

DECLARATION

SAHALEE, a Common Interest Community

ARTICLE I

SUBMISSION: DEFINED TERMS

Section 1.01. Submission of Real Estate. Sahalee Development, LLC, an Alaska limited liability company (the "Declarant"), owner in fee simple of the real estate described in Section 2.02 located in the Anchorage Recording District, Third Judicial District, State of Alaska, hereby submits the real estate, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of AS 34.08.010 et. seq. known as the Alaska Common Interest Ownership Act (the "Act").

Section 1.02. Defined Terms. Each capitalized term not otherwise defined in this Declaration or on the Plat and Site Plan shall have the meanings specified or used in the Act.

ARTICLE II

NAME; DESCRIPTION OF REAL ESTATE

Section 2.01. Name. (a) Common Interest Community. The name of the Common Interest Community is Sahalee. [AS 34.08.130(a)(1)]

(b) Association. The name of the Association is Sahalee Homeowners Association, Inc, a non-profit corporation organized under the laws of the State of Alaska. [AS 34.08.130(a)(1)]

Section 2.02. Real Estate. The Common Interest Community is located in the Anchorage Recording District, Third Judicial District, State of Alaska. [AS 34.08.130(a)(2)] The real estate of the Common Interest Community is described in Exhibit A. [AS 34.08.130(a)(3)]

ARTICLE III THE ASSOCIATION

Section 3.01. Authority. The business affairs of the Common Interest Community shall be managed by the Association. The Association shall be governed by its Bylaws, as amended from time to time. [AS 34.08.320(a)]

Section 3.02. Powers. (a) The Association shall have all the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Common Interest Community. [AS 34.08.330]

(b) Real Estate. The Common Interest Community is located in the Anchorage Recording District, Third Judicial District, State of Alaska. [AS 34.08.130(a)(2)] The real estate of the Common Interest Community is described in Exhibit A. [AS 34.08.130(a)(3)]

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(b) 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. [AS 34.08.320(a)(14)]

Section 3.03. Declarant Control. The Declarant shall have all the powers reserved in AS 34.08.330 of the Act to appoint and remove officers and members of the Executive Board. [AS 34.08.330]

Section 3.04. Maintenance, Repair and Replacement. The Association shall repair, replace and maintain the Common Elements (e.g., greenbelts), including but not limited to the maintenance, repair and replacement expenses for subdivision entry features, signage, lighting, landscaping, drainage and utility easements, fences, sidewalk snow removal, and removal of trees killed by insects.

ARTICLE IV

LOTS

Section 4.01. Number of Lots. The number of Lots in the initial phase of the Common Interest Community is 39. The term "Lot" shall have the same meaning as "unit" in AS 34.08.990(32) of the Act. The Declarant reserves the right to add additional Lots to the Common Interest Community if the Declarant exercises its Development Rights and submits additional Lots and/or real estate to the Common Interest Community. Declarant reserves the right to develop a maximum of 116 Lots. Declarant does not guarantee that all of these Lots will be developed. [AS 34.08.130(a)(4)]

Section 4.02. Identification of Lots. The identification number of each Lot is shown on the Plat by lot and block number. [AS 34.08.130(a)(5)]

Section 4.03. Lot Boundaries. The boundaries of each Lot are the boundaries of the numbered Lots shown on the Plat. The boundary of the Lots in the initial phase of the Common Interest Community are shown on Plat No 98-81, attached to this Declaration as Exhibit B-1. [AS 34.08.130(a)(5); AS 34.08.100]

Section 4.04. Subdivision of Lots. Lots may not be reduced in size. Owners of contiguous Lots may, however, resubdivide their Lots without the agreement of other Lot Owners, so long as they have approval of the Executive Board and no Lot resulting from the subdivision is smaller than the smallest of the Lots from which the new Lots were created. [AS 34.08.210]

ARTICLE V
DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 5.01. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights:

- (a) the right to complete or make improvements indicated on the Plat and Site Plan; [AS 34.08.130(a)(8); AS 34.08.170]
- (b) the right to maintain sales offices, management offices and models on Lots or on the Common Elements, but only in a manner which does not unreasonably disturb Lot Owners; [AS 34.08.130(a)(8); AS 34.08.230]
- (c) the right to maintain signs in the Common Ownership Community to advertise the Lots; [AS 34.08.130(a)(8); AS 34.08.230]
- (d) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration; [AS 34.08.130(a)(8); AS 34.08.240]
- (e) the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the Act; [AS 34.08.130(a)(8); AS 34.08.330(d)]
- (f) the right to exercise any Development Right including the rights to (i) add real estate presently outside of Sahalee to the Common Interest Community; (ii) create Lots or Common Elements within the Common Interest Community (Declarant may, at the time it adds any additional Lots and/or Common Elements to the Common Interest Community, specify restrictions on use, occupancy, and alienation, as well as standards for architectural controls for the additional Lots and/or Common Elements, should Declarant determine that, in its sole discretion, that restrictions and standards different than those contained in this Declaration are appropriate); (iii) subdivide Lots or convert Lots into Common Elements; or (iv) withdraw real estate from the Common Interest Community; and
- (g) convey utility and drainage easements to utility companies and the Municipality of Anchorage, respectively, in Declarant's own name and on behalf of the Association; and convey public use easements in any Common Elements.

Section 5.02. Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant for the period of time specified in the Act. [AS 34.08.130(a)(10); AS 34.08.330]

Section 5.03. Personal Property of Declarant. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and maintenance of the Common Interest Community that Declarant has not explicitly represented as Property of the Association. The Declarant reserves the right to remove from the Property any and all goods, models, and Improvements used in development, marketing, and construction, whether or not they have become fixtures.

Section 5.04. Declarant's Easement for Construction. The Declarant reserves the right to perform warranty work, repairs, construction work, and to store materials in secure areas on Lots and Common Elements and the further right to control all such work and repairs and the right of access thereto, until the completion of any such repair or work. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising any Development or Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement also includes the Declarant's right to convey utility and drainage easements to public utilities, municipalities, the State, riparian owners, or upland owners.

Section 5.05. Lot Ownership by Declarant. Until Declarant no longer owns any Lots in the Common Interest Community, the Declarant and its duly authorized agents, representatives, and/or employees may maintain any Lot owned by the Declarant or any portion of the Common Elements as a model Lot, sales office or management office.

ARTICLE VI ALLOCATED INTERESTS

Section 6.01. Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability and votes in the Association allocated to each Lot are set forth in Exhibit C. [AS 34.08.130(a)(11)]

Section 6.02. Determination of Allocated Interests. The interests allocated to each Lot have been calculated as follows:

- (a) the percentage of liability for Common Expenses and for

the undivided interest in the Common Elements allocated to each Lot is an equal percentage interest derived by dividing the total number of Lots in the Common Interest Community into one hundred percent (100%). The specified percentage for the initial phase is set forth in Exhibit C. When Lots are added or removed from the Common Interest Community, the above formula shall be used in reallocating the interest in an amendment to the Declaration; and

(b) Each Lot in the Common Interest Community shall have one equal vote. [AS 34.08.150]

ARTICLE VII
RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 7.01. Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved by the Declarant, the following use restrictions apply to all Lots and to the Common Elements: AS 34.08.130(a)(12)

(a) Land Use and Dwelling Type

No Lot shall be used except for residential purposes, except that professional or business uses may be conducted in a dwelling provided that the uses must be incidental to the use of the dwelling for residential purposes. Non-residential activities must comply with governmental regulations addressing home occupations. No signs may indicate in any way that a nonresidential activity is being conducted, and no increase in street traffic, substantial or insubstantial is permissible.

No dwelling or structure shall be erected, altered, placed or permitted to remain on any Lot other than the following structures, which shall be subject to all of the terms and provisions of this Declaration:

1. One detached single family dwelling. Every dwelling must have a garage capable of housing at least two automobiles side by side. Carports are not allowed.
2. Fences, gates, and associated structures.
3. Retaining walls.
4. A greenhouse.
5. A garden tool shed, children's playhouse, or like structure.
6. A doghouse and/or pen.
7. Any other accessory dwelling, shed, structure, antenna,

or other item permitted by the appropriate architectural control committee described in Article IX (hereinafter collectively referred to as the "appropriate Committee").

8. A driveway.

(b) Dwelling Quality, Size, and Construction

Each ranch dwelling shall contain a minimum floor area of 1800 square feet, and each two-story dwelling shall contain a minimum floor area of 2100 square feet, exclusive of the garages, open decks, sheds, or other outbuildings. Construction from identical or similar plans must be sufficiently modified so that the exterior elevation of no two houses will be duplicated within three hundred (300) feet from the nearest front property line. To avoid duplication of plans within three hundred (300) feet of the nearest front property line, at least two dwelling design elements must be changed.

(c) Siding, Roofs, and Colors

Exterior finishes shall be wood lap siding, brick, stone, designer glass block or a finish of equal value approved by the appropriate Committee. T1-11 or sheet wood siding shall only be an acceptable exterior finish if it cannot be seen from the front or either side of the Lot.

All roofs shall be of a material, color and texture approved by the appropriate Committee. Cedar shake roofing or architectural shingles are recommended. Approval by the appropriate Committee will be based on the visual impact of the roof on the Lot or neighboring Lots, dwellings, roads and open spaces.

The color of external materials shall be subdued. Earth tones, generally muted, are recommended, although occasionally accent colors used judiciously and with restraint may be permitted by the appropriate Committee. The exterior color of a dwelling shall be different from the external color of the adjacent dwellings. The entire body of the dwelling must be painted or stained the same color. The subjective matter of approving colors is the responsibility of the appropriate Committee.

(d) Dwelling Location

No dwelling shall be located on any Lot nearer than the setback requirements shown on the Site Plan attached as Exhibit B-2.

(e) Completion of Exteriors and Dwelling Occupancy

A dwelling must be enclosed and its exteriors finished within twelve (12) months of the time of beginning of construction. No dwelling shall be occupied prior to the completion of the exterior.

(f) Driveways

All driveways leading from the street to the garage shall be hard-surfaced asphalt, concrete, or pavers. Driveway colors must be approved by the appropriate Committee.

(g) Temporary Structures

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. Temporary construction structures shall be limited to small, approved structures under two hundred (200) square feet. Temporary construction structures shall be approved by the appropriate Committee. These structures shall be used only during the construction or modification phase of a dwelling and shall be removed promptly upon completion of the improvements on the Lot. The appropriate Committee may also require the removal of a temporary construction structure upon thirty (30) days written request if in its opinion the temporary construction structure is unsightly.

(h) Permanent, Detached Structures (Outbuildings)

Any permanent, detached structure must be finished to blend into the surroundings and its siding must be similar to the siding of the dwelling on the Lot. All permanent, detached structures greater than twelve (12) feet in height must be approved by the appropriate Committee. The appropriate Committee may set criteria on the location of the permanent, detached structure, but it is recommended that such structures be constructed so that they cannot be seen from the front of the Lot.

(i) Fences

No fences shall be erected or placed on any Lot in front of the dwelling, except fences installed by the Developer at certain intersections and along certain streets and green belts. Fences shall be no higher than six (6) feet. Posts and stringers reside on the inside of the fence and facings or rails are on the outside of the fence perimeter.

Fences installed by the Developer shall be maintained by the Association.

(j) Landscaping and Natural Vegetation

All areas of each Lot not devoted to the dwelling, driveway, walks, or other permitted site improvements shall be landscaped or covered with lawns, shrubbery trees, garden bark, landscaping cobbles, or other ground cover. The front yard of each Lot shall support no less than three (3) live trees at any time. The trees shall be six feet high and larger than two and one half (2.5) inches in diameter as measured three feet above the ground. Waivers of this requirement may be granted by the appropriate Committee on a case-by-case basis if the owner presents an acceptable alternative proposal.

All the landscaping shall be completed within twelve months from the date of the purchase of the dwelling.

(k) Signs

No signs of any kind shall be displayed to the public view on any Lot except one sign of not more than five (5) square feet advertising the property for sale or rent, or a sign used by the Declarant or builder to advertise the property during the construction or sales period.

(l) Garbage and Refuse Disposal

Trash, garbage or other waste shall be disposed of through a household garbage disposal or wrapped in a secure package and deposited in a sanitary container. The sanitary container shall be sheltered or kept away from the public view, except the sanitary container or containers may be placed in the public view on the eve or day of garbage pick up. No outside burning of trash or garbage shall be allowed. No portion of the Property shall be used for the storage of building materials, refuse, or any other materials other than in connection with approved construction.

Construction waste shall be kept to a minimum on site and removed to the satisfaction of the appropriate Committee consistent with professional building standards.

(m) Animal Regulations

No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish, and birds inside bird cages may be kept as household pets, provided they are not kept, bred, or raised for commercial purposes or in unreasonable quantities. No more than three (3) dogs may be maintained on the premises. No vicious dog (as defined by the Anchorage Municipal Code) shall be kept on any Lot. All pets shall be chained, fenced or otherwise restrained at all times. No pet shall be

allowed to run freely. Dog runs shall not be visible from the street.

(n) Sight Distance

Fences, walls, hedges, or shrub plantings must conform with municipal sight distance standards for corner Lots.

(o) Water and Sewer

Public water and sewer are already supplied to the Lots. No individual well, water system, or septic system shall be allowed.

(p) Parking and Vehicle Restrictions and Storage

No wrecked, inoperative, vandalized or otherwise derelict-appearing automobiles, and no trucks, trailers, mobile homes, truck campers, detached camper units, boats, motorcycles, snowmachines, all-terrain vehicles, and recreational vehicles of any type, whether operative or inoperative, shall be kept, placed, stored, or maintained upon any Lot, except within an enclosed garage, or screened so that the item is not visible from the public streets, an adjoining Lot, or a nearby house. Fencing, landscaping, or natural vegetation may act as the screen. The purpose of this provision is to keep these stored vehicles as well as any equipment out of sight. Fuel storage is prohibited.

No large commercial van, business related vehicle (e.g. dump trucks), heavy equipment such as bulldozers and road graders may be kept on any Lot or street except during that time it is actually working in the subdivision in a continuous manner. No Lot or street may be used for the storage of any equipment, materials or merchandise used or to be sold in a business or trade.

Notwithstanding the above, campers, boats, and motor homes are allowed to be parked in driveways during the period of May 1 through October 15 so long as they are not covered with tarps which are determined to be unsightly by the Executive Board. If they are parked in the driveways at any other time, the Association may impose a fine, which shall be a lien against the Lot.

(q) Oil and Mining Operations

No oil or gas drilling, development operations, refining, quarrying or mining operations, of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall

be erected, maintained or permitted on any Lot. No surface entry will be permitted and no extraction of minerals will be permitted within a 500-foot buffer measured vertically from the surface.

(r) Nuisances

No noxious or offensive activity shall be carried on within the subdivision, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Motor bikes, motorcycles and automobiles shall have operable mufflers. Snowmachines and all-terrain vehicles shall not be operated within the subdivision at any time.

(s) Antennas

In the event an outside antenna or dish is required, the antenna or dish shall be no longer nor installed higher than absolutely necessary for reception of an acceptable quality signal. Antennas, masts, and any visible wiring must be painted to match the color of the dwelling, provided the paint does not degrade the signal. An antenna or dish situated on the ground and visible from the street or from other Lots must be camouflaged by existing landscaping or fencing, if an acceptable signal may be received from such placement. An antenna, dish, or mast may not extend beyond a railing or fence unless no acceptable quality signal may be received from this location.

(t) Utility and Drainage Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plats and on Exhibit D. Within these easements, no structures, plantings or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or significantly affect the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(u) Architectural Control Standards

All Lots in the Common Interest Community are subject to Architectural Controls set forth in Article IX of this Declaration.

(v) Mailboxes

No mailboxes shall be erected or placed on any Lot until the

mailbox has been approved by the appropriate committee pursuant to Article IX.

Section 7.02. Restrictions on Alienation. A Lot may not be conveyed pursuant to a time-sharing arrangement described in AS 34.08.990(31).

ARTICLE VIII

COMMON EXPENSE ASSESSMENT AND COLLECTION

Section 8.01. Assessment for Common Expenses. Except as provided in Section 8.02 hereof, any Common Expenses shall be assessed against all Lots in accordance with their percentage interest in the Common Expenses. See Table of Interest, attached as Exhibit C. [AS 34.08.460]

Section 8.02. Apportionment of Common Expenses to Less Than All Lots. (a) Any Common Expenses for services provided by the Association for the benefit of an individual Lot at the request of the individual Lot Owner shall be assessed against said Lot.

(b) An assessment to pay a judgment against the Association may be made only against the Lots in the Common Interest Community at the time judgment was entered, in proportion to their percentage interests in the Common Expenses at the time judgment was entered.

(c) Any fees, charges, late charges, fines, collection costs, and interest charged against a Lot Owner pursuant to this Declaration and the Act are enforceable as Common Expense Assessments.

Section 8.03. Lien for Assessment. The Association shall have a lien, according AS 34.08.470, on a Lot for any assessment levied against the Lot and/or for any fines, fees, charges, late charges, collection costs, and/or interest imposed against the Lot Owner from the time any such assessment or fines, fees, charges, late charges, collection costs, and/or interest becomes due. [AS 34.08.460; AS 34.08.470]

ARTICLE IX

ARCHITECTURAL CONTROLS

Section 9.01. General. No structure shall be placed, erected, or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with the provisions of Articles VII and IX of this Declaration and the approval of the appropriate Committee under Section 9.02.

Any Lot Owner may remodel, paint or redecorate the interior of structures on his Lot without approval of the appropriate Committee. However, modifications to the exterior of the dwelling or of other structures on the Lot or the interior of screened porches, patios, and similar portions of a dwelling visible from outside shall be subject to approval by the appropriate Committee.

Pursuant to Declarant's Development Rights and in Declarant's sole discretion, Declarant may repeal, modify, or amend in any way the provisions of Articles VII and/or IX after the initial recordation of the Declaration for any Lots and/or Common Elements not yet conveyed to a purchaser other than a builder, Dealer, or Declarant.

Section 9.02. Architectural Review. Responsibility for administration of the architectural standards and review of all applications for construction and modifications shall be handled by the appropriate Committee as described in subsections (a) and (b). The members of the Committees need not be Lot Owners or representatives of Lot Owners, and may, but need not, include architects, engineers or similar professionals.

