



**AMENDED AND RESTATED DECLARATION
OF
RAINBOW TERRACE
(A Planned Community/Planned Unit Development)
(AS 34.08.090)**

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE	1
ARTICLE I - DEFINITIONS	1
Section 1.1 - Act	1
Section 1.2 - Allocated Interests	1
Section 1.3 - Association	2
Section 1.4 - Bylaws	2
Section 1.5 - Common Elements	2
Section 1.6 - Common Expenses	2
Section 1.7 - Common Expense Liability	2
Section 1.8 - Common Interest Community	2
Section 1.9 - Declaration	3
Section 1.10 - Director	3
Section 1.11 - Governing Instruments	3
Section 1.12 - Eligible Insurer	3
Section 1.13 - Eligible Mortgagee	3
Section 1.14 - Executive Board	3

Section 1.15 - Floor Plans.....	3
Section 1.16 - Improvements.....	3
Section 1.17 - Limited Common Elements	4
Section 1.18 - Majority or Majority of Unit Owners	4
Section 1.19 - Manager	4
Section 1.20 - Notice.....	4
Section 1.21 - Notice and Comment.....	4
Section 1.22 - Notice and Hearing.....	4
Section 1.23 - Person.....	4
Section 1.24 - Property	5
Section 1.25 - Residential Purposes	5
Section 1.26 - Rules.....	5
Section 1.27 - Security Interest	5
Section 1.28 - Trustee	5
Section 1.29 - Unit.....	5
Section 1.30 - Unit Owner.....	5
ARTICLE II - NAME AND TYPE OF COMMON INTEREST COMMUNITY & ASSOCIATION.....	6
Section 2.1 - Common Interest Community	6
Section 2.2 - Association	6
ARTICLE III - DESCRIPTION OF LAND	6
ARTICLE IV - MAXIMUM NUMBER OF UNITS: BOUNDARIES	6
Section 4.1 - Maximum Number of Units	6
Section 4.2 - Boundaries.....	6
ARTICLE V - COMMON AND LIMITED COMMON ELEMENTS	7
Section 5.1 - Common Elements.....	7
Section 5.2 - Limited Common Elements.....	7



ARTICLE VI - MAINTENANCE, REPAIR AND REPLACEMENT	7
Section 6.1 - Common Elements.....	7
Section 6.2 - Units.....	7
Section 6.3 – Driveways, Parking Areas, and Walkways.....	7
Section 6.4 - Access.....	8
Section 6.5 - Repairs Necessitated by Unit Owner's Action or Inaction	8
Section 6.6 - Quality of Work.....	8
Section 6.7 - Necessity.....	8
Section 6.8 - Examination.....	8
ARTICLE VII - ALLOCATED INTERESTS AND VOTING.....	9
Section 7.1 - Allocated Interests	9
Section 7.2 - Voting	9
ARTICLE VIII - RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY	10
Section 8.1 - Use and Occupancy Restrictions.	10
Section 8.2 – Parking Restrictions on Adjacent Public Streets.....	10
Section 8.3 - Restrictions on Alienation/Time Shares.....	10
Section 8.4 - Leasing of Units.....	10
ARTICLE IX - EASEMENTS AND LICENSES	11
Section 9.1 - Owner's Easement of Enjoyment in Common Elements	11
Section 9.2 - Limitations on Owner's Easement.....	11
Section 9.3 - Walks, Passways, Pipes, Ducts, Cables, Wires, Conduits, Public Utility Lines and Other Elements.....	12
ARTICLE X - ADDITIONS, ALTERATIONS AND IMPROVEMENTS	13
Section 10.1 - Additions, Alterations and Improvements by Unit Owners	13
Section 10.2 - Additions, Alterations and Improvements by Association	14
ARTICLE XI - AMENDMENTS TO DECLARATION.....	14



Section 11.1 - General.	14
Section 11.2 - When Unanimous Consent Required.	14
Section 11.3 - Execution of Amendments	14
Section 11.4 - Recordation of Amendments	14
Section 11.5 - Consent of Holders of Security Interests	14
Section 11.6 - Limitation of Challenges	15
ARTICLE XII - AMENDMENTS TO BYLAWS	15
ARTICLE XIII - TERMINATION	15
ARTICLE XIV - MORTGAGEE PROTECTION	15
Section 14.1 - Introduction.	15
Section 14.2 - Percentage of Eligible Mortgagees.	15
Section 14.3 - Notice of Actions.....	15
Section 14.4 - Consent Required	16
Section 14.5 - Inspection of Books.	18
Section 14.6 - Financial Statements.....	18
Section 14.7 - Enforcement.....	18
Section 14.8 - Attendance at Meetings.....	18
Section 14.9 - Appointment of Trustee.	19
Section 14.10 - Priority to Insurance and Condemnation Proceeds.....	19
Section 14.11 - Right to Reimbursement.....	19
ARTICLE XV - ASSESSMENT AND COLLECTION OF COMMON EXPENSES	19
Section 15.1 - Apportionment of Common Expenses	19
Section 15.2 - Common Expenses Attributable to Fewer than all Units or Allocated "Per Capita"	19
Section 15.3 - Lien.	20
Section 15.4 - Budget Adoption and Ratification	22
Section 15.5 - Non-budgeted Common Expense Assessments	22



Section 15.6 - Certificate of Payment of Common Expense Assessments	22
Section 15.7 - Monthly Payment of Common Expenses.....	22
Section 15.8 - Interest, Late Fees and Collection Expenses	23
Section 15.9 - Acceleration of Common Expense Assessments	23
Section 15.10 - No Waiver of Liability for Common Expenses	23
ARTICLE XVI - RIGHT TO ASSIGN FUTURE INCOME	23
ARTICLE XVII - PERSONS AND UNITS SUBJECT TO GOVERNING INSTRUMENTS	23
Section 17.1 - Compliance with Governing Instruments	23
Section 17.2 - Adoption of Rules	24
ARTICLE XVIII - INSURANCE	24
Section 18.1 - Coverage	24
Section 18.2 - Property Insurance	24
Section 18.3 - Liability Insurance	25
Section 18.4 - Fidelity Bonds	26
Section 18.5 - Unit Owner Policies	26
Section 18.6 - Workers' Compensation Insurance	26
Section 18.7 - Directors' and Officers' Liability Insurance	26
Section 18.8 - Other Insurance	27
Section 18.9 - Premiums	27
ARTICLE XIX - DAMAGE TO OR DESTRUCTION OF PROPERTY	27
Section 19.1 - Duty to Restore.....	27
Section 19.2 - Cost	27
Section 19.3 - Plans.....	27
Section 19.4 - Insurance Proceeds.....	27
Section 19.5 - Certificates by the Executive Board.....	28
Section 19.6 - Certificates by Attorneys or Title Reports	28



