation shall perform promptly all such work within his unit the omission of which would affect any common areas or other units and shall be responsible for all loss and damage by his failure to do so.

(b) All repairs of internal installations within each unit and limited common areas subject to his exclusive control such as water, light, power, sewage, telephones, paving, doors, windows, lamps, and all other fixtures and accessories to such unit, including interior walls and partitions and the inner decorated or finished surfaces of the perimeter walls, floors and ceilings of such unit, shall be at the owner's expense.

(c) Every owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common areas thereof damaged or lost through the fault of such owner or any person using the project under him and shall give prompt notice to the managing agent of any such damage, loss or other defects when discovered.

(d) In order to preserve a uniform exterior appearance to the building, the Board may require the painting of the building, decks and balconies, and prescribe the type and color of paint, and may prohibit, require, or regulate any modification or decoration of the building, decks and balconies undertaken or proposed by any owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of each condominium unit and condominium building. The Board may also require use of a uniform color of draperies or drapery lining for all units.

Section 2. Right of Entry.

(a) The managing agent and any other person authorized by the Board of Directors shall have the right to enter each condominium unit in case of any emergency originating in or threatening such condominium unit whether or not the owner or occupant is present at the time.

(b) Every owner and occupant, when so required, shall permit other owners or their representatives to enter his condominium unit at reasonable times for the purpose of performing authorized installations, alterations or repairs to the common areas therein for central services, provided

that requests for entry are made in advance. In case of emergency, such right of entry shall be immediate.

ARTICLE XX

INSURANCE

Section 1. Insurance and Bonds. The Board on behalf of the Association and at its common expense shall purchase and at all times maintain such policies of fire and liability insurance and bonds with respect to the project as may be provided by the Bylaws or authorized by the Board. Such insurance and bonds will be such as to meet the requirements of any institutional holder of a first mortgage or deed of trust on any condominium unit, but in any event, fire, extended coverage, and casualty insurance shall be maintained in an amount equal to the appraised insurable value of the project (exclusive of raw land value) and liability insurance in the amount of at least one million shall be maintained to protect the Association and the individual owners from liabilities caused by acts and omissions of all officers, agents or employees of the Owners Association, and the condition of the common areas.

Notwithstanding any other provisions herein, so long as the Federal National Mortgage Association or its successors and assigns, or Government National Mortgage Association, or Alaska Housing Finance Corporation is the mortgagee or beneficiary in a mortgage or deed of trust constituting a lien on a condominium unit or any owner, the Association will carry as a common expense, a master policy of casualty and liability insurance and a fidelity bond with such coverages and endorsements and in such amounts as shall be required by FNMA, GNMA, AHFC, regardless of other or different requirements of the Association, the owner, the lessor, beneficiaries or mortgagees or other interested parties.

Section 2. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Owners Association, the Owners Association's authorized representative, including any trustee with whom such owners association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

Where appropriate under applicable law, the declaration shall contain a provision whereby each unit owner appoints the owners association, or any Insurance Trustee or substitute Insurance Trustee designated by the owners, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

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ARTICLE XXI

ADDITIONAL MORTGAGE AND DEED OF TRUST PROTECTION
(Including Summary of Protection Set Forth in Bylaws)

(a) The prior written approval of each institutional holder of a first mortgage lien on condominium units in the project will be required for at least the following:

(1) The abandonment or termination of the project, except for abandonment or termination provided by Section 34.07.330 of the Alaska Statutes in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(2) Any material amendment to the Declaration or Bylaws of the Owners Association, including, but not limited to, any amendment which would change the percentage interests of the condominium unit owners in the project.

(3) The effectuation of any decision by the Owners Association to terminate professional management and assume self-management of the project.

(4) A change in the pro rata interest or obligation of any condominium unit for purposes of levying assessments or charges.

(5) The use of hazard insurance proceeds for losses to any condominium property, whether to a unit or to the common areas, for other than the repair, replacement, reconstruction of such improvements except as provided in the Horizontal Property Regimes Act. In the case of substantial loss to the units and common areas notice will be given mortgagee's in writing, if the loss or taking to common elements or a single unit exceeds Ten Thousand Dollars (\$10,000.00)

(b) Any lien which the Association may have on any condominium unit in the project for the payment of common expenses assessments attributable to such condominium unit will be subordinate to the lien or equivalent security interest of any first mortgage on the condominium unit recorded prior to the date of any such common expense assessments becoming due.

(c) Any institutional holder of a first mortgage on a condominium unit in the project will, upon request, be entitled to:

- (1) inspect the books and records of the project during normal business hours; and
- (2) written notice of all meetings of the Association of Condominium Owners and be permitted to designate a representative to attend all such meetings.

ARTICLE XXII

CONDEMNATION

Section 1. Consequences of Condemnation. If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Article shall apply.

Section 2. Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to such bank or trust company authorized to do business in the State of Alaska as the Board shall designate as Trustee for all owners and mortgagees according to the loss or damage to their respective units and common interests.

Section 3. Complete Taking. In the event that the entire project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the owners in proportion to the respective undivided interests in the common areas, provided that if a standard different from the value of the project as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Board shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled and make payment accordingly.