(a) Initial Construction Committee. The Initial Construction Committee ("ICC") shall consist of one to three persons and shall have exclusive jurisdiction over all original construction on any portion of the Common Interest Community. The ICC shall scrutinize the plans, specifications, plot plan, and experience and reputation of the contractor to construct the dwelling, which construction shall be performed by a State of Alaska licensed building contractor, unless otherwise allowed in writing the appropriate committee and ratified by a full vote of the Executive Board for (i) quality of workmanship and materials, (ii) harmony of external design with existing structures, (iii) location with respect to topography and finished grade elevation, and (iv) compliance with the land use provisions of Article VII. Until one hundred percent (100%) of the Common Interest Community has been developed and conveyed to Lot Owners other than Builders or Dealers, the Declarant retains the right to appoint all members of the ICC who shall serve at the Declarant's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon expiration of such right, the Executive Board shall appoint the members of the ICC, who shall serve and may be removed in the Executive Board's discretion.

(b) Modification Committee. The Executive Board may establish a Modification Committee ("MC") to consist of at least three and no more than five persons, all of whom shall be appointed by and shall serve at the discretion of the Executive Board. The MC, if established, shall have exclusive jurisdiction

over modifications, additions, or alterations made on or to existing structures on Lots, including fences, landscaping, and site grading. The MC is responsible for the enforcement of architectural standards on any given Lot in the subdivision after the completion of construction of the dwelling on that Lot. The design or color scheme of the proposed improvements or alterations shall be controlled by the MC to insure harmony through out the Subdivision. However, this provision shall not be held to require approval to repaint a dwelling with substantially the same color scheme. The compensation of the members of the MC, if any, shall be established from time to time by the Executive Board. The Executive Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

Until the MC is formed, the ICC will assume the functions of the MC.

Section 9.03. Procedure to Obtain Committee Approval.

Requests for approval by either the ICC or MC shall be submitted in writing according to the specific procedure and on the forms established by these Committees. The approval or disapproval of these Committees to a request shall be in writing. In the event the Committees, or their designated representative fail to approve or disapprove a request within thirty (30) days after plans and specifications have been submitted, the proposal shall be deemed approved. Notification may be delivered orally, but must be followed with written confirmation.

Committee review does not imply any review of the adequacy of the plans or specifications for strength, suitability or durability, including structural design. By approval of any proposal, there is no implication that these Committees, the Declarant, or the Association have any liability or responsibility for the quality or sufficiency of the design or materials.

All plans and documents submitted to these Committees will be retained in their files.

No dwelling, structure, or other improvement (including regrading of the site) shall be constructed, placed, erected, repainted, altered or made without the express written approval of the ICC or MC. Failure to obtain the approval of the ICC prior to making an improvement to the land or dwelling shall give the ICC the right to bring a legal action at law or in equity against the wrongdoer. Similarly, when the MC has jurisdiction over the approval process, if a Lot Owner fails to obtain the MC's approval before commencing a modification, the Association may levy an assessment against the Lot Owner for each day following commencement of construction until the MC approval is

obtained, and the Association may bring a legal action at law or in equity against the wrongdoer.

Decisions of the MC may be appealed to the Executive Board. Appeals must be taken to the Board by written notice to the Board not more than thirty (30) days following receipt of the final decision of the MC.

ARTICLE X EASEMENTS AND LICENSES

Section 10.01. Recording Data. All easements and licenses to which the Common Interest Community is presently subject are recited in Exhibit D. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to Section 5.01 in this Declaration. [AS 34.08.130(a)(13)]

ARTICLE XI AMENDMENTS

Section 11.01. General. Except in cases of amendments that are executed by the Declarant in the exercise of its Development Rights or as otherwise provided by the Declaration or the Act, this Declaration, including the Plat and Plans, may be amended only by vote or agreement of Lot Owners of Lots to which at least sixty seven percent (67%) of the votes in the Association are allocated. [AS 34.08.250]

Section 11.02. Declarant Rights. Provisions in this Declaration reserving Declarant rights may not be amended without the consent of Declarant.

If, in Declarant's exercise of any rights described in Article V of this Declaration, an amendment to the Declaration is required, the Declarant shall, in conformance with the Act, prepare, execute, and record an amendment to the Declaration, to any required Plat and Plan, and to any other required exhibits. Any amendment effected by Declarant's exercise of rights reserved in Article V requires Declarant approval only.

ARTICLE XII MISCELLANEOUS

Section 12.01. Changes in Act. In the future and from time to time, in all instances where this Declaration or the Bylaws contain language that tracks the Act on the date that Sahalee is created, this Declaration and the Bylaws shall be automatically amended in accordance with the amended cognate language of the Act which may be adopted by the State of Alaska, unless the particular language of the Declaration or Bylaws, either as

initially adopted or as amended at any subsequent time by the Association, is clearly to supersede the amended text of the Act.

Section 12.02. Captions. The captions contained in the Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration nor the intent of any provision thereof.

Section 12.03. Waiver. No provision contained in the Declaration 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 12.04. Invalidity. The invalidity of any provision of the Declaration 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 Declaration shall continue in full force and effect.

Section 12.05. Conflict. The Declaration, the Bylaws, and the Articles of Incorporation are intended to comply with the requirements of the Act and Title 10, Chapter 20 of the Alaska Statutes (Non Profit Corporation Law). In the event of any conflict between these documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other documents, this Declaration shall control.

Section 12.06 Arbitration. Any dispute over ICC approval of plans for construction of the first dwelling on a Lot shall be decided by arbitration. An aggrieved party seeking arbitration shall notify the ICC. The parties shall attempt to select a retired local judge to arbitrate the dispute. If the parties cannot agree on the name of a retired local judge, each party shall party to such a dispute shall select and pay for an arbitrator of its choice to act as an arbitrator. These arbitrators shall select a third arbitrator whose costs shall be shared equally by the parties. The arbitration shall proceed at the earliest possible time, and the arbitrators are encouraged to render their decision within twenty-four (24) hours of the conclusion of the arbitration proceeding, including in their decision an award of cost and attorney fees to the prevailing party.

Any dispute that the parties agree to subject to arbitration shall follow the above procedure.

ARTICLE XIII
MORTGAGE PROTECTION

In the future and from time to time, Eligible Mortgagees and Insurers (AHFC, FNMA, FHLMC, FHA, VA, etc.) may adopt provisions that relate to the financing of improvements on the Lots or require the Association to notify the Eligible Mortgagees and Insurers who have requested to be given notices. It is the intent of the Declarant that the Declaration and the Bylaws shall incorporate these financing provisions by this reference as if they were already set forth herein and adopted by the Association without any further action.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by the manager and duly authorized agent this 4TH day of AUGUST, 1998.

DECLARANT:

SAHALEE DEVELOPMENT, LLC.

By:

Thomas Dreyer
Its: MANAGER

STATE OF ALASKA)

) SS.

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 4th day of August, 1998, before me, the undersigned, appeared Thomas Dreyer, who acknowledged being the Manager of SAHALEE DEVELOPMENT, LLC, an Alaska limited liability company, and voluntarily signing and sealing the foregoing instrument on behalf of said limited liability company, and being authorized so to do.

Mary P. Seida
Notary Public in and for Alaska
My Commission Expires: 8/3/02

Upon recordation return to:

Thomas Dreyer
Lantech
440 W. Benson Blvd. Ste. 103
Anchorage, AK 99503

Sahalee Development, LLC, Declarant
[insert name and capacity]

EXHIBIT A
DESCRIPTION OF LAND

Lots and Common Elements Subject to Declaration:

A Subdivision of Tract B, Sahalee Tracts, filed under Plat No. 98-81, located within the S.W $\frac{1}{4}$ of Section 10, T12N, R3W, S.M., Anchorage Recording District, Third Judicial District, State of Alaska

Real Property Subject to Development Rights (Including But Not Limited to the Right to Withdraw):

Tracts A and C filed under Plat No. 98-81 in the records of the Anchorage Recording District, Third Judicial District, State of Alaska.

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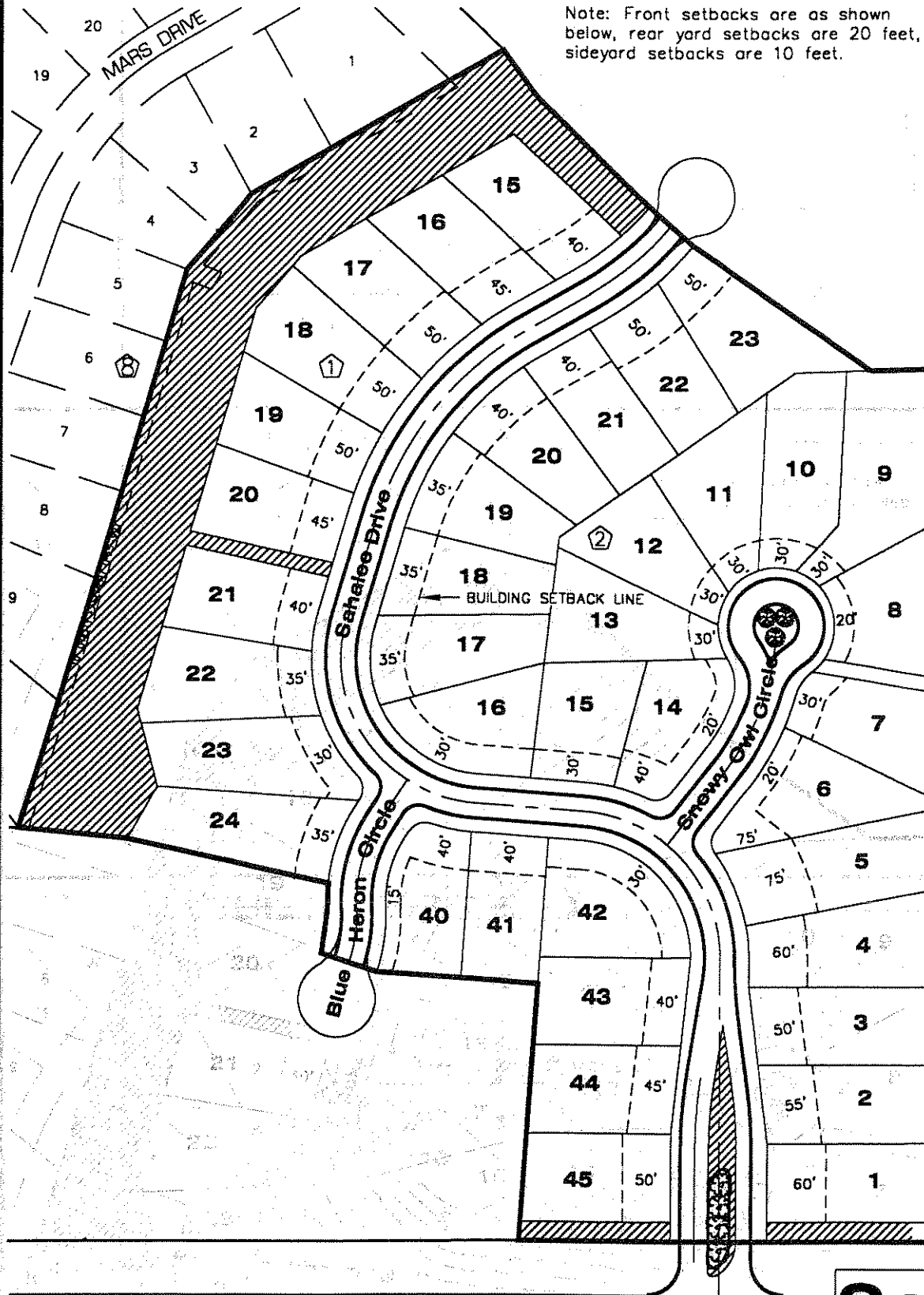
EXHIBIT B
PLAT (Exhibit B-1) AND SITE PLAN (EXHIBIT B-2)

(Replace with Plat and Site Plans that have been reduced in size.)

BUILDING SETBACKS

A.19

Note: Front setbacks are as shown below, rear yard setbacks are 20 feet, sideyard setbacks are 10 feet.



ABBOTT ROAD

SPRING HILL ESTATES

Sahalee
PHASE 1

Lantech
LAND & CONSTRUCTION SURVEYORS-AUTOCAD
440 W. EASON BLVD. SUITE 103
ANDERSON, ALABAMA 36603
205-339-1744 FAX 205-339-1745

DATE: 8/3/1998
SCALE: NTS
SHEET: 2236

Exhibit B-2

L:\Marlow\Sahalee\97s26-Setback-Sahalee.dwg - Mon Aug 03 13:18:09 1998 Lantech, Inc.

FAR NORTH BICENTENNIAL PARK

HILLSIDE PARK

TRACT C
28.350 ACRES
FUTURE DEVELOPMENT

ZODIAK MANOR ALASKA SUBD.

(FUTURE PROPOSED ELEMENTARY SCHOOL SITE)

← Phase 1

SERVICE HANSHEW SCHOOL SITE

Exclusively Marketed By
THE REALESTATE CO.
Paul Palmer, Broker (907) 583-4858

Sahalee

Lantech
LAND & CONSTRUCTION SURVEYORS • AUTOCAD
440 W BENSON BLVD. SUITE 103
ANCHORAGE, ALASKA 99503
562-5291 (FAX 561-6629)
PLANNERS
ENGINEERS

TRACT A
7.071 ACRES
FUTURE DEVELOPMENT

ABBOTT ROAD

UNSUBDIVIDED

SPRING HILL ESTATES

BLM 34

BLM 33

JUPITER DRIVE

190100927

190100927

Exhibit B-2

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EXHIBIT C
TABLE OF INTERESTS

<u>Lot No.</u>	<u>Percentage Interest</u>	<u>Votes in Association</u>
Block 1		
15	2.5648	1
16	2.564	1
17	2.564	1
18	2.564	1
19	2.564	1
20	2.564	1
21	2.564	1
22	2.564	1
23	2.564	1
24	2.564	1
40	2.564	1
41	2.564	1
42	2.564	1
43	2.564	1
44	2.564	1
45	2.564	1
Block 2		
1	2.564	1
2	2.564	1
3	2.564	1
4	2.564	1
5	2.564	1
6	2.564	1
7	2.564	1
8	2.564	1
9	2.564	1
10	2.564	1
11	2.564	1
12	2.564	1
13	2.564	1
14	2.564	1
15	2.564	1
16	2.564	1
17	2.564	1
18	2.564	1
19	2.564	1
20	2.564	1
21	2.564	1
22	2.564	1
23	2.564	1
TOTAL	100%	39

EXHIBIT D
EASEMENTS AND LICENSES

The Common Interest Community is presently subject to the following easements and licenses:

1. All greenbelt tracts are also electrical and telecommunication easements to provide service to lots.
2. Chugach Electric Association, Inc. easement in ADL No. 63702
3. There is a natural vegetative buffer as per A.O. 97-141 section 1.c, 50' in width, with the southern boundary being the north edge of the paved bike trail along Abbot Road, except where it is necessary to remove vegetation for the construction of a residential structure (including roads and driveways).
4. As per A.O. 97-141 section 1b, where it is necessary for homesite development, to include the home, driveway, and yard space, consideration shall be given to first removing dead trees, and that as many trees as possible with a diameter of 8" or more shall be retained on the lot. Special attention should be given to maintaining vegetative wind breaks and visual buffers to screen the lot from adjacent development.
5. Reservations and exceptions as contained in the United States Patent and/or in Acts authorizing the issuance thereof, said patent was recorded September 16, 1965 in Deed Book 311 at Page 105.
6. Reservations and exceptions as contained in the State of Alaska patent and/or in Acts authorizing the issuance thereof, said patent was recorded January 4, 1979 in Book 369 at Page 448.
7. Slope easements, as dedicated and reserved on the plat of said subdivision, to the record of which reference is hereby made.
8. Easements as shown on the plat of said subdivision, to the record of which reference is hereby made.
9. Blanket Easement for electrical transmission and/or telephone distribution and incidental purposes, including terms and provisions thereof, to the record of which reference is hereby made granted to Chugach Electric Association, Inc., recorded June 29, 1998 in Book 3279 at Page 921.

10. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded June 12, 1998 in Book 3269 at page 381 between the Municipality of Anchorage and Sahalee Development, LLC. The above agreement contains the following notation, "This subdivision agreement does not create a lien on the property."
11. Municipality of Anchorage Resolution No. 98-01, including terms and provisions thereof, as recorded July 24, 1998 in Book 3294 at page 193, to the record of which reference is hereby made. (Affects this and other property.)

048269

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ANCHORAGE
RECORDING DISTRICT

REQUESTED BY

Hoge & Leisner

DECLARATION

SAHALEE, a Common Interest Community
Phase II

ARTICLE I

SUBMISSION: DEFINED TERMS

Section 1.01. Submission of Real Estate. Sahalee Development, LLC, an Alaska limited liability company (the "Declarant"), owner in fee simple of the real estate described in Section 2.02 located in the Anchorage Recording District, Third Judicial District, State of Alaska, hereby submits the real estate, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of AS 34.08.010 et. seq. known as the Alaska Common Interest Ownership Act (the "Act").

Section 1.02. Defined Terms. Each capitalized term not otherwise defined in this Declaration or on the Plat and Site Plan shall have the meanings specified or used in the Act.

ARTICLE II

NAME: DESCRIPTION OF REAL ESTATE

Section 2.01. Name. (a) Common Interest Community. The name of the Common Interest Community is Sahalee. [AS 34.08.130(a)(1)]

(b) Association. The name of the Association is Sahalee Homeowners Association, Inc, a non-profit corporation organized under the laws of the State of Alaska. [AS 34.08.130(a)(1)]

Section 2.02. Real Estate. The Common Interest Community is located in the Anchorage Recording District, Third Judicial District, State of Alaska. [AS 34.08.130(a)(2)] The real estate of the Common Interest Community is described in Exhibit A. [AS 34.08.130(a)(3)]

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ARTICLE III THE ASSOCIATION

Section 3.01. Authority. The business affairs of the Common Interest Community shall be managed by the Association. The Association shall be governed by its Bylaws, as amended from time to time. [AS 34.08.320(a)]

Section 3.02. Powers. (a) The Association shall have all the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Common Interest Community. [AS 34.08.330]

(b) 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. [AS 34.08.320(a)(14)]

Section 3.03. Declarant Control. The Declarant shall have all the powers reserved in AS 34.08.330 of the Act to appoint and remove officers and members of the Executive Board.[AS 34.08.330]

Section 3.04. Maintenance, Repair and Replacement. The Association shall repair, replace and maintain the Common Elements (e.g., greenbelts), including but not limited to the maintenance, repair and replacement expenses for subdivision entry features, signage, lighting, landscaping, drainage and utility easements, fences, sidewalk snow removal, and removal of trees killed by insects.