ARTICLE XX - RIGHTS TO NOTICE AND COMMENT; NOTICE AND HEARING	28
Section 20.1 - Notice	28
Section 20.2 - Right to Notice and Comment.	28
Section 20.3 - Right to Notice and Hearing	29
Section 20.4 - Appeals	29
ARTICLE XXI - EXECUTIVE BOARD	29
Section 21.1 - Minutes of Executive Board Meetings	29
Section 21.2 - Powers and Duties	30
Section 21.3 - Executive Board Limitations	31
ARTICLE XXII - OPEN MEETINGS	31
Section 22.1 - Access	31
Section 22.2 - Notice of Executive Board Meetings	32
Section 22.3 - Executive Sessions	32
ARTICLE XXIII - CONDEMNATION	32
ARTICLE XXIV - MISCELLANEOUS	32
Section 24.1 - Captions	32
Section 24.2 - Gender.	32
Section 24.3 - Nonwaiver.	32
Section 24.4 - Severability	32
Section 24.5 - Conflict.....	33
Section 24.6 - Rights of Action.....	33
Section 24.7 – Prospective Application Only With Respect to Mortgagees.....	33
Section 24.8 - Proper Adoption	33



**AMENDED AND RESTATED DECLARATION SUBMITTING
RAINBOW TERRACE, A PLANNED COMMUNITY,
TO THE UNIFORM COMMON INTEREST OWNERSHIP ACT (AS 34.08)**

PREAMBLE

This declaration affects property identified as Rainbow Terrace in Anchorage, Alaska. The entire development consists of six buildings; one building containing seven units, one building containing six units, one building containing two units and three buildings each containing four units. Each unit (which includes land and is designated as a "Lot" in the Plat) is individually owned. The development also contains two common area greenbelts, which are owned by Rainbow Terrace Townhouse Association. There are no future development rights. The development was created by declaration recorded and amended as follows:

Item	Date of Recording	Book	Page
Declaration	September 24, 1976	134	204
Restrictions Amendment	November 10, 1976	146	349

Which Declaration and Amendment are hereinafter collectively referred to as "The Declaration." The Declaration submitted the project known as Rainbow Terrace to certain restrictions, under Alaska Law applicable to planned communities at the time.

The purpose of this Amended and Restated Declaration is to clarify the declaration and implement provisions of the Uniform Common Interest Ownership Act, which was adopted by the Alaska legislature effective January 1, 1986. All provisions of the prior declaration are repealed in their entirety and replaced with the following:

ARTICLE I - Definitions

In this document, the following words and phrases shall have the following meanings:

Section 1.1 - Act.

The Uniform Common Interest Ownership Act, AS 34.08, as it may be amended from time to time.

Section 1.2 - Allocated Interests.

The equal allocation of Common Expense liability, and Votes in the Association, assigned to each Unit in the Common Interest Community. The Allocated Interests are described in Article VII of this Declaration and are shown on Exhibit "A."



Section 1.3 - Association.

RAINBOW TERRACE TOWNHOUSE ASSOCIATION, a non-profit corporation organized under Chapter 10.20 of the statutes of the State of Alaska. It is the Association of Unit Owners pursuant to Section 34.08.310 and Section 34.08.990(3) of the Act.

Section 1.4 - Bylaws.

The Bylaws of the Association, as they may be amended from time to time. The Bylaws and any amendments to the Bylaws must be recorded in the property records.

Section 1.5 - Common Elements.

Each portion of the Common Interest Community other than a Unit as defined herein and as more fully described in Section 5.1.

Section 1.6 - Common Expenses.

The expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves. These include, without limitation:

(a) Expenses of administration, maintenance, repair or replacement of the Common Elements;

(b) Expenses declared to be Common Expenses by the Governing Instruments or by the Act;

(c) Expenses agreed upon as Common Expenses by the Association; and

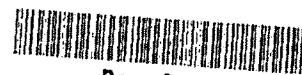
(d) Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association or for which the Association has maintenance or repair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

Section 1.7 - Common Expense Liability.

The liability for common expenses allocated to each unit under AS 34.08.150.

Section 1.8 - Common Interest Community.

The real property subject to the Declaration for RAINBOW TERRACE, as identified in Plat No. 77-20. (The development was originally recorded under Plat No. 76-186, with Plat No. 77-20 correcting certain lot line data). Pursuant to AS 34.08.990(7), persons subject to the Declaration, by virtue of ownership of a unit, are obligated to pay for Common Expenses of other real estate described in the Declaration.



Section 1.9 - Declaration.

This document, including any amendments.

Section 1.10 - Director.

A member of the Executive Board.

Section 1.11 - Governing Instruments.

The Declaration, Plat and Plans which have been recorded and filed, the Articles of Incorporation which have been filed and Bylaws which have been recorded and filed, and the Rules, if any, as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Governing Instrument is a part of that Governing Instrument.

Section 1.12 - 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 XIV.

Section 1.13 - Eligible Mortgagee.

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

Section 1.14 - Executive Board.

The board of directors of the Association, designated to act on behalf of the Association pursuant to AS 34.08.330.

Section 1.15 - Floor Plans.

Those floor plans on file in the office of the Recorder, Anchorage, Alaska as Plat No. 77-20 as may be from time to time amended. (The development was originally recorded under Plat No. 76-186, with Plat No. 77-20 correcting certain lot line data).

Section 1.16 - Improvements.

Any construction, structure, fixture or facility existing or to be constructed on the land included in the Common Interest Community including, but not limited to, buildings,



fences, trees and shrubbery planted by the Association, paving, utility wires, pipes, and light poles.

Section 1.17 - Limited Common Elements.

Any portion of the Common Elements allocated for the exclusive use of one or more but fewer than all the unit owners by the Declaration or by operation of AS 34.08.100(2) or AS 34.08.100(4). There are no Limited Common Elements in the development.

Section 1.18 - Majority or Majority of Unit Owners.

The owners of more than 50% of the votes in the Association, as described in Section 7.2 of this Declaration.

Section 1.19 - Manager.

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

Section 1.20 - Notice.

The procedure by which the Association shall notify the Unit Owner of proposed action or changes in rights held by the Unit Owner, pursuant to Article XX of this Declaration.

Section 1.21 - Notice and Comment.

The right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section 20.2 of this Declaration.

Section 1.22 - Notice and Hearing.

The right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 20.3 of this Declaration.

Section 1.23 - Person.

An individual, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.



Section 1.24 - Property.

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

Section 1.25 - Residential Purposes.

Use by a single housekeeping unit on a non-profit basis between occupants, for dwelling or recreational purposes, or both, as described in AS 34.08.990(28).