Section 4. Partial Taking. In the event that less than the entire project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

(a) As soon as practicable, the Board shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the common areas and shall apportion among owners in proportion to their respective undivided interests in the common areas;

(b) the total amount allocated to severance damages shall be apportioned to those condominium units which were not taken or condemned;

(c) the respective amounts shall be allocated to the taking of or injury to a particular condominium unit and/or

improvements to the particular condominium unit involved;
and,

(d) the amount allocated to consequential damages and any other taking or injuries shall be apportioned as the Board determines to be equitable in the circumstances.

If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by check payable jointly to the respective owners and their respective mortgagees.

Section 5. Reorganization. In the event a partial taking results in the taking of a complete condominium unit, the owner thereof automatically shall cease to be a member of the Association. Thereafter, the Board shall reallocate the ownership, voting rights, and assessments ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the owners of remaining condominium units for amendment of this Declaration as provided in Article XVI hereof.

Section 6. Notice to Mortgagee. The institutional holder of a first mortgage on any unit shall be given written notice of any condemnation proceeding described herein and no provision of any documents establishing the project will entitle the owner of a condominium unit or other part to a priority over such institutional holder with respect to the distribution to such condominium unit of the proceeds of any award or settlement.

Section 7. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XVII and XVIII above.

ARTICLE XXIII

CONTROL BY DECLARANT

Before the election of the first Board, as provided for in the Bylaws of the Association of Owners, the Declarant, or its successors or assigns, shall have all the rights, powers and obligations of the Board herein provided for, and in the Bylaws provided for, to administer the project; provided, however, that Declarant shall be subject to all limitations of such power on the Declarant or Board provided for in this Declaration and in the Bylaws, and provided, further, that control of the Owners Association will become vested in the purchasers of the condominium units within no more than 120 days after completion of transfer to purchasers of title to condominium units representing 51% of the votes of all owners, exclusive of the votes of owners within any future expansion of the project. In addition, the Declarant shall have the right to change or modify any or all of the terms, restrictions and covenants herein contained, which change or modification shall be effective upon the recording thereof; provided, no change or modification of this Declaration shall be made without the prior written approval of the holder of the first mortgage on the entire condominium project, and/or the holder of the first mortgage on any unit or common areas thereof.

ARTICLE XXIV

BINDING EFFECT OF DECLARATIONS, BYLAWS, AND ARTICLES OF INCORPORATION OF OWNERS ASSOCIATION

All provisions of this Declaration, the Bylaws of the Owners Association, and the Articles of Incorporation of said Owners Association shall bind and be effective upon the owners of this project, their tenants, employees, contractors, and any and all other persons that may use or be on or about the project, or any part of it, in any manner.

EXHIBIT A

Fowler Condominiums is composed of a three story four unit condominium project that is located on the property whose legal description is set forth in Article I of the Declaration. For the exact location of the building see a survey map that is filed herewith in the Anchorage Recording District, Third Judicial District, State of Alaska, under File No. 80-15.

Building Description

The basement floor walls on the outside of the building are constructed of 8" concrete blocks with 1-1/2" furring and 1-1/2" of insulation on the inside. The inside walls between units consist of 8" concrete blocks with no facing.

The outside walls of the upper portion of the building consist of (from outside in) exterior siding, 2"x4"'s on 16" centers, .004 mil vapor barrier, 3-1/2" fiberglass insulation and 5/8" gypsum board. The interior walls between the units are constructed of 5/8" gypsum board on each side over 1/2"'s of sound board. The wall is 8" thick and the 2"x4"'s on 16" centers are staggered alternating from wall to opposite wall over the complete wall. The interior of the wall has 2-4" layers of sound absorbant batts.

Unit No. 1

Unit No. 1 contains 1,979 total square feet and the address is 2133 Fairbanks Street, and it is more particularly described by the survey maps and floor plans for the project that have been filed in the Anchorage Recording District, Third Judicial District, State of Alaska, under File No. 80-15.

Unit No. 2

Unit No. 2, contains 1,991 total square feet and the address is 2135 Fairbanks Street, and it is more particularly described by the survey maps and floor plans for the project that have been filed in the Anchorage Recording District, Third Judicial District, State of Alaska under File No. 80-15.

Unit No. 3

Unit No. 3, contains 1,991 total square feet and the address is 2137 Fairbanks Street, and it is more particularly described by the survey maps and floor plans for the project that have been filed in the Anchorage Recording District, Third Judicial District, State of Alaska under File no. 80-15.

Unit No. 4

Unit No. 4, contains 1,979 total square feet and the address is 2139 Fairbanks Street, and it is more particularly described by the survey maps and floor plans for the project that have been filed in the Anchorage Recording District, Third Judicial District, State of Alaska, under File No. 80-15.

EXHIBIT B

Access

Every Unit has a doorway with a common walkway to said doorway. From this walkway there is access to Fairbanks Street, a public Street.

EXHIBIT C

Description of limited common areas

<u>Unit No.</u>	<u>Parking Space</u>	<u>Bouqany</u>
1	P - 1	B - 1
2	P - 2	B - 2
3	P - 3	B - 3
4	P - 4	B - 4

EXHIBIT D

Valuation of each unit and percentage of undivided interest and voting percentage as to the common areas of the project are as follows:

<u>Unit No.</u>	<u>Percentage of Undivided Interest and Voting Percentage</u>	<u>Unit Value</u>
1	24.93	\$ 87,000
2	24.36	85,000
3	24.36	85,000
4	26.36	92,000
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	100%	\$ 349,000

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