ARTICLE IV LOTS

Section 4.01. Number of Lots. The number of Lots in the this phase of the Common Interest Community is 34. The term "Lot" shall have the same meaning as "unit" in AS 34.08.990(32) of the Act. The Declarant reserves the right to add additional Lots to the Common Interest Community if the Declarant exercises its Development Rights and submits additional Lots and/or real estate to the Common Interest Community. Declarant reserves the right to develop a maximum of 116 Lots. Declarant does not guarantee that all of these Lots will be developed. [AS 34.08.130(a)(4)]

Section 4.02. Identification of Lots. The identification number of each Lot is shown on the Plat by lot and block number. [AS 34.08.130(a)(5)]

979 PG 979

Section 4.03. Lot Boundaries. The boundaries of each Lot are the boundaries of the numbered Lots shown on the Plat. The boundary of the Lots in this phase of the Common Interest Community are shown on Plat No 98-81, attached to this Declaration as Exhibit B-1. [AS 34.08.130(a)(5); AS 34.08.100]

Section 4.04. Subdivision of Lots. Lots may not be reduced in size. Owners of contiguous Lots may, however, resubdivide their Lots without the agreement of other Lot Owners, so long as they have approval of the Executive Board and no Lot resulting from the subdivision is smaller than the smallest of the Lots from which the new Lots were created. [AS 34.08.210]

ARTICLE V

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 5.01. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights:

- (a) the right to complete or make improvements indicated on the Plat and Site Plan; [AS 34.08.130(a)(8); AS 34.08.170]
- (b) the right to maintain sales offices, management offices and models on Lots or on the Common Elements, but only in a manner which does not unreasonably disturb Lot Owners; [AS 34.08.130(a)(8); AS 34.08.230]
- (c) the right to maintain signs in the Common Ownership Community to advertise the Lots; [AS 34.08.130(a)(8); AS 34.08.230]
- (d) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration; [AS 34.08.130(a)(8); AS 34.08.240]
- (e) the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the Act; [AS 34.08.130(a)(8); AS 34.08.330(d)]
- (f) the right to exercise any Development Right including the rights to (i) add real estate presently outside of Sahalee to the Common Interest Community; (ii) create Lots or Common Elements within the Common

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Interest Community (Declarant may, at the time it adds any additional Lots and/or Common Elements to the Common Interest Community, specify restrictions on use, occupancy, and alienation, as well as standards for architectural controls for the additional Lots and/or Common Elements, should Declarant determine that, in its sole discretion, that restrictions and standards different than those contained in this Declaration are appropriate); (iii) subdivide Lots or convert Lots into Common Elements; or (iv) withdraw real estate from the Common Interest Community; and

- (g) convey utility and drainage easements to utility companies and the Municipality of Anchorage, respectively, in Declarant's own name and on behalf of the Association; and convey public use easements in any Common Elements.

Section 5.02. Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant for the period of time specified in the Act. [AS 34.08.130(a)(10); AS 34.08.330]

Section 5.03. Personal Property of Declarant. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and maintenance of the Common Interest Community that Declarant has not explicitly represented as Property of the Association. The Declarant reserves the right to remove from the Property any and all goods, models, and Improvements used in development, marketing, and construction, whether or not they have become fixtures.

Section 5.04. Declarant's Easement for Construction. The Declarant reserves the right to perform warranty work, repairs, construction work, and to store materials in secure areas on Lots and Common Elements and the further right to control all such work and repairs and the right of access thereto, until the completion of any such repair or work. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising any Development or Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement also includes the Declarant's right to convey utility and drainage easements to public utilities, municipalities, the State, riparian owners, or upland owners.

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Section 5.05. Lot Ownership by Declarant. Until Declarant no longer owns any Lots in the Common Interest Community, the Declarant and its duly authorized agents, representatives, and/or employees may maintain any Lot owned by the Declarant or any portion of the Common Elements as a model Lot, sales office or management office.

ARTICLE VI ALLOCATED INTERESTS

Section 6.01. Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability and votes in the Association allocated to each Lot are set forth in Exhibit C. [AS 34.08.130(a)(11)]

Section 6.02. Determination of Allocated Interests. The interests allocated to each Lot have been calculated as follows:

(a) the percentage of liability for Common Expenses and for the undivided interest in the Common Elements allocated to each Lot is an equal percentage interest derived by dividing the total number of Lots in the Common Interest Community into one hundred percent (100%). The specified percentage for the initial phase is set forth in Exhibit C. When Lots are added or removed from the Common Interest Community, the above formula shall be used in reallocating the interest in an amendment to the Declaration; and

(b) Each Lot in the Common Interest Community shall have one equal vote.
[AS 34.08.150]

ARTICLE VII RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 7.01. Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved by the Declarant, the following use restrictions apply to all Lots and to the Common Elements: AS 34.08.130(a)(12)

(a) Land Use and Dwelling Type

No Lot shall be used except for residential purposes, except that professional or business uses may be conducted in a dwelling provided that the uses must be incidental to the use of the dwelling for residential purposes. Non-residential activities must comply with governmental regulations addressing home occupations. No signs may

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indicate in any way that a nonresidential activity is being conducted, and no increase in street traffic, substantial or insubstantial is permissible.

No dwelling or structure shall be erected, altered, placed or permitted to remain on any Lot other than the following structures, which shall be subject to all of the terms and provisions of this Declaration:

1. One detached single family dwelling. Every dwelling must have a garage capable of housing at least two automobiles side by side. Carports are not allowed.
2. Fences, gates, and associated structures.
3. Retaining walls.
4. A greenhouse.
5. A garden tool shed, children's playhouse, or like structure.
6. A doghouse and/or pen.
7. Any other accessory dwelling, shed, structure, antenna, or other item permitted by the appropriate architectural control committee described in Article IX (hereinafter collectively referred to as the "appropriate Committee").
8. A driveway.

(b) Dwelling Quality, Size, and Construction

Each ranch dwelling shall contain a minimum floor area of 1800 square feet, and each two-story dwelling shall contain a minimum floor area of 2100 square feet, exclusive of the garages, open decks, sheds, or other outbuildings. Construction from identical or similar plans must be sufficiently modified so that the exterior elevation of no two houses will be duplicated within three hundred (300) feet from the nearest front property line. To avoid duplication of plans within three hundred (300) feet of the nearest front property line, at least two dwelling design elements must be changed.

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(c) Siding, Roofs, and Colors

Exterior finishes shall be wood lap siding, brick, stone, designer glass block or a finish of equal value approved by the appropriate Committee. T1-11 or sheet wood siding shall only be an acceptable exterior finish if it cannot be seen from the front or either side of the Lot.

All roofs shall be of a material, color and texture approved by the appropriate Committee. Cedar shake roofing or architectural shingles are recommended. Approval by the appropriate Committee will be based on the visual impact of the roof on the Lot or neighboring Lots, dwellings, roads and open spaces.

The color of external materials shall be subdued. Earth tones, generally muted, are recommended, although occasionally accent colors used judiciously and with restraint may be permitted by the appropriate Committee. The exterior color of a dwelling shall be different from the external color of the adjacent dwellings. The entire body of the dwelling must be painted or stained the same color. The subjective matter of approving colors is the responsibility of the appropriate Committee.

(d) Dwelling Location

No dwelling shall be located on any Lot nearer than the setback requirements shown on the Site Plan attached as Exhibit B-2; variances may be approved by the appropriate committee.

(e) Completion of Exteriors and Dwelling Occupancy

A dwelling must be enclosed and its exteriors finished within twelve (12) months of the time of beginning of construction. No dwelling shall be occupied prior to the completion of the exterior.

(f) Driveways

All driveways leading from the street to the garage shall be hard-surfaced asphalt, concrete, or pavers. Driveway colors must be approved by the appropriate Committee.

(g) Temporary Structures

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. Temporary construction structures shall be limited to small, approved structures under two hundred (200) square feet. Temporary construction structures shall be approved by the appropriate Committee. These structures shall be used only during the construction or modification phase of a dwelling and shall be removed promptly upon completion of the improvements on the Lot. The appropriate Committee may also require the removal of a temporary construction structure upon thirty (30) days written request if in its opinion the temporary construction structure is unsightly.

(h) Permanent, Detached Structures (Outbuildings)

Any permanent, detached structure must be finished to blend into the surroundings and its siding must be similar to the siding of the dwelling on the Lot. All permanent, detached structures greater than twelve (12) feet in height must be approved by the appropriate Committee. The appropriate Committee may set criteria on the location of the permanent, detached structure, but it is recommended that such structures be constructed so that they cannot be seen from the front of the Lot.

(i) Fences

No fences shall be erected or placed on any Lot in front of the dwelling, except fences installed by the Developer at certain intersections and along certain streets and green belts. Fences shall be no higher than six (6) feet. Posts and stringers reside on the inside of the fence and facings or rails are on the outside of the fence perimeter.

Fences installed by the Developer shall be maintained by the Association.

(j) Landscaping and Natural Vegetation

All areas of each Lot not devoted to the dwelling, driveway, walks, or other permitted site improvements shall be landscaped or covered with lawns, shrubbery trees, garden bark, landscaping cobbles, or other ground cover. The front yard of each Lot shall support no less than three (3) live trees at any time. The trees shall be six feet high and larger than two and one half (2.5) inches in diameter as measured three feet above the ground. Waivers of this requirement may be granted by the appropriate Committee on a case-by-case basis if the owner presents an acceptable alternative proposal.

All the landscaping shall be completed within twelve months from the date of the purchase of the dwelling.

(k) Signs

No signs of any kind shall be displayed to the public view on any Lot except one sign of not more than five (5) square feet advertising the property for sale or rent, or a sign used by the Declarant or builder to advertise the property during the construction or sales period.

(l) Garbage and Refuse Disposal

Trash, garbage or other waste shall be disposed of through a household garbage disposal or wrapped in a secure package and deposited in a sanitary container. The sanitary container shall be sheltered or kept away from the public view, except the sanitary container or containers may be placed in the public view on the eve or day of garbage pick up. No outside burning of trash or garbage shall be allowed. No portion of the Property shall be used for the storage of building materials, refuse, or any other materials other than in connection with approved construction.

Construction waste shall be kept to a minimum on site and removed to the satisfaction of the appropriate Committee consistent with professional building standards.

(m) Animal Regulations

No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish, and birds inside bird cages may be kept as household pets, provided they are not kept, bred, or raised for commercial purposes or in unreasonable quantities. No more than three (3) dogs may be maintained on the premises. No vicious dog (as defined by the Anchorage Municipal Code) shall be kept on any Lot. All pets shall be chained, fenced or otherwise restrained at all times. No pet shall be allowed to run freely. Dog runs shall not be visible from the street.

(n) Sight Distance

Fences, walls, hedges, or shrub plantings must conform with municipal sight distance standards for corner Lots.

(o) Water and Sewer

Public water and sewer are supplied to the Lots. No individual well, water system, or septic system shall be allowed.

(p) Parking and Vehicle Restrictions and Storage

No wrecked, inoperative, vandalized or otherwise derelict-appearing automobiles, and no trucks, trailers, mobile homes, truck campers, detached camper units, boats, motorcycles, snowmachines, all-terrain vehicles, and recreational vehicles of any type, whether operative or inoperative, shall be kept, placed, stored, or maintained upon any Lot, except within an enclosed garage, or screened so that the item is not obviously visible from the public streets, an adjoining Lot, or a nearby house. Fencing, landscaping, or natural vegetation may act as the screen. The purpose of this provision is to keep these stored vehicles as well as any equipment out of sight as much as possible. Fuel storage is prohibited. Pickup trucks with or without signage on the doors are excluded from this provision.

No large commercial van, business related vehicle (e.g. dump trucks), heavy equipment such as bulldozers and road graders may be kept on any Lot or street except during that time it is actually working in the subdivision in a continuous manner. No Lot or street may be used for the storage of any equipment, materials or merchandise used or to be sold in a business or trade.

Notwithstanding the above, campers, boats, and motor homes are allowed to be parked in driveways during the period of May 1 through October 15 so long as they are not covered with tarps which are determined to be unsightly by the Executive Board. Snowmachines may be parked in the driveways during the winter season.

(q) Oil and Mining Operations

No oil or gas drilling, development operations, refining, quarrying or mining operations, of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot. No surface entry will be permitted and no extraction of minerals will be permitted within a 500-foot buffer measured vertically from the surface.

(r) Nuisances

No noxious or offensive activity shall be carried on within the subdivision, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Motor bikes, motorcycles and automobiles shall have operable mufflers. Snowmachines and all-terrain vehicles shall not be operated within the subdivision at any time.

(s) Antennas

In the event an outside antenna or dish is required, the antenna or dish shall be no longer nor installed higher than absolutely necessary for reception of an acceptable quality signal. Antennas, masts, and any visible wiring must be painted to match the color of the dwelling, provided the paint does not degrade the signal. An antenna or dish situated on the ground and visible from the street or from other Lots must be camouflaged by existing landscaping or fencing, if an acceptable signal may be received from such placement. An antenna, dish, or mast may not extend beyond a railing or fence unless no acceptable quality signal may be received from this location.

(t) Utility and Drainage Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plats and on Exhibit D. Within these easements, no structures, plantings or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or significantly affect the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(u) Architectural Control Standards

All Lots in the Common Interest Community are subject to Architectural Controls set forth in Article IX of this Declaration.

(v) Mailboxes

No mailboxes shall be erected or placed on any Lot until the mailbox has been approved by the appropriate committee pursuant to Article IX. Mailboxes may be "cluster" style, as required by the postmaster.

Section 7.02. Restrictions on Alienation. A Lot may not be conveyed pursuant to a time-sharing arrangement described in AS 34.08.990(31).

ARTICLE VIII
COMMON EXPENSE ASSESSMENT AND COLLECTION

Section 8.01. Assessment for Common Expenses. Except as provided in Section 8.02 hereof, any Common Expenses shall be assessed against all Lots in accordance with their percentage interest in the Common Expenses. See Table of Interest, attached as Exhibit C. [AS 34.08.460]

Section 8.02. Apportionment of Common Expenses to Less Than All Lots. (a) Any Common Expenses for services provided by the Association for the benefit of an individual Lot at the request of the individual Lot Owner shall be assessed against said Lot.

(b) An assessment to pay a judgment against the Association may be made only against the Lots in the Common Interest Community at the time judgment was entered, in proportion to their percentage interests in the Common Expenses at the time judgment was entered.

(c) Any fees, charges, late charges, fines, collection costs, and interest charged against a Lot Owner pursuant to this Declaration and the Act are enforceable as Common Expense Assessments.

Section 8.03. Lien for Assessment. The Association shall have a lien, according AS 34.08.470, on a Lot for any assessment levied against the Lot and/or for any fines, fees, charges, late charges, collection costs, and/or interest imposed against the Lot Owner from the time any such assessment or fines, fees, charges, late charges, collection costs, and/or interest becomes due. [AS 34.08.460; AS 34.08.470]

ARTICLE IX
ARCHITECTURAL CONTROLS

Section 9.01. General. No structure shall be placed, erected, or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with the provisions of Articles VII and IX of this Declaration and the approval of the appropriate Committee under Section 9.02.

Any Lot Owner may remodel, paint or redecorate the interior of structures on his Lot without approval of the appropriate Committee. However, modifications to the exterior of the dwelling or of other structures on the Lot or the interior of screened porches, patios, and similar portions of a dwelling visible from outside shall be subject to approval by the appropriate Committee.

Pursuant to Declarant's Development Rights and in Declarant's sole discretion, Declarant may repeal, modify, or amend in any way the provisions of Articles VII and/or IX after the initial recordation of the Declaration for any Lots and/or Common Elements not yet conveyed to a purchaser other than a builder, Dealer, or Declarant.

Section 9.02. Architectural Review. Responsibility for administration of the architectural standards and review of all applications for construction and modifications shall be handled by the appropriate Committee as described in subsections (a) and (b). The members of the Committees need not be Lot Owners or representatives of Lot Owners, and may, but need not, include architects, engineers or similar professionals.

(a) Initial Construction Committee. The Initial Construction Committee ("ICC") shall consist of one to three persons and shall have exclusive jurisdiction over all original construction on any portion of the Common Interest Community. The ICC shall scrutinize the plans, specifications, plot plan, and experience and reputation of the contractor to construct the dwelling, which construction shall be performed by a State of Alaska licensed building contractor, unless otherwise allowed in writing the appropriate committee and ratified by a full vote of the Executive Board for (i) quality of workmanship and materials, (ii) harmony of external design with existing structures, (iii) location with respect to topography and finished grade elevation, and (iv) compliance with the land use provisions of Article VII. Until one hundred percent (100%) of the Common Interest Community has been developed and conveyed to Lot Owners other than Builders or Dealers, the Declarant retains the right to appoint all members of the

ICC who shall serve at the Declarant's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon expiration of such right, the Executive Board shall appoint the members of the ICC, who shall serve and may be removed in the Executive Board's discretion.

(b) Modification Committee. The Executive Board may establish a Modification Committee ("MC") to consist of at least three and no more than five persons, all of whom shall be appointed by and shall serve at the discretion of the Executive Board. The MC, if established, shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing structures on Lots, including fences, landscaping, and site grading. The MC is responsible for the enforcement of architectural standards on any given Lot in the subdivision after the completion of construction of the dwelling on that Lot. The design or color scheme of the proposed improvements or alterations shall be controlled by the MC to insure harmony through out the Subdivision. However, this provision shall not be held to require approval to repaint a dwelling with substantially the same color scheme. The compensation of the members of the MC, if any, shall be established from time to time by the Executive Board. The Executive Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

Until the MC is formed, the ICC will assume the functions of the MC.

Section 9.03. Procedure to Obtain Committee Approval. Requests for approval by either the ICC or MC shall be submitted in writing according to the specific procedure and on the forms established by these Committees. The approval or disapproval of these Committees to a request shall be in writing. In the event the Committees, or their designated representative fail to approve or disapprove a request within thirty (30) days after plans and specifications have been submitted, the proposal shall be deemed approved. Notification may be delivered orally, but must be followed with written confirmation.

Committee review does not imply any review of the adequacy of the plans or specifications for strength, suitability or durability, including structural design. By approval of any proposal, there is no implication that these Committees, the Declarant, or the Association have any liability or responsibility for the quality or sufficiency of the design or materials.

All plans and documents submitted to these Committees will be retained in their

files.