Section 1.26 - Rules.

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

Section 1.27 - Security Interest.

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

Section 1.28 - Trustee.

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

Section 1.29 - Unit.

A physical portion of the Common Interest Community designated for separate ownership or occupancy (Lots 1-27 as shown on the Plat), the boundaries of which are described under Article IV of this Declaration.

Section 1.30 - Unit Owner.

The Person who owns a Unit. A Person owning multiple Units shall be treated as a separate Unit Owner with respect to each Unit. Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation.



ARTICLE II - Name and Type of Common Interest Community & Association

Section 2.1 - Common Interest Community.

The name of the Common Interest Community is RAINBOW TERRACE, a Planned Community (previously referred to as a "Planned Unit Development" prior to statutory changes which now replace that term with "Planned Community" as a type of "Common Interest Community."

Section 2.2 - Association.

The name of the Association is RAINBOW TERRACE TOWNHOUSE ASSOCIATION, a non-profit corporation organized under the laws of the State of Alaska.

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 described as follows:

Lots 1-27, Tract A and Tract B, RAINBOW TERRACE, according to Plat No. 77-20 (originally Plat No. 76-186), records of the Anchorage Recording District, Third Judicial District, State of Alaska.

ARTICLE IV - Maximum Number of Units: Boundaries

Section 4.1 - Maximum Number of Units.

The Common Interest Community presently consists of twenty-seven (27) Units contained in six buildings. There are no further development rights.

Section 4.2 - Boundaries.

The boundaries of each Unit are shown on the Plat and Floor Plans for the project, more specifically described as follows:

(a) Upper and Lower Boundaries: The Units have no upper or lower horizontal boundaries. Each Unit has the lot lines indicated on the Plat and Floor Plans, extending beneath the surface of the ground and up into the airspace above the ground to the fullest extent of the law.

(b) Vertical Perimeter Boundaries: The vertical perimeter boundaries are shown on the Plat and Floor Plans. The side boundaries are intended to include all portions of the building structure as originally constructed, to the furthest outside edge of the building exterior wall or to the center of the party wall separating one unit from another. The front and back yards are part of each Unit, with boundaries as indicated on the Plat.



(c) Inconsistency with Plans: If any definition of boundaries is inconsistent with the Floor Plans of the project, then this definition will control. If a Unit or Common Element encroaches on another Unit or Common Element, a valid easement for maintenance of the same shall exist.

ARTICLE V - Common and Limited Common Elements

Section 5.1 - Common Elements.

The Common Elements for the project are Tract A and Tract B, commonly referred to as the "RV Lot" and the greenbelts surrounding the RV Lot and adjoining the Units.

Section 5.2 - Limited Common Elements.

There are no Limited Common Elements in the development.

ARTICLE VI - Maintenance, Repair and Replacement

Attached hereto as Exhibit "B" is a maintenance chart, which is expressly adopted as part of this Declaration. The chart is an effort to assign maintenance tasks as outlined below, although in the event of any inconsistency, the chart shall govern. In the event of any ambiguity in maintenance allocations set forth above, the Executive Board may reasonably interpret the Governing Documents, setting forth same in the Rules or Book of Resolutions, which interpretations shall be binding on the Unit Owners.

Section 6.1 - Common Elements.

The Association shall maintain, repair and replace the Common Elements, and shall provide limited exterior maintenance on the exterior of each Unit as shown in the maintenance chart.

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, except the portions thereof which are expressly agreed to be maintained, repaired or replaced by the Association. As shown in the maintenance chart attached as Exhibit B, the Association periodically paints the building exteriors, repairs/replaces shingles and rain gutters and mows grass. Most remaining improvements are maintained by each individual Unit Owner at their own expense.

Section 6.3 – Driveways, Parking Areas, and Walkways.

Each individual Unit Owner clears snow and ice (and uses sand as needed) for their own Unit driveway and walkways, with the city maintaining the adjacent street. The Executive Board may, but is not required to, fund a basic plowing and/or sanding contract as a Common Expense. In the event the Association enters into such blanket contract,



however, each individual Unit Owner remains solely and entirely responsible for ensuring proper sanding and snow removal occurs. The Association shall be responsible for periodically repairing or replacing the asphalt and concrete surfaces.

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, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Unit Owner is present at the time.

Section 6.5 - Repairs Necessitated by Unit Owner's Action or Inaction.

Each Unit Owner will reimburse the Association for any costs incurred by the Association and any damages to any other Unit(s) or to the Common Elements to the extent that such damages or costs were caused intentionally, negligently or by the Unit Owner's failure to properly maintain, repair or make replacements to his or her Unit for which he or she is responsible. Such expense will be assessed following Notice and Hearing.

Section 6.6 - Quality of Work.

The maintenance, repair or replacement of exterior and structural components of buildings shall be of such kind or quality as the Executive Board shall deem reasonably necessary to maintain all Units in good order and repair. Any such work shall be performed in a good and workmanlike manner employing materials of equal or better quality than the originals.

Section 6.7 - Necessity.

The necessity for any work shall be determined by the Executive Board whose decision in such matters shall be final, except that the determination to effectuate any maintenance or repair item which will cost a Unit Owner in excess of a maximum cost set by the Executive Board from time to time shall be subject to the right of the affected Unit Owner to Notice and Hearing by the Executive Board prior to the commencement of any work.

Section 6.8 - Examination.

Repair and maintenance records of the Association, shall be available for examination and copying by any Unit Owner, or his or her duly authorized agents or attorneys, at the expense of the Unit Owner, during normal business hours and after reasonable notice. The Association may charge a reasonable fee to supervise the



inspection and to provide any copies requested. The Association is not required to compile or synthesize information, but shall provide records as normally kept in the course of business. Such records shall include, but not be limited to:

- (a) Items of work performed.
- (b) Dates of performance.
- (c) Names of parties employed to perform the work.
- (d) Notices sent to Unit Owners with respect to such work.
- (e) Summarized minutes of all proceedings before the Executive Board with respect to such work.
- (f) Any certificate of completion issued by the Executive Board or other agency.
- (g) All amounts assessed against the Unit to cover the costs of such work.
- (h) Regulations and standards for architectural control.
- (i) Any other records, warranties, correspondence or other materials involving maintenance or repair of each Unit.
- (j) Any other Association records which Unit Owners are legally entitled to review.

ARTICLE VII - Allocated Interests And Voting

Section 7.1 - Allocated Interests.

Each Unit in the development is assigned an equal 1/27 Allocated Interest for purposes of liability for Common Expenses. A table showing Unit numbers and their Allocated Interests is attached hereto as Exhibit "A".

Section 7.2 - Voting.

Each Unit in the Common Interest Community shall have one (1) equal Vote for all purposes.

ARTICLE VIII - Restrictions on Use, Alienation and Occupancy

Section 8.1 - Use and Occupancy Restrictions.

The following use restrictions apply to all Units and to the Common Elements:

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

(b) The use of Units and Common Elements is also subject to any additional use restrictions as set forth in the Rules to be promulgated by the Board and maintained by the Association. The Association may by Rules regulate behavior which adversely affects the use and enjoyment of other Units or the Common Elements and may restrict leasing as reasonably required to meet underwriting requirements of institutional lenders. The Association may also restrict or prohibit smoking of tobacco or marijuana anywhere within the project.

Section 8.2 – Parking Restrictions on Adjacent Public Streets.

Because certain parking restrictions intended to preserve aesthetics and marketability would be readily circumvented if owners simply relocated offending vehicles from parking areas to curbside locations on adjacent streets, the Association may by Rules restrict parking to no more than two passenger vehicles within any driveway and shall also have authority to regulate parking on said streets, to the extent such parking involves Unit Owners or their guests and tenants.

Section 8.3 - Restrictions on Alienation/Time Shares.

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

Section 8.4 - Leasing of Units.

(a) No Owner shall be permitted to rent or lease a Unit for transient or hotel purposes. No Owner may lease or rent less than the entire Unit. Any lease or rental agreement shall provide that the terms thereof shall be subject in all respects to the provisions of the Declaration, the Bylaws, and the Rules, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease or rental agreement. All leases and rental agreements shall be in writing and a copy given to the Executive Board. Unit Owners may redact the rental price from the lease before providing a copy to the Board.



(b) If a tenant or other occupant who is not a Unit Owner violates the Declaration, Bylaws, or Rules of the Association, in addition to exercising any of its powers against the Unit Owner, the Association may, if permitted by law,:

(i) levy reasonable fines directly against the tenant or occupant, after providing Notice and Hearing to both the occupant and Unit Owner, and

(ii) exercise any other rights directly against the tenant for the violation which the Unit Owner could lawfully have exercised under the lease or which the Association could lawfully have exercised directly against the Unit Owner. This subsection 9.3(b)(ii) shall not apply unless the tenant or Unit Owner fails to cure the violation within 10 days after Notice by the Association.

ARTICLE IX - Easements and Licenses

Section 9.1 - Owner's Easement of Enjoyment in Common Elements.

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

Section 9.2 - Limitations on Owner's Easement.

The rights and easements of enjoyment created hereby shall be subject to the following, which rights are deemed to be necessary and desirable to facilitate the orderly administration of the Common Interest Community:

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

(b) The right of the Association to reasonably regulate the Common Elements, assigning exclusive parking rights and restricting hours of access as reasonably necessary to allow Unit Owners to enjoy the Common Elements for their intended purposes.

(c) The right of the Association, as provided and limited in its Certificate of Incorporation and Bylaws, to suspend the enjoyment rights (except rights of egress and ingress) of any Unit owner for any period during which any Assessment remains unpaid,



and for a period not exceeding thirty (30) days for any infraction of the Declaration, Bylaws or Rules, and to levy fines for such infractions in accordance with AS 34.08.320(11) after Notice and Hearing.

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

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

(f) The right and duty of the Association to maintain, preserve and administer the Common Elements for the mutual benefit, health and safety of the Common Interest Community and each of its owners, including properly maintaining all private drives on the Common Elements, trails, walkways, sight lines, drainage facilities, swales and ways, drainage detention basins, dams or impoundments, and landscaped areas, to such standards as set by the Association for the mutual benefit and safety of the Owners and the neighboring community.

Section 9.3 - Walks, Passways, Pipes, Ducts, Cables, Wires. Conduits, Public Utility Lines and Other Elements.

Each Unit Owner has an easement in common with all other Unit Owners for use of all walks, passways, pipes, wires, ducts, cables, drainage ways, conduits, public utility lines sanitary drainage system facilities and other service elements, if any, located in any of the Units or Common Elements at the time of initial construction or thereafter placed thereon by the Association and serving his or her Unit. Each Unit is subject to an easement in favor of other Units and the Common Elements for use of such walks, passways, drainage ways, pipes, ducts, cables, wires, conduits, public utility lines, sanitary sewerage facilities, and other elements, if any, serving other Units or Common Elements and located in each such Unit. In addition, each Unit shall be subject to, and shall have such easements of support and shelter from and over such other Unit and the Common Elements as may be necessary for the quiet enjoyment of such Unit and the maintenance of facilities. The Executive Board has the right to reasonable access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements and such facilities which the Association has the duty to maintain contained therein or elsewhere on the Units. Reasonable notice shall be given to any and all Unit Owners prior to entry for repairs and maintenance by the Executive Board, except for emergency situations which would require the Executive Board to access a Unit or Units without such reasonable notice first having been given. The Executive Board shall have the power to adopt by Resolution further rules and regulations defining "reasonable



notice" and "emergency conditions." Any property disturbed by maintenance or repair will be reasonably restored.

ARTICLE X - Additions, Alterations and Improvements

Section 10.1 - Additions, Alterations and Improvements by Unit Owners.

(a) No Unit Owner shall construct a structure, nor shall any Unit Owner make any structural addition, structural alteration, or structural improvement in or to the Common Interest Community without the prior written consent thereto of the Executive Board. A Unit Owner may not change the appearance of the Common Elements, or the exterior appearance of a Unit (including painting) or any other portion of the Common Interest Community, without written permission of the Association.

(b) The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request therefor. Failure to do so within such time shall not constitute a consent by the Executive Board to the proposed action. If, after such plans and specifications have been approved, the improvements are altered, erected or maintained otherwise than as approved by the Board, such alteration, erection and maintenance shall be deemed to have been undertaken without the approval of the Board having been obtained as required by the Declaration. The approval of the Board of any plans or specifications submitted for approval as herein specified shall not be deemed to be a waiver by the Board of its right to object to any of the features or elements embodied in such plans and specifications, if or when the same features or elements are embodied in any subsequent plans and specifications submitted for approval herein as provided for use on other Units. No member of the Board shall be liable to any person for his or her decisions or failure to act in making decisions as a member of said Board.

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

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

(e) Any construction commenced without the written consent of the Executive Board will result in the assessment of a fine against the Unit Owner violating the provisions of this Article in addition to a requirement to restore the affected area. This fine shall be imposed in accordance with AS 34.08.320(11) after Notice and Hearing.



Section 10.2 - Additions, Alterations and Improvements by Association.

The Association may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary or appropriate.

ARTICLE XI - Amendments to Declaration

Section 11.1 - General.