No dwelling, structure, or other improvement (including regrading of the site) shall be constructed, placed, erected, repainted, altered or made without the express written approval of the ICC or MC. Failure to obtain the approval of the ICC prior to making an improvement to the land or dwelling shall give the ICC the right to bring a legal action at law or in equity against the wrongdoer. Similarly, when the MC has jurisdiction over the approval process, if a Lot Owner fails to obtain the MC's approval before commencing a modification, the Association may levy an assessment against the Lot Owner for each day following commencement of construction until the MC approval is obtained, and the Association may bring a legal action at law or in equity against the wrongdoer.

Decisions of the MC may be appealed to the Executive Board. Appeals must be taken to the Board by written notice to the Board not more than thirty (30) days following receipt of the final decision of the MC.

ARTICLE X EASEMENTS AND LICENSES

Section 10.01. Recording Data. All easements and licenses to which the Common Interest Community is presently subject are recited in Exhibit D. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to Section 5.01 in this Declaration. [AS 34.08.130(a)(13)]

ARTICLE XI AMENDMENTS

Section 11.01. General. Except in cases of amendments that are executed by the Declarant in the exercise of its Development Rights or as otherwise provided by the Declaration or the Act, this Declaration, including the Plat and Plans, may be amended only by vote or agreement of Lot Owners of Lots to which at least sixty seven percent (67%) of the votes in the Association are allocated. [AS 34.08.250]

Section 11.02. Declarant Rights. Provisions in this Declaration reserving Declarant rights may not be amended without the consent of Declarant.

If, in Declarant's exercise of any rights described in Article V of this Declaration, an amendment to the Declaration is required, the Declarant shall, in conformance with

the Act, prepare, execute, and record an amendment to the Declaration, to any required Plat and Plan, and to any other required exhibits. Any amendment effected by Declarant's exercise of rights reserved in Article V requires Declarant approval only.

ARTICLE XII MISCELLANEOUS

Section 12.01. Changes in Act. In the future and from time to time, in all instances where this Declaration or the Bylaws contain language that tracks the Act on the date that Sahalee is created, this Declaration and the Bylaws shall be automatically amended in accordance with the amended cognate language of the Act which may be adopted by the State of Alaska, unless the particular language of the Declaration or Bylaws, either as initially adopted or as amended at any subsequent time by the Association, is clearly to supersede the amended text of the Act.

Section 12.02. Captions. The captions contained in the Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration nor the intent of any provision thereof.

Section 12.03. Waiver. No provision contained in the Declaration 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 12.04. Invalidity. The invalidity of any provision of the Declaration 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 Declaration shall continue in full force and effect.

Section 12.05. Conflict. The Declaration, the Bylaws, and the Articles of Incorporation are intended to comply with the requirements of the Act and Title 10, Chapter 20 of the Alaska Statutes (Non Profit Corporation Law). In the event of any conflict between these documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other documents, this Declaration shall control.

Section 12.06 Arbitration. Any dispute over ICC approval of plans for construction of the first dwelling on a Lot shall decided by arbitration. An aggrieved party seeking arbitration shall notify the ICC. The parties shall attempt to select a retired local judge to arbitrate the dispute. If the parties cannot agree on the name of a retired

local judge, each party shall party to such a dispute shall select and pay for an arbitrator of its choice to act as an arbitrator. These arbitrators shall select a third arbitrator whose costs shall be shared equally by the parties. The arbitration shall proceed at the earliest possible time, and the arbitrators are encouraged to render their decision within twenty-four (24) hours of the conclusion of the arbitration proceeding, including in their decision an award of cost and attorney fees to the prevailing party.

Any dispute that the parties agree to subject to arbitration shall follow the above procedure.

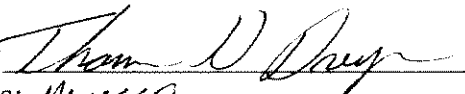
ARTICLE XIII
MORTGAGE PROTECTION

In the future and from time to time, Eligible Mortgagees and Insurers (AHFC, FNMA, FHLMC, FHA, VA, etc.) may adopt provisions that relate to the financing of improvements on the Lots or require the Association to notify the Eligible Mortgagees and Insurers who have requested to be given notices. It is the intent of the Declarant that the Declaration and the Bylaws shall incorporate these financing provisions by this reference as if they were already set forth herein and adopted by the Association without any further action.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by the manager and duly authorized agent this 26th day of May, 1999.

DECLARANT:

SAHALEE DEVELOPMENT, LLC.

By: 
Its: MANAGER

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 28th day of May, 1999, before me,

the undersigned, appeared THOMAS DREYER, who acknowledged being the MANAGER of SAHALEE DEVELOPMENT, LLC, an Alaska limited liability company, and voluntarily signing and sealing the foregoing instrument on behalf of said limited liability company, and being authorized so to do.

Mary P. Todd

Notary Public in and for Alaska

My Commission Expires: 8/3/02

Upon recordation return to:

Tom Dreyer
Sahalee Development LLC
440 W. Benson Blvd., Ste.103
Anchorage, AK 99503

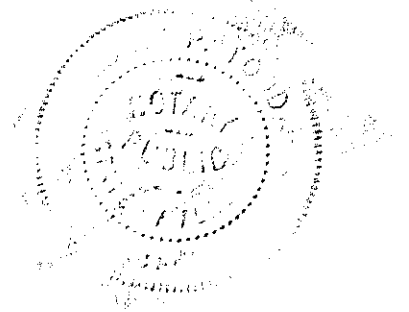


EXHIBIT A
DESCRIPTION OF LAND

Lots and Common Elements Subject to Phase I Declaration

A Subdivision of Tract B, Sahalee Tracts, filed under Plat No. 98-81, located within the S.W. 1/4 of Section 10, T12N, R3W, S.M., Anchorage Recording District, Third Judicial District, State of Alaska

Lots and Common Elements Subject to Phase II Declaration

Lots 1-14, Block 1, Lots 24-32, 52-56 & 66-71, Block 2, Greenbelt Tracts A, G, H, J, & K, Phase 2 Subdivision, Plat 99-53, recorded in the Anchorage Recording District, Third Judicial District, State of Alaska and containing 28.35 acres \pm 34 lots and 5 tracts.

Real Property Subject to Development Rights (Including But Not Limited to the Right to Withdraw)

Phase I:

Tracts A and C filed under Plat No. 98-81 in the records of the Anchorage Recording District, Third Judicial District, State of Alaska.

Phase II:

Tract A, according to Plat 98-81 and Tract C-2, according to Plat 99-44, Anchorage Recording District, Alaska

EXHIBIT B
PLAT (Exhibit B-1) AND SITE PLAN (EXHIBIT B-2)

(Replace with Plat and Site Plans that have been reduced in size.)

FROM: ALBERTA TELEVISION SOCIETY
 TO: THE ATTORNEY GENERAL
 RE: THE ALBERTA TELEVISION SOCIETY

FUTURE DEVELOPMENT
SUBJECT TO DEVELOPMENT RIGHTS
NEED NOT BE BUILT

HILLSIDE PARK

~~ZOBIAK MANOR ALASKA SUBD~~

← Phase 2

← Phase 1

NEED NOT BE BUILT
SUBJECT TO DEVELOPMENT
RIGHTS

TRACT A

FUTURE DEVELOPMENT

Phase 2

(FUTURE PROPOSED ELEMENTARY SCHOOL SITE)

(FUTURE PROPOSED AWWA RESERVOIR SITE)

SERVICE HANSEW SCHOOL SITE

ABBOTT ROAD

BLM 33A

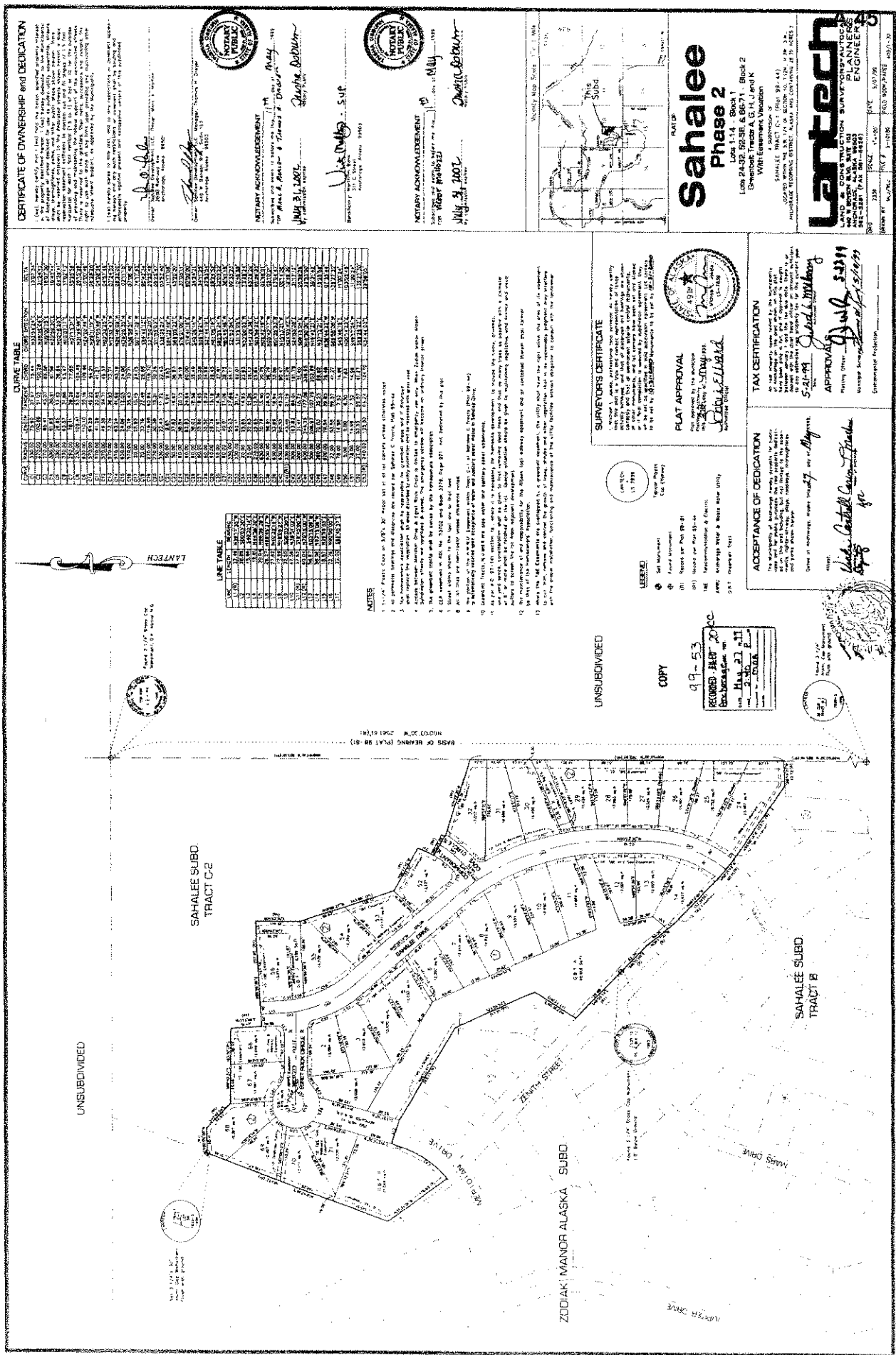
UNSUBDIVIDED

SPRING HILL ESTATES

Sahalee

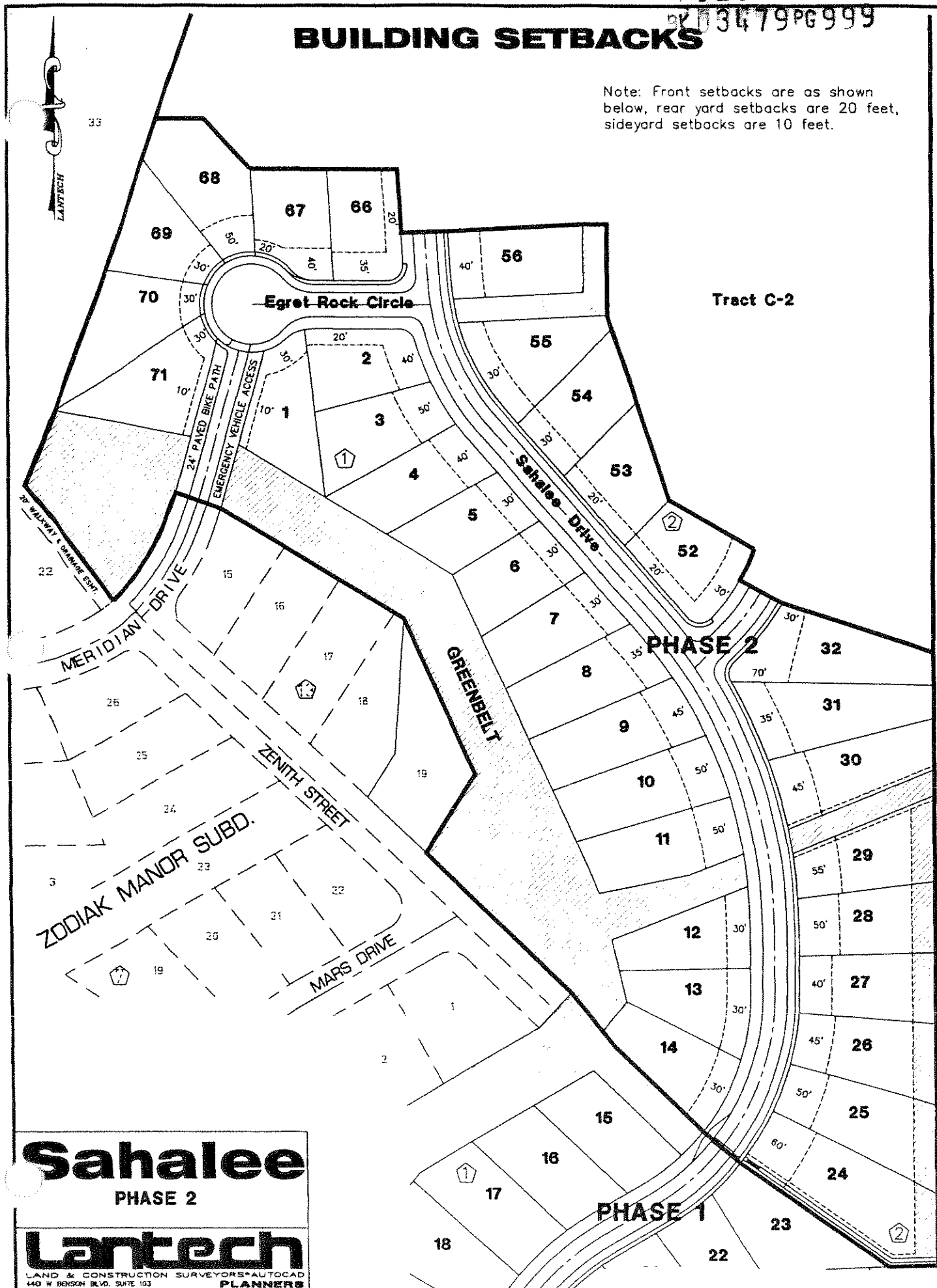
Lantech

**LAND & CONSTRUCTION SURVEYORS*AUTOCAD
440 W BENSON BLVD. SUITE 103
ANCHORAGE, ALASKA 99503
408 5001 (FAX 408 5002)**



BUILDING SETBACKS

Note: Front setbacks are as shown below, rear yard setbacks are 20 feet, sideyard setbacks are 10 feet.



Sahalee
PHASE 2

Lantech
LAND & CONSTRUCTION SURVEYORS*AUTOCAD
440 W BENSON BLVD. SUITE 103
ANCHORAGE, ALASKA 99503
592-5221 (FAX 591-8523)

2236 SCALE: NTS DATE: 5/25/1999

Exhibit n 2

EXHIBIT C
TABLE OF INTERESTS

<u>Lot No.</u>	<u>Percentage Interest</u>	<u>Phase II</u>	<u>Votes in Association</u>
Phase I			
Lot 15, Block 1	2.564%	1.37	1
Lot 16, Block 1	2.564	1.37	1
Lot 17, Block 1	2.564	1.37	1
Lot 18, Block 1	2.564	1.37	1
Lot 19, Block 1	2.564	1.37	1
Lot 20, Block 1	2.564	1.37	1
Lot 21, Block 1	2.564	1.37	1
Lot 22, Block 1	2.564	1.37	1
Lot 23, Block 1	2.564	1.37	1
Lot 24, Block 1	2.564	1.37	1
Lot 40, Block 1	2.564	1.37	1
Lot 41, Block 1	2.564	1.37	1
Lot 42, Block 1	2.564	1.37	1
Lot 43, Block 1	2.564	1.37	1
Lot 44, Block 1	2.564	1.37	1
Lot 45, Block 1	2.564	1.37	1
Lot 1, Block 2	2.564	1.37	1
Lot 2, Block 2	2.564	1.37	1
Lot 3, Block 2	2.564	1.37	1
Lot 4, Block 2	2.564	1.37	1
Lot 5, Block 2	2.564	1.37	1
Lot 6, Block 2	2.564	1.37	1
Lot 7, Block 2	2.564	1.37	1
Lot 8, Block 2	2.564	1.37	1
Lot 9, Block 2	2.564	1.37	1
Lot 10, Block 2	2.564	1.37	1
Lot 11, Block 2	2.564	1.37	1
Lot 12, Block 2	2.564	1.37	1
Lot 13, Block 2	2.564	1.37	1
Lot 14, Block 2	2.564	1.37	1
Lot 15, Block 2	2.564	1.37	1

Lot 16, Block 2	2.564	1.37	1
Lot 17, Block 2	2.564	1.37	1
Lot 18, Block 2	2.564	1.37	1
Lot 19, Block 2	2.564	1.37	1
Lot 20, Block 2	2.564	1.37	1
Lot 21, Block 2	2.564	1.37	1
Lot 22, Block 2	2.564	1.37	1
Lot 23, Block 2	2.564	1.37	1

Phase II

Lot 1, Block 1	1.37	1
Lot 2, Block 1	1.37	1
Lot 3, Block 1	1.37	1
Lot 4, Block 1	1.37	1
Lot 5, Block 1	1.37	1
Lot 5, Block 1	1.37	1
Lot 6, Block 1	1.37	1
Lot 7, Block 1	1.37	1
Lot 8, Block 1	1.37	1
Lot 9, Block 1	1.37	1
Lot 10, Block 1	1.37	1
Lot 11, Block 1	1.37	1
Lot 12, Block 1	1.37	1
Lot 13, Block 1	1.37	1
Lot 14, Block 1	1.37	1
Lot 24, Block 2	1.37	1
Lot 25, Block 2	1.37	1
Lot 26, Block 2	1.37	1
Lot 27, Block 2	1.37	1
Lot 28, Block 2	1.37	1
Lot 29, Block 2	1.37	1
Lot 30, Block 2	1.37	1
Lot 31, Block 2	1.37	1
Lot 32, Block 2	1.37	1
Lot 52, Block 2	1.37	1
Lot 53, Block 2	1.37	1
Lot 54, Block 2	1.37	1
Lot 55, Block 2	1.37	1

Lot 56, Block 2	1.37	1
Lot 66, Block 2	1.37	1
Lot 67, Block 2	1.37	1
Lot 68, Block 2	1.37	1
Lot 69, Block 2	1.37	1
Lot 70, Block 2	1.37	1
Lot 71, Block 2	1.37	1
	-----	-----
TOTAL	73	100 percent

EXHIBIT D
EASEMENTS AND LICENSES

The Common Interest Community is presently subject to the following easements and licenses:

**MUST SHOW EASEMENTS AND
LICENSES SET FORTH ON CERTIFICATE OF PLAT**

The Common Interest Community is presently subject to the following easements and licenses:

1. All greenbelt tracts are also electrical and telecommunication easements to provide service to lots.
2. Chugach Electric Association, Inc. easement in ADL No. 63702.
3. There is a natural vegetative buffer as per A.O. 97-141 section 1.c, 50' in width, with the southern boundary being the north edge of the paved bike trail along Abbot Road, except where it is necessary to remove vegetation for the construction of a residential structure (including roads and driveways).
4. As per A.O. 97-141 section 1b, where it is necessary for homesite development, to include the home, driveway, and yard space, consideration shall be given to first removing dead trees, and that as many trees as possible with a diameter of 8" or more shall be retained on the lot. Special attention should be given to maintaining vegetative wind breaks and visual buffers to screen the lot from adjacent development.
5. Reservations and exceptions as contained in the United States Patent and/or in Acts authorizing the issuance thereof, said patent was recorded September 16, 1965 in Deed Book 311 at Page 105.
6. Reservations and exceptions as contained in the State of Alaska patent and/or in Acts authorizing the issuance thereof, said patent was recorded January 4, 1979 in Book 369 at Page 448.