Except as otherwise provided by law or elsewhere in this Declaration, this Declaration, including the Exhibits hereto, may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated. The same approval shall be required to terminate the Common Interest Community or to establish self-management by the Association where professional management has been required by an Eligible Mortgagee or Eligible Insurer.

Section 11.2 - When Unanimous Consent Required.

Except to the extent expressly permitted or required by provisions of the Act and this Declaration, an amendment may not increase the number of Units, change the number of Units, change the boundaries of a Unit, the Allocated Interests of a Unit, or the uses to which a Unit is restricted, in the absence of unanimous (100%) consent of the Unit Owners in the Association.

Section 11.3 - Execution of Amendments.

An amendment to the Declaration required by AS 34.08.250 of the Act to be recorded by the Association, which has been adopted in accordance with this Declaration and AS 34.08.250 of the Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association.

Section 11.4 - Recordation of Amendments.

Each amendment to the Declaration must be recorded in the recording district in which the Common Interest Community is located. The amendment is effective only upon recording.

Section 11.5 - Consent of Holders of Security Interests.

Amendments are subject to the consent requirements of Article XV.



Section 11.6 - Limitation of Challenges.

Any action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one (1) year after the amendment is recorded.

ARTICLE XII - Amendments to Bylaws

The Bylaws may be amended only by vote of two-thirds (2/3) of the members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose. No amendment shall be effective until recorded.

ARTICLE XIII - Termination

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

ARTICLE XIV - Mortgagee Protection

Section 14.1 - Introduction.

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

Section 14.2 - Percentage of Eligible Mortgagees.

Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in Units which own such specified percentage of votes in the Association when compared to the total votes owned by all Units then subject to Security Interests held by Eligible Mortgagees.

Section 14.3 - Notice of Actions.

The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

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

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



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

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in section 15.4 of this Article; and

(e) Any judgment rendered against the Association.

Section 14.4 - Consent Required.

(a) Document Changes. Notwithstanding any lower requirement permitted by the Declaration or the Act, no amendment of any material provision of the Governing Instruments by the Association or Unit owners described in this subsection 15.4(a) may be effective without approval in writing by at least fifty-one percent (51%) of the Eligible Mortgagees. The foregoing approval requirements do not apply to amendments affected by the exercise of any Development Right. A "material" provision includes, but is not limited to, any provision affecting:

- (i) Assessments, assessment liens or priority of assessment liens;
- (ii) Voting rights;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
- (iv) Responsibility for maintenance and repair;
- (v) Alterations in the formula for Allocated Interests in the Common Elements;
- (vi) Rights to use Common Elements;
- (vii) Boundaries of Units;
- (viii) Convertibility of Units into Common Elements or Common Elements into Units;
- (ix) Expansion or contraction of the Common Interest Community, or the addition, annexation or withdrawal of property to or from the Common Interest Community;
- (x) Insurance or fidelity bonds;
- (xi) Leasing of Units;
- (xii) Imposition of restrictions on a Unit Owner's right to sell or transfer his or her Unit or change in purposes to which any Unit or the Common Elements are restricted;



- (xiii) Establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
- (xiv) Restoration or repair of the project after hazard damage or partial condemnation in a manner other than that specified in the Governing Instruments;
- (xv) Termination of the Common Interest Community after occurrence of substantial destruction or condemnation; and
- (xvi) The benefits of mortgage holders, insurers or guarantors.

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

- (i) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
- (ii) The restoration or repair of the Property after hazard damage or partial condemnation in a manner other than that specified in the Governing Instruments;
- (iii) The merger of this Common Interest Community with any other Common Interest Community;
- (iv) The granting of any easements, leases, licenses and concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Common Interest Community and excluding any leases, licenses or concessions for no more than one year);
- (v) The assignment of the future income of the Association, including its right to receive Common Expense assessments;
- (vi) Any action taken not to repair or replace the Property.

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

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



- (ii) A sixty-seven percent (67%) Eligible Mortgagee approval is required for the termination of the Common Interest Community for reasons other than substantial destruction or condemnation;
- (iii) When Unit boundaries are not otherwise being affected, only the owners of Units affected and Eligible Mortgagees of those Units need approve the alteration of any partition or creation of any aperture between adjoining Units;
- (iv) The Association may not change the period for collection of regularly budgeted Common Expense assessments to other than monthly without the unanimous (100%) consent of Eligible Mortgagees.

(d) Failure to Respond. The failure of an Eligible Mortgagee to respond within thirty (30) days to any written request of the Association for approval of an action or amendment to the Declaration shall constitute an implied approval of the action or amendment, provided that notice was delivered by certified or registered mail, with a "return receipt" requested.

Section 14.5 - Inspection of Books.

The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours and, upon request, furnish such Eligible Mortgagees or Eligible Insurers annual reports and other financial data.

Section 14.6 - Financial Statements.

The Association shall provide any Eligible Mortgagee or Eligible Insurer which submits a written request, with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited or reviewed by an independent accountant.

Section 14.7 - Enforcement.

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

Section 14.8 - Attendance at Meetings.

Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting which a Unit Owner may attend.



Section 14.9 - Appointment of Trustee.

In the event of damage or destruction within the Common Interest Community or condemnation of all or a portion of the Common Interest Community, any Eligible Mortgagee may require that insurance or condemnation proceeds be payable to a Trustee. Such Trustee may be required to be a corporate trustee licensed by the State of Alaska. Proceeds will thereafter be distributed pursuant to Article XIX or pursuant to a condemnation award. Unless otherwise required, the members of the Executive Board acting by majority vote through the President may act as Trustee.

Section 14.10 - Priority to Insurance and Condemnation Proceeds.

No provision of the Governing Instruments of the Association shall be deemed to give priority to a Unit Owner or any other party over any rights of an Eligible Mortgagee pursuant to the terms of its security instrument in the case of distribution of insurance proceeds or condemnation proceeds, whether such proceeds pertain to a Unit or Common Elements.

Section 14.11 - Right to Reimbursement.

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

ARTICLE XV - Assessment and Collection of Common Expenses

Section 15.1 - Apportionment of Common Expenses.

Except as provided in sections 15.2, all Common Expenses shall be assessed against all Units in accordance with their Allocated Interests of the Common Expense liability as shown on Exhibit "A" to this Declaration.

Section 15.2 - Common Expenses Attributable to Fewer than all Units or Allocated "Per Capita."

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

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



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

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

(e) In the event the Association determines that it will separately meter any utilities presently being supplied at Common Expense, it may install separate meters or arrange for individual utility connections, in which case each individual Unit Owner shall thereafter be assessed based upon actual consumption, or each Unit Owner may be required to establish a separate utility account in the Unit Owner's name.