7. Slope easements, as dedicated and reserved on the plat of said subdivision, to the record of which reference is hereby made.
8. Easements as shown on the plat of said subdivision, to the record of which reference is hereby made.
9. Blanket Easement for electrical transmission and/or telephone distribution and incidental purposes, including terms and provisions thereof, to the record of which reference is hereby made granted to Chugach Electric Association, Inc., recorded June 29, 1998 in Book 3279 at Page 921.
10. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded June 12, 1998 in Book 3269 at page 381 between the Municipality of Anchorage and Sahalee Development, LLC. The above agreement contains the following notation, "This subdivision agreement does not create a lien on the property."
11. Municipality of Anchorage Resolution No. 98-01, including terms and provisions thereof, as recorded July 24, 1998 in Book 3294 at page 193, to the record of which reference is hereby made. (Affects this and other property.)
12. Covenants, conditions and restrictions and/or easements, including terms and provisions thereof, as contained in the Declaration submitting said premises to the Common Interest Ownership Act (34.08) of the State of Alaska, recorded August 5, 1998 in Book 3301 at Page 902.
13. Terms, provisions and covenants of the bylaws of the Sahalee Homeowners Association, and any amendments or additions thereto, recorded August 5, 1998 in Book 3301 at Page 902.
14. Covenants and notes as shown on the plat of said subdivision, to the record of which reference is hereby made.
15. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded May 7, 1999 in Book 3468 at Page 549 between the Municipality of Anchorage and Thomas H. Dreyer and Marc A Marlow of MD Investment Company. The interest of Thomas H. Dreyer and Marc A. Marlow of MD Investment Company has been assigned to Sahalee Development, LLC by instrument recorded May 7, 1999 in Book 3468 at Page 552.

16. Blanket easement for electrical transmission and/or telephone distribution and incidental purposes, including terms and provisions thereof granted to Chugach Electric Association, Inc. are recorded in Book 3470 at Page 961 on May 13, 1999.

035139

ANCHORAGE
RECORDING DISTRICT

99-*cl*
1999 MAY 28 PM 2:33

REQUESTED BY

Tom Dreger

DECLARATION

SAHALEE, a Common Interest Community
Phase III

ARTICLE I

SUBMISSION: DEFINED TERMS

Section 1.01. Submission of Real Estate. Sahalee Development, LLC, an Alaska limited liability company (the "Declarant"), owner in fee simple of the real estate described in Section 2.02 located in the Anchorage Recording District, Third Judicial District, State of Alaska, hereby submits the real estate, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of AS 34.08.010 et. seq. known as the Alaska Common Interest Ownership Act (the "Act").

Section 1.02. Defined Terms. Each capitalized term not otherwise defined in this Declaration or on the Plat and Site Plan shall have the meanings specified or used in the Act.

ARTICLE II

NAME; DESCRIPTION OF REAL ESTATE

Section 2.01. Name. (a) Common Interest Community. The name of the Common Interest Community is Sahalee. [AS 34.08.130(a)(1)]

(b) Association. The name of the Association is Sahalee Homeowners Association, Inc, a non-profit corporation organized under the laws of the State of Alaska. [AS 34.08.130(a)(1)]

Section 2.02. Real Estate. The Common Interest Community is located in the Anchorage Recording District, Third Judicial District, State of Alaska. [AS 34.08.130(a)(2)] The real estate of the Common Interest Community is described in Exhibit A. [AS 34.08.130(a)(3)]

ARTICLE III THE ASSOCIATION

Section 3.01. Authority. The business affairs of the Common Interest Community shall be managed by the Association. The Association shall be governed by its Bylaws, as amended from time to time. [AS 34.08.320(a)]

Section 3.02. Powers. (a) The Association shall have all the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Common Interest Community. [AS 34.08.330]

(b) The Association may assign its future income, including its right to receive Common Expense assessments, only by the affirmative vote of Unit Owners to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose. [AS 34.08.320(a)(14)]

Section 3.03. Declarant Control. The Declarant shall have all the powers reserved in AS 34.08.330 of the Act to appoint and remove officers and members of the Executive Board.[AS 34.08.330]

Section 3.04. Maintenance, Repair and Replacement. The Association shall repair, replace and maintain the Common Elements (e.g., greenbelts), including but not limited to the maintenance, repair and replacement expenses for subdivision entry features, signage, lighting, landscaping, drainage and utility easements, fences, sidewalk snow removal, and removal of trees killed by insects.

ARTICLE IV LOTS

Section 4.01. Number of Lots. The number of Lots in this phase of the Common Interest Community is 19. The term "Lot" shall have the same meaning as "unit" in AS 34.08.990(32) of the Act. The Declarant reserves the right to add additional Lots to the Common Interest Community if the Declarant exercises its Development Rights and submits additional Lots and/or real estate to the Common Interest Community. Declarant reserves the right to develop a maximum of 116 Lots. Declarant does not guarantee that all of these Lots will be developed. [AS 34.08.130(a)(4)]

Section 4.02. Identification of Lots. The identification number of each Lot is shown on the Plat by lot and block number. [AS 34.08.130(a)(5)]

Section 4.03. Lot Boundaries. The boundaries of each Lot are the boundaries of the numbered Lots shown on the Plat. The boundary of the Lots in this phase of the Common Interest Community are shown on Plat No 99-44, attached to this Declaration as Exhibit B-1. [AS 34.08.130(a)(5); AS 34.08.100]

Section 4.04. Subdivision of Lots. Lots may not be reduced in size. Owners of contiguous Lots may, however, resubdivide their Lots without the agreement of other Lot Owners, so long as they have approval of the Executive Board and no Lot resulting from the subdivision is smaller than the smallest of the Lots from which the new Lots were created. [AS 34.08.210]

ARTICLE V

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 5.01. Special Declarant Rights. The Declarant, on behalf of itself, successors, and assigns, reserves the following Special Declarant Rights:

- (a) the right to complete or make improvements indicated on the Plat and Site Plan; [AS 34.08.130(a)(8); AS 34.08.170]
- (b) the right to maintain sales offices, management offices and models on Lots or on the Common Elements, but only in a manner which does not unreasonably disturb Lot Owners; [AS 34.08.130(a)(8); AS 34.08.230]
- (c) the right to maintain signs in the Common Ownership Community to advertise the Lots; [AS 34.08.130(a)(8); AS 34.08.230]
- (d) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration; [AS 34.08.130(a)(8); AS 34.08.240]
- (e) the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the Act; [AS 34.08.130(a)(8); AS 34.08.330(d)]
- (f) the right to exercise any Development Right including the rights to (i) add real estate presently outside of Sahalee to the Common Interest Community; (ii) create Lots or Common Elements within the Common

Interest Community (Declarant may, at the time it adds any additional Lots and/or Common Elements to the Common Interest Community, specify restrictions on use, occupancy, and alienation, as well as standards for architectural controls for the additional Lots and/or Common Elements, should Declarant determine that, in its sole discretion, that restrictions and standards different than those contained in this Declaration are appropriate); (iii) subdivide Lots or convert Lots into Common Elements; or (iv) withdraw real estate from the Common Interest Community; and

- (g) convey utility and drainage easements to utility companies and the Municipality of Anchorage, respectively, in Declarant's own name and on behalf of the Association; and convey public use easements in any Common Elements.

Section 5.02. Limitations on Special Declarant Rights and Development Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right and Development Rights may be exercised by the Declarant for the period of time specified in the Act. [AS 34.08.130(a)(8); AS 34.08.330] The purpose of this provision is to give Declarant the greatest flexibility in the exercise of its Special Declarant Rights. The Declarant may exercise the Special Declarant Rights so long as Declarant is obligated under any warranty or obligation, owns a Lot or security interest in a Lot, until two years after it cannot add units to the Common Interest Community, whichever is the longer. Similarly, the Declarant may exercise its Development Rights so long as Declarant owns real property referred to in the Declaration.

Section 5.03. Personal Property of Declarant. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and maintenance of the Common Interest Community that Declarant has not explicitly represented as Property of the Association. The Declarant reserves the right to remove from the Property any and all goods, models, and Improvements used in development, marketing, and construction, whether or not they have become fixtures.

Section 5.04. Declarant's Easement for Construction. The Declarant reserves the right to perform warranty work, repairs, construction work, and to store materials in secure areas on Lots and Common Elements and the further right to control all such work and repairs and the right of access thereto, until the completion of any such repair or work. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or

exercising any Development or Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement also includes the Declarant's right to convey utility and drainage easements to public utilities, municipalities, the State, riparian owners, or upland owners.

Section 5.05. Lot Ownership by Declarant. Until Declarant no longer owns any Lots in the Common Interest Community, the Declarant and its duly authorized agents, representatives, and/or employees may maintain any Lot owned by the Declarant or any portion of the Common Elements as a model Lot, sales office or management office.

ARTICLE VI ALLOCATED INTERESTS

Section 6.01. Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability and votes in the Association allocated to each Lot are set forth in Exhibit C. [AS 34.08.130(a)(11)]

Section 6.02. Determination of Allocated Interests. The interests allocated to each Lot have been calculated as follows:

(a) the percentage of liability for Common Expenses and for the undivided interest in the Common Elements allocated to each Lot is an equal percentage interest derived by dividing the total number of Lots in the Common Interest Community into one hundred percent (100%). The specified percentage for the initial phase is set forth in Exhibit C. When Lots are added or removed from the Common Interest Community, the above formula shall be used in reallocating the interest in an amendment to the Declaration; and

(b) Each Lot in the Common Interest Community shall have one equal vote.
[AS 34.08.150]

ARTICLE VII RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 7.01. Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved by the Declarant, the following use restrictions apply to all Lots and to the Common Elements: AS 34.08.130(a)(12)

(a) Land Use and Dwelling Type

No Lot shall be used except for residential purposes, except that professional or business uses may be conducted in a dwelling provided that the uses must be incidental to the use of the dwelling for residential purposes. Non-residential activities must comply with governmental regulations addressing home occupations. No signs may indicate in any way that a nonresidential activity is being conducted, and no increase in street traffic, substantial or insubstantial is permissible.

No dwelling or structure shall be erected, altered, placed or permitted to remain on any Lot other than the following structures, which shall be subject to all of the terms and provisions of this Declaration:

1. One detached single family dwelling. Every dwelling must have a garage capable of housing at least two automobiles side by side. Carports are not allowed.
2. Fences, gates, and associated structures.
3. Retaining walls.
4. A greenhouse.
5. A garden tool shed, children's playhouse, or like structure.
6. A doghouse and/or pen.
7. Any other accessory dwelling, shed, structure, antenna, or other item permitted by the appropriate architectural control committee described in Article IX (hereinafter collectively referred to as the "appropriate Committee").
8. A driveway.

(b) Dwelling Quality, Size, and Construction

Each ranch dwelling shall contain a minimum floor area of 1800 square feet, and each two-story dwelling shall contain a minimum floor area of 2100 square feet, exclusive of the garages, open decks, sheds, or other outbuildings. Construction from

identical or similar plans must be sufficiently modified so that the exterior elevation of no two houses will be duplicated within three hundred (300) feet from the nearest front property line. To avoid duplication of plans within three hundred (300) feet of the nearest front property line, at least two dwelling design elements must be changed.

(c) Siding, Roofs, and Colors

Exterior finishes shall be wood lap siding, brick, stone, designer glass block or a finish of equal value approved by the appropriate Committee. T1-11 or sheet wood siding shall only be an acceptable exterior finish if it cannot be seen from the front or either side of the Lot.

All roofs shall be of a material, color and texture approved by the appropriate Committee. Cedar shake roofing or architectural shingles are recommended. Approval by the appropriate Committee will be based on the visual impact of the roof on the Lot or neighboring Lots, dwellings, roads and open spaces.

The color of external materials shall be subdued. Earth tones, generally muted, are recommended, although occasionally accent colors used judiciously and with restraint may be permitted by the appropriate Committee. The exterior color of a dwelling shall be different from the external color of the adjacent dwellings. The entire body of the dwelling must be painted or stained the same color. The subjective matter of approving colors is the responsibility of the appropriate Committee.

(d) Dwelling Location

No dwelling shall be located on any Lot nearer than the setback requirements shown on the Site Plan attached as Exhibit B-2; variances may be approved by the appropriate committee.

(e) Completion of Exteriors and Dwelling Occupancy

A dwelling must be enclosed and its exteriors finished within twelve (12) months of the time of beginning of construction. No dwelling shall be occupied prior to the completion of the exterior.

(f) Driveways

All driveways leading from the street to the garage shall be hard-surfaced asphalt,

concrete, or pavers. Driveway colors must be approved by the appropriate Committee.

(g) Temporary Structures

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. Temporary construction structures shall be limited to small, approved structures under two hundred (200) square feet. Temporary construction structures shall be approved by the appropriate Committee. These structures shall be used only during the construction or modification phase of a dwelling and shall be removed promptly upon completion of the improvements on the Lot. The appropriate Committee may also require the removal of a temporary construction structure upon thirty (30) days written request if in its opinion the temporary construction structure is unsightly.

(h) Permanent, Detached Structures (Outbuildings)

Any permanent, detached structure must be finished to blend into the surroundings and its siding must be similar to the siding of the dwelling on the Lot. All permanent, detached structures greater than twelve (12) feet in height must be approved by the appropriate Committee. The appropriate Committee may set criteria on the location of the permanent, detached structure, but it is recommended that such structures be constructed so that they cannot be seen from the front of the Lot.

(i) Fences

No fences shall be erected or placed on any Lot in front of the dwelling, except fences installed by the Developer at certain intersections and along certain streets and green belts. Fences shall be no higher than six (6) feet. Posts and stringers reside on the inside of the fence and facings or rails are on the outside of the fence perimeter.

Fences installed by the Developer shall be maintained by the Association.

(j) Landscaping and Natural Vegetation

All areas of each Lot not devoted to the dwelling, driveway, walks, or other permitted site improvements shall be landscaped or covered with lawns, shrubbery trees, garden bark, landscaping cobbles, or other ground cover. The front yard of each Lot shall support no less than three (3) live trees at any time. The trees shall be six feet high and larger than two and one half (2.5) inches in diameter as measured three feet above

the ground. Waivers of this requirement may be granted by the appropriate Committee on a case-by-case basis if the owner presents an acceptable alternative proposal.

All the landscaping shall be completed within twelve months from the date of the purchase of the dwelling.

(k) Signs

No signs of any kind shall be displayed to the public view on any Lot except one sign of not more than five (5) square feet advertising the property for sale or rent, or a sign used by the Declarant or builder to advertise the property during the construction or sales period.

(l) Garbage and Refuse Disposal

Trash, garbage or other waste shall be disposed of through a household garbage disposal or wrapped in a secure package and deposited in a sanitary container. The sanitary container shall be sheltered or kept away from the public view, except the sanitary container or containers may be placed in the public view on the eve or day of garbage pick up. No outside burning of trash or garbage shall be allowed. No portion of the Property shall be used for the storage of building materials, refuse, or any other materials other than in connection with approved construction.

Construction waste shall be kept to a minimum on site and removed to the satisfaction of the appropriate Committee consistent with professional building standards.

(m) Animal Regulations

No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish, and birds inside bird cages may be kept as household pets, provided they are not kept, bred, or raised for commercial purposes or in unreasonable quantities. No more than three (3) dogs may be maintained on the premises. No vicious dog (as defined by the Anchorage Municipal Code) shall be kept on any Lot. All pets shall be chained, fenced or otherwise restrained at all times. No pet shall be allowed to run freely. Dog runs shall not be visible from the street.

(n) Sight Distance

Fences, walls, hedges, or shrub plantings must conform with municipal sight distance standards for corner Lots.

(o) Water and Sewer

Public water and sewer are supplied to the Lots. No individual well, water system, or septic system shall be allowed.

(p) Parking and Vehicle Restrictions and Storage

No wrecked, inoperative, vandalized or otherwise derelict-appearing automobiles, and no trucks, trailers, mobile homes, truck campers, detached camper units, boats, motorcycles, snowmachines, all-terrain vehicles, and recreational vehicles of any type, whether operative or inoperative, shall be kept, placed, stored, or maintained upon any Lot, except within an enclosed garage, or screened so that the item is not obviously visible from the public streets, an adjoining Lot, or a nearby house. Fencing, landscaping, or natural vegetation may act as the screen. The purpose of this provision is to keep these stored vehicles as well as any equipment out of sight as much as possible. Fuel storage is prohibited.

No large commercial van, business related vehicle (e.g. dump trucks), heavy equipment such as bulldozers and road graders may be kept on any Lot or street except during that time it is actually working in the subdivision in a continuous manner. No Lot or street may be used for the storage of any equipment, materials or merchandise used or to be sold in a business or trade.

Notwithstanding the above, campers, boats, and motor homes are allowed to be parked in driveways during the period of May 1 through October 15 so long as they are not covered with tarps which are determined to be unsightly by the Executive Board. If they are parked in the driveways at any other time, the Association may impose a fine, which shall be a lien against the Lot. Snowmachines may be parked in the driveways during the winter season.

(q) Oil and Mining Operations

No oil or gas drilling, development operations, refining, quarrying or mining operations, of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels,

mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot. No surface entry will be permitted and no extraction of minerals will be permitted within a 500-foot buffer measured vertically from the surface.

(r) Nuisances

No noxious or offensive activity shall be carried on within the subdivision, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Motor bikes, motorcycles and automobiles shall have operable mufflers. Snowmachines and all-terrain vehicles shall not be operated within the subdivision at any time.

(s) Antennas

In the event an outside antenna or dish is required, the antenna or dish shall be no longer nor installed higher than absolutely necessary for reception of an acceptable quality signal. Antennas, masts, and any visible wiring must be painted to match the color of the dwelling, provided the paint does not degrade the signal. An antenna or dish situated on the ground and visible from the street or from other Lots must be camouflaged by existing landscaping or fencing, if an acceptable signal may be received from such placement. An antenna, dish, or mast may not extend beyond a railing or fence unless no acceptable quality signal may be received from this location.

(t) Utility and Drainage Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plats and on Exhibit D. Within these easements, no structures, plantings or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or significantly affect the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(u) Architectural Control Standards

All Lots in the Common Interest Community are subject to Architectural Controls

set forth in Article IX of this Declaration.

(v) Mailboxes

No mailboxes shall be erected or placed on any Lot until the mailbox has been approved by the appropriate committee pursuant to Article IX. Mailboxes may be "cluster" style, as required by the postmaster.

Section 7.02. Restrictions on Alienation. A Lot may not be conveyed pursuant to a time-sharing arrangement described in AS 34.08.990(31).

ARTICLE VIII
COMMON EXPENSE ASSESSMENT AND COLLECTION

Section 8.01. Assessment for Common Expenses. Except as provided in Section 8.02 hereof, any Common Expenses shall be assessed against all Lots in accordance with their percentage interest in the Common Expenses. See Table of Interest, attached as Exhibit C. [AS 34.08.460]

Section 8.02. Apportionment of Common Expenses to Less Than All Lots. (a) Any Common Expenses for services provided by the Association for the benefit of an individual Lot at the request of the individual Lot Owner shall be assessed against said Lot.

(b) An assessment to pay a judgment against the Association may be made only against the Lots in the Common Interest Community at the time judgment was entered, in proportion to their percentage interests in the Common Expenses at the time judgment was entered.

(c) Any fees, charges, late charges, fines, collection costs, and interest charged against a Lot Owner pursuant to this Declaration and the Act are enforceable as Common Expense Assessments.

Section 8.03. Lien for Assessment. The Association shall have a lien, according AS 34.08.470, on a Lot for any assessment levied against the Lot and/or for any fines, fees, charges, late charges, collection costs, and/or interest imposed against the Lot Owner from the time any such assessment or fines, fees, charges, late charges, collection costs, and/or interest becomes due. [AS 34.08.460; AS 34.08.470]

ARTICLE IX
ARCHITECTURAL CONTROLS

Section 9.01. General. No structure shall be placed, erected, or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with the provisions of Articles VII and IX of this Declaration and the approval of the appropriate Committee under Section 9.02.

Any Lot Owner may remodel, paint or redecorate the interior of structures on his Lot without approval of the appropriate Committee. However, modifications to the exterior of the dwelling or of other structures on the Lot or the interior of screened porches, patios, and similar portions of a dwelling visible from outside shall be subject to approval by the appropriate Committee.

Pursuant to Declarant's Development Rights and in Declarant's sole discretion, Declarant may repeal, modify, or amend in any way the provisions of Articles VII and/or IX after the initial recordation of the Declaration for any Lots and/or Common Elements not yet conveyed to a purchaser other than a builder, Dealer, or Declarant.

Section 9.02. Architectural Review. Responsibility for administration of the architectural standards and review of all applications for construction and modifications shall be handled by the appropriate Committee as described in subsections (a) and (b). The members of the Committees need not be Lot Owners or representatives of Lot Owners, and may, but need not, include architects, engineers or similar professionals.

(a) Initial Construction Committee. The Initial Construction Committee ("ICC") shall consist of one to three persons and shall have exclusive jurisdiction over all original construction on any portion of the Common Interest Community. The ICC shall scrutinize the plans, specifications, plot plan, and experience and reputation of the contractor to construct the dwelling, which construction shall be performed by a State of Alaska licensed building contractor, unless otherwise allowed in writing the appropriate committee and ratified by a full vote of the Executive Board for (i) quality of workmanship and materials, (ii) harmony of external design with existing structures, (iii) location with respect to topography and finished grade elevation, and (iv) compliance with the land use provisions of Article VII. Until one hundred percent (100%) of the Common Interest Community has been developed and conveyed to Lot Owners other than Builders or Dealers, the Declarant retains the right to appoint all members of the

ICC who shall serve at the Declarant's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon expiration of such right, the Executive Board shall appoint the members of the ICC, who shall serve and may be removed in the Executive Board's discretion.

(b) Modification Committee. The Executive Board may establish a Modification Committee ("MC") to consist of at least three and no more than five persons, all of whom shall be appointed by and shall serve at the discretion of the Executive Board. The MC, if established, shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing structures on Lots, including fences, landscaping, and site grading. The MC is responsible for the enforcement of architectural standards on any given Lot in the subdivision after the completion of construction of the dwelling on that Lot. The design or color scheme of the proposed improvements or alterations shall be controlled by the MC to insure harmony through out the Subdivision. However, this provision shall not be held to require approval to repaint a dwelling with substantially the same color scheme. The compensation of the members of the MC, if any, shall be established from time to time by the Executive Board. The Executive Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

Until the MC is formed, the ICC will assume the functions of the MC.

Section 9.03. Procedure to Obtain Committee Approval. Requests for approval by either the ICC or MC shall be submitted in writing according to the specific procedure and on the forms established by these Committees. The approval or disapproval of these Committees to a request shall be in writing. In the event the Committees, or their designated representative fail to approve or disapprove a request within thirty (30) days after plans and specifications have been submitted, the proposal shall be deemed approved. Notification may be delivered orally, but must be followed with written confirmation.

Committee review does not imply any review of the adequacy of the plans or specifications for strength, suitability or durability, including structural design. By approval of any proposal, there is no implication that these Committees, the Declarant, or the Association have any liability or responsibility for the quality or sufficiency of the design or materials.

All plans and documents submitted to these Committees will be retained in their

files.

No dwelling, structure, or other improvement (including regrading of the site) shall be constructed, placed, erected, repainted, altered or made without the express written approval of the ICC or MC. Failure to obtain the approval of the ICC prior to making an improvement to the land or dwelling shall give the ICC the right to bring a legal action at law or in equity against the wrongdoer. Similarly, when the MC has jurisdiction over the approval process, if a Lot Owner fails to obtain the MC's approval before commencing a modification, the Association may levy an assessment against the Lot Owner for each day following commencement of construction until the MC approval is obtained, and the Association may bring a legal action at law or in equity against the wrongdoer.

Decisions of the MC may be appealed to the Executive Board. Appeals must be taken to the Board by written notice to the Board not more than thirty (30) days following receipt of the final decision of the MC.

ARTICLE X EASEMENTS AND LICENSES

Section 10.01. Recording Data. All easements and licenses to which the Common Interest Community is presently subject are recited in Exhibit D. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to Section 5.01 in this Declaration. [AS 34.08.130(a)(13)]

ARTICLE XI AMENDMENTS

Section 11.01. General. Except in cases of amendments that are executed by the Declarant in the exercise of its Development Rights or as otherwise provided by the Declaration or the Act, this Declaration, including the Plat and Plans, may be amended only by vote or agreement of Lot Owners of Lots to which at least sixty seven percent (67%) of the votes in the Association are allocated. [AS 34.08.250]

Section 11.02. Declarant Rights. Provisions in this Declaration reserving Declarant rights may not be amended without the consent of Declarant.

If, in Declarant's exercise of any rights described in Article V of this Declaration, an amendment to the Declaration is required, the Declarant shall, in conformance with

the Act, prepare, execute, and record an amendment to the Declaration, to any required Plat and Plan, and to any other required exhibits. Any amendment effected by Declarant's exercise of rights reserved in Article V requires Declarant approval only.

ARTICLE XII MISCELLANEOUS

Section 12.01. Changes in Act. In the future and from time to time, in all instances where this Declaration or the Bylaws contain language that tracks the Act on the date that Sahalee is created, this Declaration and the Bylaws shall be automatically amended in accordance with the amended cognate language of the Act which may be adopted by the State of Alaska, unless the particular language of the Declaration or Bylaws, either as initially adopted or as amended at any subsequent time by the Association, is clearly to supersede the amended text of the Act.

Section 12.02. Captions. The captions contained in the Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration nor the intent of any provision thereof.

Section 12.03. Waiver. No provision contained in the Declaration 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 12.04. Invalidity. The invalidity of any provision of the Declaration 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 Declaration shall continue in full force and effect.

Section 12.05. Conflict. The Declaration, the Bylaws, and the Articles of Incorporation are intended to comply with the requirements of the Act and Title 10, Chapter 20 of the Alaska Statutes (Non Profit Corporation Law). In the event of any conflict between these documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other documents, this Declaration shall control.

Section 12.06 Arbitration. Any dispute over ICC approval of plans for construction of the first dwelling on a Lot shall be decided by arbitration. An aggrieved party seeking arbitration shall notify the ICC. The parties shall attempt to select a retired local judge to arbitrate the dispute. If the parties cannot agree on the name of a retired

local judge, each party shall party to such a dispute shall select and pay for an arbitrator of its choice to act as an arbitrator. These arbitrators shall select a third arbitrator whose costs shall be shared equally by the parties. The arbitration shall proceed at the earliest possible time, and the arbitrators are encouraged to render their decision within twenty-four (24) hours of the conclusion of the arbitration proceeding, including in their decision an award of cost and attorney fees to the prevailing party.

Any dispute that the parties agree to subject to arbitration shall follow the above procedure.

ARTICLE XIII MORTGAGE PROTECTION

In the future and from time to time, Eligible Mortgagees and Insurers (AHFC, FNMA, FHLMC, FHA, VA, etc.) may adopt provisions that relate to the financing of improvements on the Lots or require the Association to notify the Eligible Mortgagees and Insurers who have requested to be given notices. It is the intent of the Declarant that the Declaration and the Bylaws shall incorporate these financing provisions by this reference as if they were already set forth herein and adopted by the Association without any further action.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by the manager and duly authorized agent this 12th day of July, 1999.

DECLARANT:

SAHALEE DEVELOPMENT, LLC.

By: Thomas Dreyer
Its: Manager

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 12th day of July, 1999, before me, the undersigned, appeared Thomas Dreyer, who acknowledged being the Manager of SAHALEE DEVELOPMENT, LLC, an Alaska limited liability company, and

voluntarily signing and sealing the foregoing instrument on behalf of said limited liability company, and being authorized so to do.

Mary P. Todd

Notary Public in and for Alaska

My Commission Expires: 8/3/02



Upon recordation return to:

Tom Dreyer
Sahalee Development LLC
440 W. Benson Blvd., Ste.103
Anchorage, AK 99503

EXHIBIT A
DESCRIPTION OF LAND

Lots and Common Elements Subject to Phase I Declaration

A Subdivision of Tract B, Sahalee Tracts, filed under Plat No. 98-81, located within the S.W. 1/4 of Section 10, T12N, R3W, S.M., Anchorage Recording District, Third Judicial District, State of Alaska

Lots and Common Elements Subject to Phase II Declaration

Lots 1-14, Block 1, Lots 24-32, 52-56 & 66-71, Block 2, Greenbelt Tracts A, G, H, J, & K, Phase 2 Subdivision, a subdivision of Sahalee Tract C-1, Plat 99-44, located within the S.W. 1/4 of Section 10, T. 12 N., R 3W, S.M., Anchorage Recording District, Alaska and containing 28.35 acres \pm 34 lots and 5 tracts.

Lots and Common Elements Subject to Phase III Declaration

Lots 33-51, Block 2, Greenbelt Tracts J and L, a subdivision of Sahalee Tract C-2, Plat 99-44, located within the S.W. 1/4 of Section 10, T12N, R3W, S. M., Anchorage Recording District, Alaska and containing 11.15 acres \pm .

Real Property Subject to Development Rights (Including But Not Limited to the Right to Withdraw)

Phase I:

Tracts A and C filed under Plat No. 98-81 in the records of the Anchorage Recording District, Third Judicial District, State of Alaska.

Phase II:

Tract A, according to Plat 98-81 and Tract C-2, according to Plat 99-44, Anchorage Recording District, Alaska

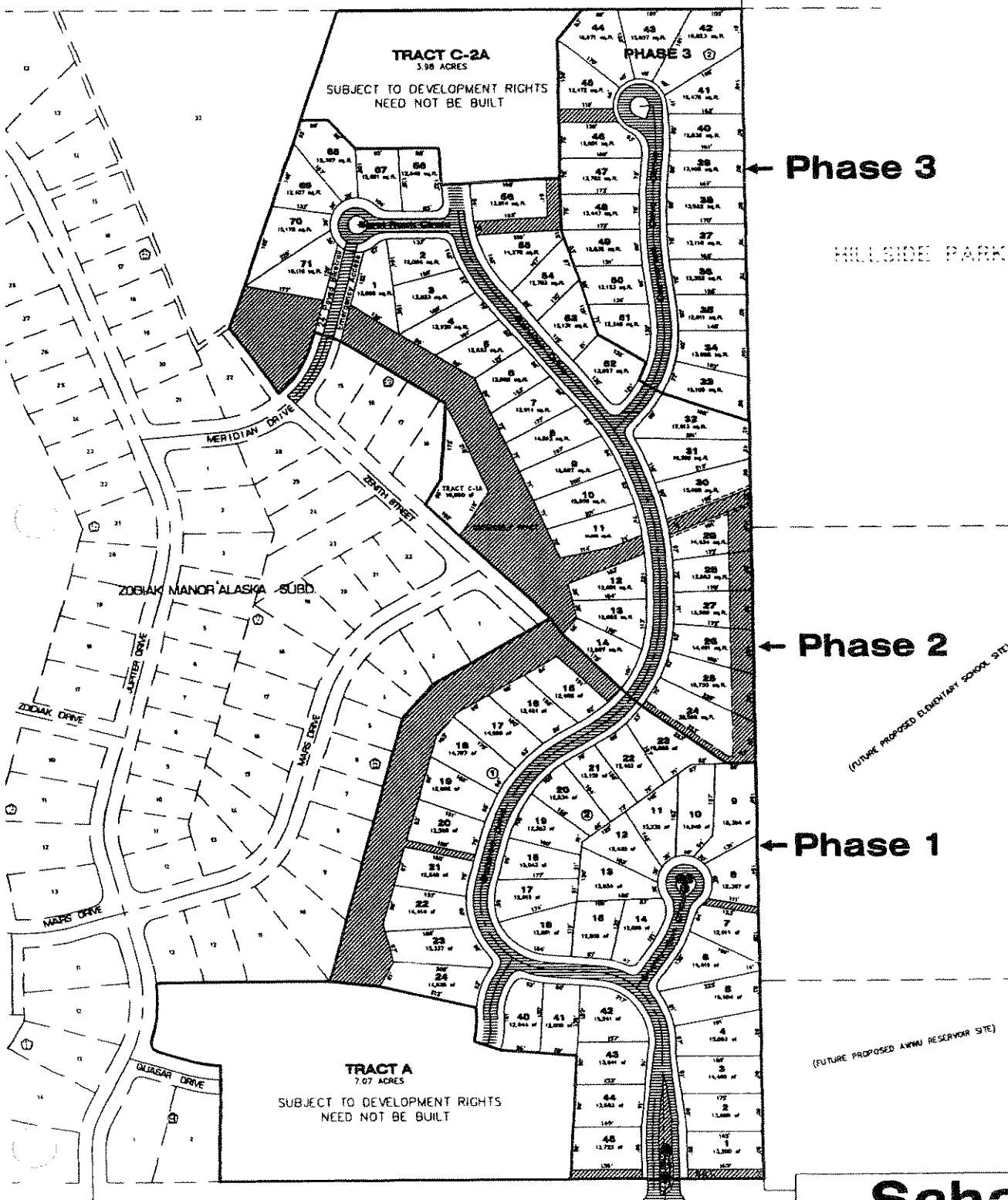
Phase III:

Tract A, according to Plat 98-81 and Tract C-2A, according
to Plat 99-44, Anchorage Recording District, Alaska

EXHIBIT B
PLAT (Exhibit B-1) AND SITE PLAN (EXHIBIT B-2)

(Replace with Plat and Site Plans that have been reduced in size.)