(f) Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the Governing Instruments and the Act are enforceable as Common Expense assessments. Fines assessed hereunder may include any enhanced insurance premiums (or estimates thereof) attributable to a Unit Owner's failure to accurately certify compliance with applicable law or insurance carrier requirements or recommendations (including but not limited to carbon monoxide and smoke detector installation/functionality, and installation/maintenance of properly sized and date checked fire extinguisher(s)).

Section 15.3 - Lien.

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

(b) A lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) a lien or encumbrance recorded before the recordation of this Declaration; (2) a first security interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; and, (3) liens for real estate taxes and other governmental assessments or charges against the Unit. A lien under this Section is also prior to all security interests described in Subdivision (2) of this Subsection if the Common Expense assessment based on the periodic budget adopted by the Association, pursuant to Section 15.4 of this Article, would have become due in the absence of acceleration during the six (6) months immediately preceding the institution of an action to enforce the Association's lien. This does not affect the priority of mechanics' or materialmen's liens, or the priority of a lien for other assessments made by the Association. A lien under this Section is not subject to the provisions of AS 09.38.010, as it may be amended from time to time.



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

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

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

(f) When the Association acquires a judgment or decree in any action brought under this Section, such judgment or decree shall include an award to the Association for actual collection costs and attorney's fees incurred both before and after litigation, unless held unreasonable by the court.

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

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

(i) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be due from that Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense assessments based on a periodic budget adopted by the Association pursuant to Section 15.4 of this Article.

(j) The purchaser at a foreclosure sale initiated by the holder of a Security Interest in a Unit is not liable for any unpaid assessments against the Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection 15.3(b) above. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses for which all the Unit Owners, including the purchaser, may be assessed. For the purposes of this paragraph "the purchaser" shall include, but not be limited to, any holder of a Security Interest in a Unit which obtains title to a Unit.

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



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

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

Section 15.4 - Budget Adoption and Ratification.

Within thirty (30) days after adoption of a proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) or more than thirty (30) days after mailing of the summary. Unless at that meeting a Majority of 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. For purposes of voting on ratification of the annual budget, the vote of each Unit Owner shall not be equal, but shall be weighted in accordance with the Allocated Interest of liability for Common Expenses according to the fraction described in Section 7.1 of this Declaration.

Section 15.5 - Non-budgeted Common Expense Assessments.

If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in Section 15.2 of this Article, 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 their consideration and comment in the same manner as a budget under Section 15.4 above; provided, however, that such assessment can be considered at a special meeting as long as the same notice required for annual meetings is provided to the Unit Owners.

Section 15.6 - 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 his or her Unit. The statement must be furnished within ten (10) business days after receipt of the request and is binding upon the Association, the Executive Board and each Unit Owner.

Section 15.7 - Monthly Payment of Common Expenses.

All Common Expenses assessed under this Article XV shall be due and payable on the first day of each and every month and shall become delinquent if not paid by the last day of each and every month.

Section 15.8 - Interest, Late Fees and Collection Expenses.

The Association may impose reasonable late fees for processing delinquent accounts in accordance with AS 34.08.320(11), and may charge interest at the maximum legal rate on all outstanding balances while any Unit Owner's assessment account is delinquent. The Association may assess reasonable collection expenses, including costs and attorney's fees required to collect any outstanding delinquent assessments. All charges imposed pursuant to this paragraph shall be enforceable as additional assessments pursuant to AS 34.08.470.

Section 15.9 - Acceleration of Common Expense Assessments.

In the event of default for a period of ten (10) days by any Unit Owner in the payment of any Common Expense assessment levied against his or her Unit, the Executive Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent calendar year to be immediately due and payable. The holder of a first Security Interest in a Unit which has acquired title to any Unit as a result of a foreclosure of its Security Interest shall be exempt from the application of this Subsection.

Section 15.10 - No Waiver of Liability for Common Expenses.

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

ARTICLE XVI - 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 XVII - Persons and Units Subject to Governing Instruments

Section 17.1 - Compliance with Governing Instruments.

All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Governing Instruments. 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 Governing Instruments are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant, and all such provisions recorded in the records of the Anchorage Recording District, Third Judicial District, State of Alaska, are covenants running with the land and shall bind any persons having at any time any interest in such Unit.



Section 17.2 - Adoption of Rules.

The Executive Board may adopt Rules regarding the use and occupancy of Units and Common Elements, and the activities of occupants, subject to Notice and Comment.

ARTICLE XVIII - Insurance

Section 18.1 - Coverage.

To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available and the Executive Board determines that any insurance described herein will not be maintained, the Executive Board shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 18.2 - Property Insurance.

(a) If any improvements are constructed on the Common Elements, the Association shall maintain property insurance insuring against all risks of direct physical loss commonly insured against. Earthquake and Flood insurance shall not be required, unless deemed appropriate pursuant to Section 18.8 of this Declaration. The total amount of insurance after application of any deductibles shall be not less than one hundred percent (100%) of the current replacement value, if required by an Eligible Mortgagee, and in any event, not less than the higher of eighty percent (80%) of the actual cash value of the insured property or an amount sufficient to avoid coinsurance under any applicable insurance policy, at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. The insurance maintained under this section shall not include the Units or the improvements and betterments installed by Unit Owners (personal property not permanently attached to the premises). The Association shall maintain insurance in an amount equal to the actual cash value of personal property owned by the Association. Prior to obtaining any insurance on Common Elements under this section, and at least annually thereafter, the Executive Board shall take reasonable steps satisfactory to the insurance company to determine the replacement cost of the Common Elements or obtain an agreed amount endorsement. The maximum deductible for insurance policies shall be the lesser of \$10,000.00 or one percent (1%) of the policy face amount. The Executive Board may adopt a policy for allocation of any deductible, and the deductible portion of any claim shall otherwise be considered "uninsured," such that the affected Unit Owner(s) may be required to pay the deductible (if the Unit Owner fails to procure individual coverage) in the event of a loss.

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



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

"RAINBOW TERRACE TOWNHOUSE
ASSOCIATION, for the use and benefit of the
individual Owners."

Section 18.3 - Liability Insurance.

Liability insurance, including medical payments insurance, shall be carried in an amount determined by the Executive Board but in no event less than \$1,000,000, covering all occurrences commonly insured against (death, bodily injury and property damage) arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the activities of the Association.

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

- (i) Each Unit Owner is an insured person under the policy with respect to liability arising out of the interest of the Unit owner in the Common Elements or membership in the Association;
- (ii) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner;

- (iii) An act or omission by a Unit Owner, unless acting within the scope of the Unit owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy;
- (iv) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the Association policy, the policy of the Association provides primary insurance; and
- (v) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 18.4 - Fidelity Bonds.