FAR NORTH BICENTENNIAL PARK



← Phase 3

HILLSIDE PARK

← Phase 2

← Phase 1

(FUTURE PROPOSED ELEMENTARY SCHOOL SITE)

(FUTURE PROPOSED ANNU RESERVOIR SITE)

SERVICE HANSHEW SCHOOL SITE

Sahalee

Lantech
 LAND & CONSTRUCTION SURVEYORS*AUTOCAD
 440 W BENSON BLVD, SUITE 103
 ANCHORAGE, ALASKA 99503
**PLANNERS
 ENGINEERS**

EXHIBIT C
TABLE OF INTERESTS

<u>Lot No.</u>	<u>Percentage Interest</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Votes in Association</u>
Phase I				
Lot 15, Block 1	2.564%	1.37	1.087	1
Lot 16, Block 1	2.564	1.37	1.087	1
Lot 17, Block 1	2.564	1.37	1.087	1
Lot 18, Block 1	2.564	1.37	1.087	1
Lot 19, Block 1	2.564	1.37	1.087	1
Lot 20, Block 1	2.564	1.37	1.087	1
Lot 21, Block 1	2.564	1.37	1.087	1
Lot 22, Block 1	2.564	1.37	1.087	1
Lot 23, Block 1	2.564	1.37	1.087	1
Lot 24, Block 1	2.564	1.37	1.087	1
Lot 40, Block 1	2.564	1.37	1.087	1
Lot 41, Block 1	2.564	1.37	1.087	1
Lot 42, Block 1	2.564	1.37	1.087	1
Lot 43, Block 1	2.564	1.37	1.087	1
Lot 44, Block 1	2.564	1.37	1.087	1
Lot 45, Block 1	2.564	1.37	1.087	1
Lot 1, Block 2	2.564	1.37	1.087	1
Lot 2, Block 2	2.564	1.37	1.087	1
Lot 3, Block 2	2.564	1.37	1.087	1
Lot 4, Block 2	2.564	1.37	1.087	1
Lot 5, Block 2	2.564	1.37	1.087	1
Lot 6, Block 2	2.564	1.37	1.087	1
Lot 7, Block 2	2.564	1.37	1.087	1
Lot 8, Block 2	2.564	1.37	1.087	1
Lot 9, Block 2	2.564	1.37	1.087	1
Lot 10, Block 2	2.564	1.37	1.087	1
Lot 11, Block 2	2.564	1.37	1.087	1
Lot 12, Block 2	2.564	1.37	1.087	1
Lot 13, Block 2	2.564	1.37	1.087	1
Lot 14, Block 2	2.564	1.37	1.087	1

Lot 15, Block 2	2.564	1.37	1.087	1
Lot 16, Block 2	2.564	1.37	1.087	1
Lot 17, Block 2	2.564	1.37	1.087	1
Lot 18, Block 2	2.564	1.37	1.087	1
Lot 19, Block 2	2.564	1.37	1.087	1
Lot 20, Block 2	2.564	1.37	1.087	1
Lot 21, Block 2	2.564	1.37	1.087	1
Lot 22, Block 2	2.564	1.37	1.087	1
Lot 23, Block 2	2.564	1.37	1.087	1

Phase II

Lot 1, Block 1	1.37	1.087	1
Lot 2, Block 1	1.37	1.087	1
Lot 3, Block 1	1.37	1.087	1
Lot 4, Block 1	1.37	1.087	1
Lot 5, Block 1	1.37	1.087	1
Lot 5, Block 1	1.37	1.087	1
Lot 6, Block 1	1.37	1.087	1
Lot 7, Block 1	1.37	1.087	1
Lot 8, Block 1	1.37	1.087	1
Lot 9, Block 1	1.37	1.087	1
Lot 10, Block 1	1.37	1.087	1
Lot 11, Block 1	1.37	1.087	1
Lot 12, Block 1	1.37	1.087	1
Lot 13, Block 1	1.37	1.087	1
Lot 14, Block 1	1.37	1.087	1
Lot 24, Block 2	1.37	1.087	1
Lot 25, Block 2	1.37	1.087	1
Lot 26, Block 2	1.37	1.087	1
Lot 27, Block 2	1.37	1.087	1
Lot 28, Block 2	1.37	1.087	1
Lot 29, Block 2	1.37	1.087	1
Lot 30, Block 2	1.37	1.087	1
Lot 31, Block 2	1.37	1.087	1
Lot 32, Block 2	1.37	1.087	1
Lot 52, Block 2	1.37	1.087	1
Lot 53, Block 2	1.37	1.087	1
Lot 54, Block 2	1.37	1.087	1

FIRST AMENDMENT TO
DECLARATION

SAHALEE, a Common Interest Community
Phase III

WHEREAS, the Declarant, Sahalee Development LLC, 440 W. Benson Blvd., Ste. 103, Anchorage, AK 99503 caused the Declaration of covenants, conditions and restrictions for Sahalee, a Common Interest Community, Phase III to be recorded on July 12, 1999 in Book 3502 at Page 359 related to the below described real property:

Lots 33-51, Block 2, Greenbelt Tracts J and L, a subdivision of Sahalee Tract C-2, Plat 99-44, located within the S.W. 1/4 of Section 10, T12N, R3W, S. M., Anchorage Recording District, Alaska and containing 11.15 acres ±. with the following property subject to Development rights: Tract A, according to Plat 98-81 and Tract C-2A, according to Plat 99-44, Anchorage Recording District, Alaska; and

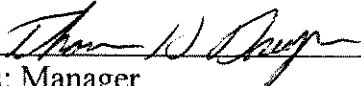
WHEREAS, page 2 of Exhibit B-2 was omitted from the Declaration;

NOW, THEREFORE, Declarant hereby declares that all of the properties subject to the property described above shall be held, sold, and conveyed subject to also to the attached exhibit.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by the manager and duly authorized agent this 12th day of July, 1999.

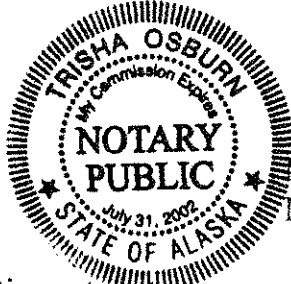
DECLARANT:

SAHALEE DEVELOPMENT, LLC.

By: 
Its: Manager

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 12th day of July, 1999, before me, the undersigned, appeared Thomas Dreyer, who acknowledged being the Manager of SAHALEE DEVELOPMENT, LLC, an Alaska limited liability company, and voluntarily signing and sealing the foregoing instrument on behalf of said limited liability company, and being authorized so to do.



Trisha Osburn
Notary Public in and for Alaska

My Commission Expires: July 31, 2002

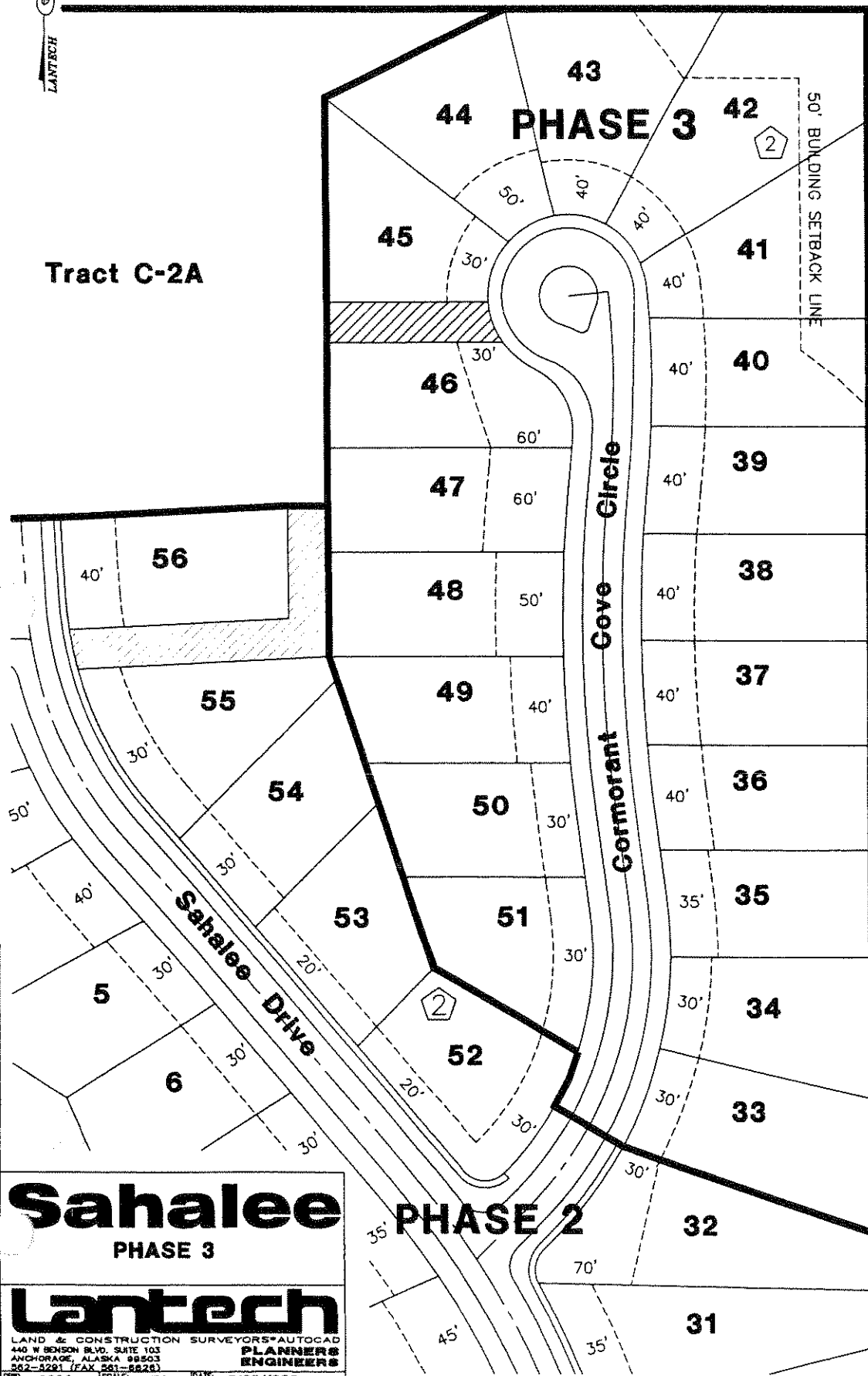
Upon recordation return to:

Tom Dreyer
Sahalee Development LLC
440 W. Benson Blvd., Ste.103
Anchorage, AK 99503

BUILDING SETBACKS

Note: Front setbacks are as shown below, rear yard setbacks are 20 feet, sideyard setbacks are 10 feet.

Tract C-2A



ANCHORAGE
RECORDING DISTRICT

044582

REQUESTED BY
SAHALEE DEV.

1999 JUL 13 AM 10:18

UNSUBDIVIDED

Sahalee
PHASE 3

Lantech
LAND & CONSTRUCTION SURVEYORS*AUTOCAD
440 W BISHOP BLVD, SUITE 103
ANCHORAGE, ALASKA 99503
262-5291 (FAX 261-5826)
PLANNERS
ENGINEERS

DATE 5/25/1999

Exhibit B-2, P. 2

2002-026956-0

Recording Dist: 301 - Anchorage
4/23/2002 12:21 PM Pages: 1 of 30A
L
A
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K
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To be recorded in the Anchorage Recording District

cc

DECLARATION

SAHALEE, A COMMON INTEREST COMMUNITY PHASE IV

ARTICLE I

SUBMISSION: DEFINED TERMS

Section 1.01. Submission of Real Estate. Newby Construction, Inc., an Alaska Corporation (the "Declarant"), successor in interest to the original declarant, Sahalee Development, LLC, an Alaska limited liability company, owner in fee simple of the real estate described in Section 2.02 located in the Anchorage Recording District, Third Judicial District, State of Alaska, hereby submits the real estate, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of AS 34.08.010 et. seq. known as the Alaska Common Interest Ownership Act (the "Act").

Section 1.02. Defined Terms. Each capitalized term not otherwise defined in this Declaration or on the Plat and Site Plan shall have the meanings specified or used in the Act.

ARTICLE II

NAME; DESCRIPTION OF REAL ESTATE

Section 2.01. Name. (a) Common Interest Community. The name of the Common Interest Community is Sahalee. [AS 34.08.130(a)(1)]

(b) Association. The name of the Association is Sahalee Homeowners Association, Inc, a non-profit corporation organized under the laws of the State of Alaska. [AS 34.08.130(a)(1)]

Section 2.02. Real Estate. The Common Interest Community is located in the Anchorage Recording District, Third Judicial District, State of Alaska. [AS 34.08.130(a)(2)]

The real estate of the Common Interest Community is described in Exhibit A. [AS 34.08.130(a)(3)]

ARTICLE III THE ASSOCIATION

Section 3.01. Authority. The business affairs of the Common Interest Community shall be managed by the Association. The Association shall be governed by its Bylaws, as amended from time to time. [AS 34.08.320(a)]

Section 3.02. Powers. (a) The Association shall have all the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Common Interest Community. [AS 34.08.330]

(b) The Association may assign its future income, including its right to receive Common Expense assessments, only by the affirmative vote of Unit Owners to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose. [AS 34.08.320(a)(14)]

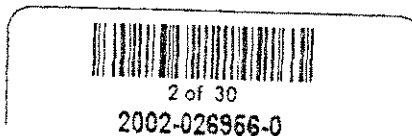
Section 3.03. Declarant Control. The Declarant shall have all the powers reserved in AS 34.08.330 of the Act to appoint and remove officers and members of the Executive Board. [AS 34.08.330]

Section 3.04. Maintenance, Repair and Replacement. The Association shall repair, replace and maintain the Common Elements (e.g., greenbelts), including but not limited to the maintenance, repair and replacement expenses for subdivision entry features, signage, lighting, landscaping, drainage and utility easements, fences, sidewalk snow removal, and removal of trees killed by insects.

ARTICLE IV LOTS

Section 4.01. Number of Lots. The number of Lots in Phase IV of the Common Interest Community is 15. The total number of Lots in the Common Interest Community is 107. The term "Lot" shall have the same meaning as "unit" in AS 34.08.990(32) of the Act. No further phases are anticipated. [AS 34.08.130(a)(4)]

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Section 4.02. Identification of Lots. The identification number of each Lot is shown on the Plat by lot and block number. [AS 34.08.130(a)(5)]

Section 4.03. Lot Boundaries. The boundaries of each Lot are the boundaries of the numbered Lots shown on Plat No.2002-19, attached to this Declaration as **Exhibit B**. [AS 34.08.130(a)(5); AS 34.08.100]

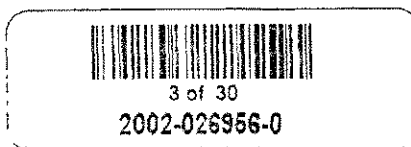
Section 4.04. Subdivision of Lots. Lots may not be reduced in size. Owners of contiguous Lots may, however, resubdivide their Lots without the agreement of other Lot Owners, so long as they have approval of the Executive Board and no Lot resulting from the subdivision is smaller than the smallest of the Lots from which the new Lots were created. [AS 34.08.210]

ARTICLE V

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 5.01. Special Declarant Rights. The Declarant, on behalf of itself, successors, and assigns, reserves the following Special Declarant Rights:

- (a) the right to complete or make improvements indicated on the Plat and Site Plan; [AS 34.08.130(a)(8); AS 34.08.170]
- (b) the right to maintain sales offices, management offices and models on Lots or on the Common Elements, but only in a manner which does not unreasonably disturb Lot Owners; [AS 34.08.130(a)(8); AS 34.08.230]
- (c) the right to maintain signs in the Common Ownership Community to advertise the Lots; [AS 34.08.130(a)(8); AS 34.08.230]
- (d) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration; [AS 34.08.130(a)(8); AS 34.08.240]
- (e) the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the Act; [AS 34.08.130(a)(8); AS 34.08.330(d)]

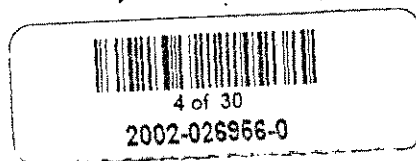


- (f) the right to exercise any Development Right including the rights to (i) add real estate presently outside of Sahalee to the Common Interest Community; (ii) create Lots or Common Elements within the Common Interest Community (Declarant may, at the time it adds any additional Lots and/or Common Elements to the Common Interest Community, specify restrictions on use, occupancy, and alienation, as well as standards for architectural controls for the additional Lots and/or Common Elements, should Declarant determine in its sole discretion that restrictions and standards different than those contained in this Declaration are appropriate); (iii) subdivide Lots or convert Lots into Common Elements; or (iv) withdraw real estate from the Common Interest Community; and
- (g) convey utility and drainage easements to utility companies and the Municipality of Anchorage, respectively, in Declarant's own name and on behalf of the Association; and convey public use easements in any Common Elements.

Section 5.02. Limitations on Special Declarant Rights and Development Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right and Development Rights may be exercised by the Declarant for the period of time specified in the Act. [AS 34.08.130(a)(8); AS 34.08.330] The purpose of this provision is to give Declarant the greatest flexibility in the exercise of its Special Declarant Rights. The Declarant may exercise the Special Declarant Rights so long as Declarant is obligated under any warranty or obligation, owns a Lot or security interest in a Lot, until two years after it cannot add units to the Common Interest Community, whichever is the longer. Similarly, the Declarant may exercise its Development Rights so long as Declarant owns real property referred to in the Declaration.

Section 5.03. Personal Property of Declarant. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and maintenance of the Common Interest Community that Declarant has not explicitly represented as Property of the Association. The Declarant reserves the right to remove from the Property any and all goods, models, and Improvements used in development, marketing, and construction, whether or not they have become fixtures.

Section 5.04. Declarant's Easement for Construction. The Declarant reserves the right to perform warranty work, repairs, construction work, and to store materials in secure



areas on Lots and Common Elements and the further right to control all such work and repairs and the right of access thereto, until the completion of any such repair or work. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising any Development or Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement also includes the Declarant's right to convey utility and drainage easements to public utilities, municipalities, the State, riparian owners, or upland owners.

Section 5.05. Lot Ownership by Declarant. Until Declarant no longer owns any Lots in the Common Interest Community, the Declarant and its duly authorized agents, representatives, and/or employees may maintain any Lot owned by the Declarant or any portion of the Common Elements as a model Lot, sales office or management office.

ARTICLE VI ALLOCATED INTERESTS

Section 6.01. Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability and votes in the Association allocated to each Lot are set forth in **Exhibit C**. [AS 34.08.130(a)(11)]

Section 6.02. Determination of Allocated Interests. The interests allocated to each Lot have been calculated as follows:

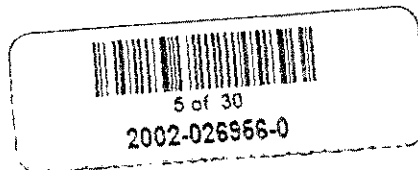
(a) the percentage of liability for Common Expenses and for the undivided interest in the Common Elements allocated to each Lot is an equal percentage interest derived by dividing the total number of Lots in the Common Interest Community into one hundred percent (100%); and

(b) Each Lot in the Common Interest Community shall have one equal vote. [AS 34.08.150]

ARTICLE VII RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 7.01. Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved by the Declarant, the following use restrictions apply to all Lots and to the Common Elements: AS 34.08.130(a)(12)

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(a) Land Use and Dwelling Type

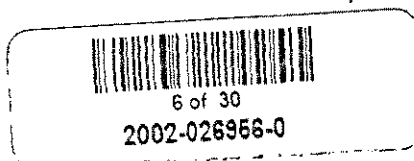
No Lot shall be used except for residential purposes, except that professional or business uses may be conducted in a dwelling provided that the uses must be incidental to the use of the dwelling for residential purposes. Non-residential activities must comply with governmental regulations addressing home occupations. No signs may indicate in any way that a nonresidential activity is being conducted, and no increase in street traffic, substantial or insubstantial is permissible.