A blanket fidelity bond is required for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force, and in no event less than the sum of three (3) months' assessments plus reserve funds. The bond shall include a provision that calls for ten (10) days' written notice to the Association, to each holder of a Security Interest in a Unit, to each servicer that services a FNMA-owned, VA-owned, FHLMC-owned, or AHFC-owned mortgage on a Unit and to the insurance trustee, if any, before the bond can be canceled or substantially modified for any reason.

Section 18.5 - Unit Owner Policies.

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

Section 18.6 - Workers' Compensation Insurance.

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

Section 18.7 - Directors' and Officers' Liability Insurance.

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



Section 18.8 - Other Insurance.

The Association may carry other insurance which the Executive Board considers appropriate to protect the Association or the Unit Owners.

Section 18.9 - Premiums.

Insurance premiums shall be a Common Expense.

ARTICLE XIX - Damage To Or Destruction Of Property

Section 19.1 - Duty to Restore.

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

- (a) The Common Interest Community is terminated;
- (b) Repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or
- (c) Eighty percent (80%) of the Unit Owners vote not to rebuild.

Section 19.2 - Cost.

The cost of repair or replacement of the Common Elements in excess of insurance proceeds and reserves is a Common Expense.

Section 19.3 - Plans.

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

Section 19.4 - Insurance Proceeds.

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

(b) The insurance trustee, or if there is no insurance trustee, then the Executive Board of the Association, acting as Trustee, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to



the provisions of Section 19.1, the proceeds shall be disbursed first for the repair or restoration of the damaged Property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Common Interest Community is terminated.

Section 19.5 - Certificates by the Executive Board.

The Trustee, if any, may rely on the following certifications in writing made by the Executive Board:

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

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

Section 19.6 - Certificates by Attorneys or Title Reports.

Title insurance companies or, if payments are to be made to Unit Owners or mortgagees, the Executive Board, and the Trustee, if any, shall obtain and may rely on an attorney's certificate of title or a title insurance policy based on a search of the records of the District Recorder's Office, Anchorage Recording District, Third Judicial District, State of Alaska, from the date of the recording of the original above-described Declaration stating the names of the Unit Owners and the mortgagees. This provision does not affect the Unit Owners' duty to update Association records as provided in Article 20.1.

ARTICLE XX - Rights to Notice and Comment; Notice And Hearing

Section 20.1 - Notice.

Whenever Notice to a Unit Owner is required, the Association shall provide such Notice in writing by first class mail or personal delivery 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. Notice is accomplished when mailed or delivered to the address of record, regardless of whether the Notice is actually received by the Unit Owner. Unit Owners must provide written notice to the Association's Manager of any address or ownership changes, and the Association may rely upon its records when transmitting Notice to Unit Owners.

Section 20.2 - Right to Notice and Comment.

Before the Executive Board amends the Bylaws or the Rules, whenever the Governing Instruments require that an action be taken after "Notice and Comment", and at any other time the Executive Board determines, the Unit Owners have the right to



Notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action shall be given to each Unit Owner not less than five (5) days before the proposed action is to be taken. The Notice 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 as provided in Section 20.3.

Section 20.3 - Right to Notice and Hearing.

Whenever the Governing Instruments require that an action be taken after "Notice and Hearing", the following procedure shall be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the manager, etc.) shall give written Notice of the proposed action to all Unit Owners or occupants of Units whose interests would be significantly affected by the proposed action. The Notice shall include a general statement of the proposed action and the date, time and place of the hearing; alternatively, the Notice may state that a decision will be made without hearing unless the affected Unit Owner(s) submit a written hearing request prior to a specified deadline. The Notice shall be given not less than seven (7) days before the hearing date or specified deadline for requesting a hearing. In the event a hearing is requested in response to the first Notice, the Association shall schedule a hearing and again provide Notice of the hearing date, time and place as stated above. At any 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 20.4 - Appeals.

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

ARTICLE XXI - Executive Board

Section 21.1 - Minutes of Executive Board Meetings.

The Executive Board shall permit any Unit Owner to inspect the minutes of Executive Board meetings during normal business hours. The minutes shall be available for inspection within thirty (30) days after any such meeting.

Section 21.2 - Powers and Duties.

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

- (a) Adopt and amend Bylaws, Rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge Managers;
- (e) Hire and discharge employees and agents, other than managing agents, and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two (2) or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (i) Cause additional improvements to be made as part of the Common Elements;
- (j) Acquire, hold, encumber and convey in the Association's name any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Section 34.08.430 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and leases, licenses and concessions for no more than one (1) year, through or over the Common Elements;
- (1) Impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, and for services provided to Unit Owners;



(m) Impose a reasonable charge for late payment of assessments and, after Notice and hearing, levy reasonable fines for violations of this Declaration, Bylaws, Rules and regulations of the Association;

(n) Impose a reasonable charge for the preparation and recordation of amendments to this Declaration, resale certificates required by Section 34.08.590 of the Act or a statement of unpaid assessments;

(o) Provide for the indemnification of the Association's officers and Executive Board and maintain Directors' and officers' liability insurance;

(p) Assign the Association's right to future income, including the right to receive Common Expense assessments;

(q) Exercise any other powers conferred by this Declaration or the Bylaws;

(r) Exercise any other power that may be exercised in this state by legal entities of the same type as the Association;

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

(t) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the 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, and such committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

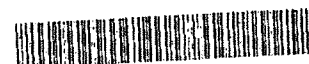
Section 21.3 - Executive Board Limitations.

The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members, but the Executive Board may fill vacancies in its membership until a successor is elected to complete the remaining term at the next annual meeting of the Association.

ARTICLE XXII - Open Meetings

Section 22.1 - Access.

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



Section 22.2 - Notice of Executive Board Meetings.

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

Section 22.3 - Executive Sessions.

Meetings of the Executive Board may be held in executive session, without giving notice and without the requirement that they be open to Unit Owners where the action taken at the executive session involves personnel; pending, threatened or potential litigation; contract negotiations; or enforcement actions or where no action is taken at the executive session requiring the affirmative vote of Directors.

ARTICLE XXIII - 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 XXIV - Miscellaneous

Section 24.1 - Captions.

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

Section 24.2 - Gender.

The use of the masculine gender refers to the feminine and neuter genders and the use of the singular includes the plural, and vice versa, whenever the context of the Governing Instruments so requires.

Section 24.3 - Nonwaiver.

No provision contained in the Governing Instruments is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 24.4 - Severability.

The invalidity of any provision of the Governing Instruments 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 Governing Instruments shall continue in full force and effect.

Section 24.5 - Conflict.

The Governing Instruments are intended to comply with the requirements of the Act and Chapter 10.20 of the Alaska Statutes (Non-Profit Corporation Law). In the event of any conflict between the Governing Instruments and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control. The Association shall have the power to interpret any ambiguity in the Declaration, Bylaws and Rules of the Association, which interpretation shall be binding on the Unit Owners.

Section 24.6 - Rights of Action.

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 Governing Instruments, or with decisions of the Association which are made pursuant to the Governing Instruments. Unit Owners shall also have such rights of action against the Association. In any action arising from, or relating to, this Declaration, the prevailing party shall recover full attorney fees, unless declared unreasonable by the court.

Section 24.7 – Prospective Application Only With Respect to Mortgagees.

This amendment shall take effect immediately upon recordation, but shall not effect the rights of holders, insurers and guarantors of certain Security Interests under existing encumbrances. Any holders, insurers and guarantors of a Security Interest arising from recordation after this amendment, however, shall be completely subject to this Amended and Restated Declaration.

Section 24.8 - Proper Adoption.

The undersigned president and secretary of Rainbow Terrace Townhouse Association, hereby certify that this Amended and Restated Declaration was properly adopted in accordance with Article VIII, Section 3 of the Declaration, receiving 75% approval from the Unit Owners. Written notice was earlier provided to all first mortgage holders of record as required by Article XI, Section 7 of the Declaration. This amendment shall take effect immediately upon recording.



In witness whereof, the undersigned have caused this Amended and Restated Declaration to be executed this 30 day of September, 2016.

Rainbow Terrace Townhouse Association

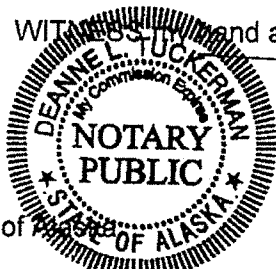
By: *Dayton E. Quett*
Its: President

By: *April Deeter*
Its: Secretary

State of Alaska)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that the foregoing instrument was acknowledged before me on this 30 day of September, 2016, by, Dayton E. Quett, the president of Rainbow Terrace Townhouse Association, an Alaska corporation, on behalf of the corporation.

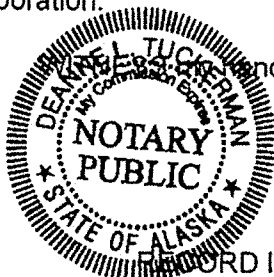
WITNESSED my hand and notarial seal the day and year first hereinabove written.



Deanne L. Tuckerman
NOTARY PUBLIC in and for Alaska
My Commission Expires: 24 Apr 2018

State of Alaska)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that the foregoing instrument was acknowledged before me on this 30 day of September, 2016, by, April Deeter, the secretary of Rainbow Terrace Townhouse Association, an Alaska corporation, on behalf of the corporation.



Deanne L. Tuckerman
NOTARY PUBLIC in and for Alaska
My Commission Expires: 24 Apr 2018

RECORDED IN THE ANCHORAGE RECORDING DISTRICT

With Attached Exhibit A (Allocated Interests) and Exhibit B (Maintenance Chart)

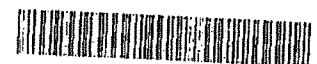
After recording, return to:

OSOWSKI LAW OFFICES, LLC
800 E. Dimond Blvd., Suite 3-505
Anchorage, AK 99515



**Rainbow Terrace Allocated Interests
Declaration Exhibit A**

Unit No.	Allocated Share of Common Expense Liability	Votes
1	3.7037%	1
2	3.7037%	1
3	3.7037%	1
4	3.7037%	1
5	3.7037%	1
6	3.7037%	1
7	3.7037%	1
8	3.7037%	1
9	3.7037%	1
10	3.7037%	1
11	3.7037%	1
12	3.7037%	1
13	3.7037%	1
14	3.7037%	1
15	3.7037%	1
16	3.7037%	1
17	3.7037%	1
18	3.7037%	1
19	3.7037%	1
20	3.7037%	1
21	3.7037%	1
22	3.7037%	1
23	3.7037%	1
24	3.7037%	1
25	3.7037%	1
26	3.7037%	1
27	3.7037%	1



Rainbow Terrace Maintenance Chart Declaration Exhibit B

Item	Responsibility (X)	
	Owner	Association
Asphalt/Concrete Maintenance		
1. Common Areas (RV Lot & Community Bike Path)		X
2. Driveways or Within Lots		X
3. Walkways (Cracking repairs/replacement of concrete)		X
Snow Removal/Sanding		
1. RV Lot (Funded by RV Lot Fees) & Community Bike Path		X
2. Driveways, Walkways, Within Lots	X	
3. Deck Roofs	X	
Lawn Care		
1. Common Areas		X
2. Mowing (ONLY) Within Lots		X
3. Any OTHER Lawn Care Within Lots (Includes watering)	X	
Groundskeeping		
1. Landscaped & Paved Areas outside of Owner's Lot		X
2. Landscape inside Owner's Lot (ALL except mowing)	X	
Retaining Walls		
1. Retaining Walls (Common Area)		X
2. Retaining Walls (on Owner's Lot)	X	
Fences and Party (Common) Walls		
1. Party Fences dividing two ENCLOSED yards or Party Walls	X	
2. ALL Maintenance/Painting of fence portion enclosing one yard	Adjoining*	
Building Exterior		
1. Paint (Exterior Surfaces per Reserve Schedule)		X
2. Siding Repair/Replacement		X
3. Doors/Windows/Trim	X	
4. Framing/Structural	X	
5. Insulation/Vapor Barrier Issues	X	
6. Foundation/Crawlspace Issues	X	
7. Gutters and Downspouts (repair/replacement)		X
8. Dryer Vents	X	
Roofs		
1. Replacement per reserve schedule (Shingles, ice/watershield ONLY)		X
2. Water barrier ONLY on garage roof/deck		X
3. "Whirly Bird" Roof Ventilators		X
4. All other repairs (including decking, insulation, ventilation issues)	X	
5. All Structural repairs beneath roof membrane (regardless of cause)	X	
6. Chimney inspection/cleaning/repairs	X	
Mailboxes		
1. Mailbox Maintenance/Replacement (except keys)		X
2. Mailbox Keys	X	
Water/Sewer Lines		
1. Any portion of a line serving an individual Unit/lot	X	
Utilities (ALL except refuse, unless located on common areas)	X	

The association maintains overall control for all exterior modifications, regardless of expense allocations (i.e. owner cannot "repair" cedar fence with chain link). ALL exterior changes require board approval.

Board to Address additional items case-by-case basis with above examples as a guideline.

*Party wall/fence expenses are shared by the affected owners, subject to arbitration provisions in the declaration. The board is not responsible for party wall maintenance allocations.