No dwelling or structure shall be erected, altered, placed or permitted to remain on any Lot other than the following structures, which shall be subject to all of the terms and provisions of this Declaration:

1. One detached single family dwelling. Every dwelling must have a garage capable of housing at least two automobiles side by side. Carports are not allowed.
2. Fences, gates, and associated structures.
3. Retaining walls.
4. A greenhouse.
5. A garden tool shed, children's playhouse, or like structure.
6. A doghouse and/or pen.
7. Any other accessory dwelling, shed, structure, antenna, or other item permitted by the appropriate architectural control committee described in Article IX (hereinafter collectively referred to as the "appropriate Committee").
8. A driveway.

(b) Dwelling Quality, Size, and Construction

Each ranch dwelling shall contain a minimum floor area of 1800 square feet, and each two-story dwelling shall contain a minimum floor area of 2100 square feet, exclusive of the



garages, open decks, sheds, or other outbuildings. Construction from identical or similar plans must be sufficiently modified so that the exterior elevation of no two houses will be duplicated within three hundred (300) feet from the nearest front property line. To avoid duplication of plans within three hundred (300) feet of the nearest front property line, at least two dwelling design elements must be changed.

(c) Siding, Roofs, and Colors

Exterior finishes shall be wood lap siding, brick, stone, designer glass block or a finish of equal value approved by the appropriate Committee. T1-11 or sheet wood siding shall only be an acceptable exterior finish if it cannot be seen from the front or either side of the Lot.

All roofs shall be of a material, color and texture approved by the appropriate Committee. Cedar shake roofing or architectural shingles are recommended. Approval by the appropriate Committee will be based on the visual impact of the roof on the Lot or neighboring Lots, dwellings, roads and open spaces.

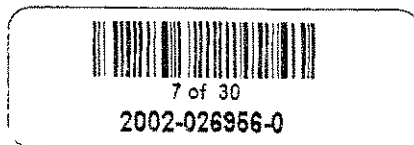
The color of external materials shall be subdued. Earth tones, generally muted, are recommended, although occasionally accent colors used judiciously and with restraint may be permitted by the appropriate Committee. The exterior color of a dwelling shall be different from the external color of the adjacent dwellings. The entire body of the dwelling must be painted or stained the same color. The subjective matter of approving colors is the responsibility of the appropriate Committee.

(d) Dwelling Location

Each dwelling in Phase IV shall have a front yard setback of at least 30 feet.

(e) Completion of Exteriors and Dwelling Occupancy

A dwelling must be enclosed and its exteriors finished within twelve (12) months of the time of beginning of construction. No dwelling shall be occupied prior to the completion of the exterior.



(f) Driveways

All driveways leading from the street to the garage shall be hard-surfaced asphalt, concrete, or pavers. Driveway colors must be approved by the appropriate Committee.

(g) Temporary Structures

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. Temporary construction structures shall be limited to small, approved structures under two hundred (200) square feet. Temporary construction structures shall be approved by the appropriate Committee. These structures shall be used only during the construction or modification phase of a dwelling and shall be removed promptly upon completion of the improvements on the Lot. The appropriate Committee may also require the removal of a temporary construction structure upon thirty (30) days written request if in its opinion the temporary construction structure is unsightly.

(h) Permanent, Detached Structures (Outbuildings)

Any permanent, detached structure must be finished to blend into the surroundings and its siding must be similar to the siding of the dwelling on the Lot. All permanent, detached structures greater than twelve (12) feet in height must be approved by the appropriate Committee. The appropriate Committee may set criteria on the location of the permanent, detached structure, but it is recommended that such structures be constructed so that they cannot be seen from the front of the Lot.

(i) Fences

No fences shall be erected or placed on any Lot in front of the dwelling, except fences installed by the Developer at certain intersections and along certain streets and green belts. Fences shall be no higher than six (6) feet. Posts and stringers reside on the inside of the fence and facings or rails are on the outside of the fence perimeter.

Fences installed by the Developer shall be maintained by the Association.

(j) Landscaping and Natural Vegetation

All areas of each Lot not devoted to the dwelling, driveway, walks, or other permitted site improvements shall be landscaped or covered with lawns, shrubby trees, garden bark, landscaping cobbles, or other ground cover. The front yard of each Lot shall support no less than three (3) live trees at any time. The trees shall be six feet high and larger than two and one half (2.5) inches in diameter as measured three feet above the ground. Waivers of this requirement may be granted by the appropriate Committee on a case-by-case basis if the owner presents an acceptable alternative proposal.

All the landscaping shall be completed within twelve months from the date of the purchase of the dwelling.

(k) Signs

No signs of any kind shall be displayed to the public view on any Lot except one sign of not more than five (5) square feet advertising the property for sale or rent, or a sign used by the Declarant or builder to advertise the property during the construction or sales period.

(l) Garbage and Refuse Disposal

Trash, garbage or other waste shall be disposed of through a household garbage disposal or wrapped in a secure package and deposited in a sanitary container. The sanitary container shall be sheltered or kept away from the public view, except the sanitary container or containers may be placed in the public view on the eve or day of garbage pick up. No outside burning of trash or garbage shall be allowed. No portion of the Property shall be used for the storage of building materials, refuse, or any other materials other than in connection with approved construction.

Construction waste shall be kept to a minimum on site and removed to the satisfaction of the appropriate Committee consistent with professional building standards.

(m) Animal Regulations

No animals, livestock, or poultry shall be kept on any Lot except that domestic dogs, cats, fish, and birds inside bird cages may be kept as household pets, provided they are not kept, bred, or raised for commercial purposes or in unreasonable quantities. No more than three (3) dogs may be maintained on the premises. No vicious dog (as defined by the

Anchorage Municipal Code) shall be kept on any Lot. All pets shall be chained, fenced or otherwise restrained at all times. No pet shall be allowed to run freely. Dog runs shall not be visible from the street.

(n) Sight Distance

Fences, walls, hedges, or shrub plantings must conform with municipal sight distance standards for corner Lots.

(o) Water and Sewer

Public water and sewer are supplied to the Lots. No individual well, water system, or septic system shall be allowed.

(p) Parking and Vehicle Restrictions and Storage

No wrecked, inoperative, vandalized or otherwise derelict-appearing automobiles, and no trucks, trailers, mobile homes, truck campers, detached camper units, boats, motorcycles, snowmachines, all-terrain vehicles, and recreational vehicles of any type, whether operative or inoperative, shall be kept, placed, stored, or maintained upon any Lot, except within an enclosed garage, or screened so that the item is not obviously visible from the public streets, an adjoining Lot, or a nearby house. Fencing, landscaping, or natural vegetation may act as the screen. The purpose of this provision is to keep these stored vehicles as well as any equipment out of sight as much as possible. Fuel storage is prohibited.

No large commercial van, business related vehicle (e.g. dump trucks), heavy equipment such as bulldozers and road graders may be kept on any Lot or street except during that time it is actually working in the subdivision in a continuous manner. No Lot or street may be used for the storage of any equipment, materials or merchandise used or to be sold in a business or trade.

Notwithstanding the above, campers, boats, and motor homes are allowed to be parked in driveways during the period of May 1 through October 15 so long as they are not covered with tarps which are determined to be unsightly by the Executive Board. If they are parked in the driveways at any other time, the Association may impose a fine, which shall be a lien against the Lot. Snowmachines may be parked in the driveways during the winter season.



(q) Oil and Mining Operations

No oil or gas drilling, development operations, refining, quarrying or mining operations, of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot. No surface entry will be permitted and no extraction of minerals will be permitted within a 500-foot buffer measured vertically from the surface.

(r) Nuisances

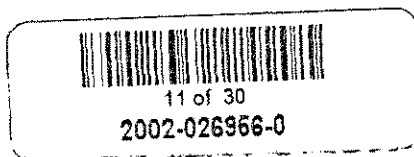
No noxious or offensive activity shall be carried on within the subdivision, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Motor bikes, motorcycles and automobiles shall have operable mufflers. Snowmachines and all-terrain vehicles shall not be operated within the subdivision at any time.

(s) Antennas

In the event an outside antenna or dish is required, the antenna or dish shall be no longer nor installed higher than absolutely necessary for reception of an acceptable quality signal. Antennas, masts, and any visible wiring must be painted to match the color of the dwelling, provided the paint does not degrade the signal. An antenna or dish situated on the ground and visible from the street or from other Lots must be camouflaged by existing landscaping or fencing, if an acceptable signal may be received from such placement. An antenna, dish, or mast may not extend beyond a railing or fence unless no acceptable quality signal may be received from this location.

(t) Utility and Drainage Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plats and on **Exhibit D**. Within these easements, no structures, plantings or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or significantly affect the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible.



(u) Architectural Control Standards

All Lots in the Common Interest Community are subject to Architectural Controls set forth in Article IX of this Declaration.

(v) Mailboxes

No mailboxes shall be erected or placed on any Lot until the mailbox has been approved by the appropriate committee pursuant to Article IX. Mailboxes may be "cluster" style, as required by the postmaster.

Section 7.02. Restrictions on Alienation. A Lot may not be conveyed pursuant to a time-sharing arrangement described in AS 34.08.990(31).

ARTICLE VIII

COMMON EXPENSE ASSESSMENT AND COLLECTION

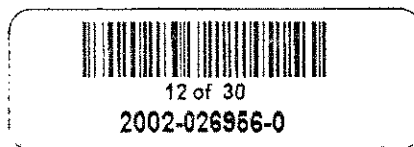
Section 8.01. Assessment for Common Expenses. Except as provided in Section 8.02 hereof, any Common Expenses shall be assessed against all Lots in accordance with their percentage interest in the Common Expenses. See Table of Interest, attached as **Exhibit C**. [AS 34.08.460]

Section 8.02. Apportionment of Common Expenses to Less Than All Lots. (a) Any Common Expenses for services provided by the Association for the benefit of an individual Lot at the request of the individual Lot Owner shall be assessed against said Lot.

(b) An assessment to pay a judgment against the Association may be made only against the Lots in the Common Interest Community at the time judgment was entered, in proportion to their percentage interests in the Common Expenses at the time judgment was entered.

(c) Any fees, charges, late charges, fines, collection costs, and interest charged against a Lot Owner pursuant to this Declaration and the Act are enforceable as Common Expense Assessments.

Section 8.03. Lien for Assessment. The Association shall have a lien, according to AS 34.08.470, on a Lot for any assessment levied against the Lot and/or for any fines, fees, charges, late charges, collection costs, and/or interest imposed against the Lot Owner from



the time any such assessment or fines, fees, charges, late charges, collection costs, and/or interest becomes due. [AS 34.08.460; AS 34.08.470]

ARTICLE IX ARCHITECTURAL CONTROLS

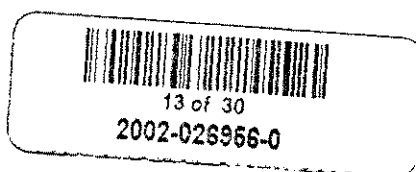
Section 9.01. General. No structure shall be placed, erected, or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with the provisions of Articles VII and IX of this Declaration and the approval of the appropriate Committee under Section 9.02.

Any Lot Owner may remodel, paint or redecorate the interior of structures on his Lot without approval of the appropriate Committee. However, modifications to the exterior of the dwelling or of other structures on the Lot or the interior of screened porches, patios, and similar portions of a dwelling visible from outside shall be subject to approval by the appropriate Committee.

Pursuant to Declarant's Development Rights and in Declarant's sole discretion, Declarant may repeal, modify, or amend in any way the provisions of Articles VII and/or IX after the initial recordation of the Declaration for any Lots and/or Common Elements not yet conveyed to a purchaser other than a builder, Dealer, or Declarant.

Section 9.02. Architectural Review. Responsibility for administration of the architectural standards and review of all applications for construction and modifications shall be handled by the appropriate Committee as described in subsections (a) and (b). The members of the Committees need not be Lot Owners or representatives of Lot Owners, and may, but need not, include architects, engineers or similar professionals.

(a) Initial Construction Committee. The Initial Construction Committee ("ICC") shall consist of one to three persons and shall have exclusive jurisdiction over all original construction on any portion of the Common Interest Community. The ICC shall scrutinize the plans, specifications, plot plan, and experience and reputation of the contractor to construct the dwelling, which construction shall be performed by a State of Alaska licensed building contractor, unless otherwise allowed in writing the appropriate committee and ratified by a full vote of the Executive Board for (i) quality of workmanship and materials, (ii) harmony of external design with existing structures, (iii) location with respect to



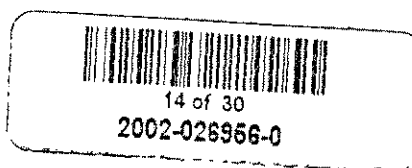
topography and finished grade elevation, and (iv) compliance with the land use provisions of Article VII. Until one hundred percent (100%) of the Common Interest Community has been developed and conveyed to Lot Owners other than Builders or Dealers, the Declarant retains the right to appoint all members of the ICC who shall serve at the Declarant's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon expiration of such right, the Executive Board shall appoint the members of the ICC, who shall serve and may be removed in the Executive Board's discretion.

(b) Modification Committee. The Executive Board may establish a Modification Committee ("MC") to consist of at least three and no more than five persons, all of whom shall be appointed by and shall serve at the discretion of the Executive Board. The MC, if established, shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing structures on Lots, including fences, landscaping, and site grading. The MC is responsible for the enforcement of architectural standards on any given Lot in the subdivision after the completion of construction of the dwelling on that Lot. The design or color scheme of the proposed improvements or alterations shall be controlled by the MC to insure harmony through out the Subdivision. However, this provision shall not be held to require approval to repaint a dwelling with substantially the same color scheme. The compensation of the members of the MC, if any, shall be established from time to time by the Executive Board. The Executive Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

Until the MC is formed, the ICC will assume the functions of the MC.

Section 9.03. Procedure to Obtain Committee Approval. Requests for approval by either the ICC or MC shall be submitted in writing according to the specific procedure and on the forms established by these Committees. The approval or disapproval of these Committees to a request shall be in writing. In the event the Committees, or their designated representative fail to approve or disapprove a request within thirty (30) days after plans and specifications have been submitted, the proposal shall be deemed approved. Notification may be delivered orally, but must be followed with written confirmation.

Committee review does not imply any review of the adequacy of the plans or specifications for strength, suitability or durability, including structural design. By approval of any proposal, there is no implication that these Committees, the Declarant, or the Association have any liability or responsibility for the quality or sufficiency of the design or materials.



All plans and documents submitted to these Committees will be retained in their files.

No dwelling, structure, or other improvement (including regrading of the site) shall be constructed, placed, erected, repainted, altered or made without the express written approval of the ICC or MC. Failure to obtain the approval of the ICC prior to making an improvement to the land or dwelling shall give the ICC the right to bring a legal action at law or in equity against the wrongdoer. Similarly, when the MC has jurisdiction over the approval process, if a Lot Owner fails to obtain the MC's approval before commencing a modification, the Association may levy an assessment against the Lot Owner for each day following commencement of construction until the MC approval is obtained, and the Association may bring a legal action at law or in equity against the wrongdoer.

Decisions of the MC may be appealed to the Executive Board. Appeals must be taken to the Board by written notice to the Board not more than thirty (30) days following receipt of the final decision of the MC.

ARTICLE X EASEMENTS AND LICENSES

Section 10.01. Recording Data. All easements and licenses to which the Common Interest Community is presently subject are recited in **Exhibit D**. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to Section 5.01 in this Declaration. [AS 34.08.130(a)(13)]

ARTICLE XI AMENDMENTS

Section 11.01. General. Except in cases of amendments that are executed by the Declarant in the exercise of its Development Rights or as otherwise provided by the Declaration or the Act, this Declaration, including the Plat and Plans, may be amended only by vote or agreement of Lot Owners of Lots to which at least sixty seven percent (67%) of the votes in the Association are allocated. [AS 34.08.250]

Section 11.02. Declarant Rights. Provisions in this Declaration reserving Declarant rights may not be amended without the consent of Declarant.

If, in Declarant's exercise of any rights described in Article V of this Declaration, an amendment to the Declaration is required, the Declarant shall, in conformance with the Act,



prepare, execute, and record an amendment to the Declaration, to any required Plat and Plan, and to any other required exhibits. Any amendment effected by Declarant's exercise of rights reserved in Article V requires Declarant approval only.

ARTICLE XII MISCELLANEOUS

Section 12.01. Changes in Act. In the future and from time to time, in all instances where this Declaration or the Bylaws contain language that tracks the Act on the date that Sahalee is created, this Declaration and the Bylaws shall be automatically amended in accordance with the amended cognate language of the Act which may be adopted by the State of Alaska, unless the particular language of the Declaration or Bylaws, either as initially adopted or as amended at any subsequent time by the Association, is clearly to supersede the amended text of the Act.

Section 12.02. Captions. The captions contained in the Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration nor the intent of any provision thereof.

Section 12.03. Waiver. No provision contained in the Declaration 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 12.04. Invalidity. The invalidity of any provision of the Declaration 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 Declaration shall continue in full force and effect.

Section 12.05. Conflict. The Declaration, the Bylaws, and the Articles of Incorporation are intended to comply with the requirements of the Act and Title 10, Chapter 20 of the Alaska Statutes (Non Profit Corporation Law). In the event of any conflict between these documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other documents, this Declaration shall control.

Section 12.06 Arbitration. Any dispute over ICC approval of plans for construction of the first dwelling on a Lot shall be decided by arbitration. An aggrieved party seeking arbitration shall notify the ICC. The parties shall attempt to select a retired local judge to



arbitrate the dispute. If the parties cannot agree on the name of a retired local judge, each party to such a dispute shall select and pay for an arbitrator of its choice to act as an arbitrator. These arbitrators shall select a third arbitrator whose costs shall be shared equally by the parties. The arbitration shall proceed at the earliest possible time, and the arbitrators are encouraged to render their decision within twenty-four (24) hours of the conclusion of the arbitration proceeding, including in their decision an award of cost and attorney fees to the prevailing party.

Any dispute that the parties agree to subject to arbitration shall follow the above procedure.

ARTICLE XIII MORTGAGE PROTECTION

In the future and from time to time, Eligible Mortgagees and Insurers (AHFC, FNMA, FHLMC, FHA, VA, etc.) may adopt provisions that relate to the financing of improvements on the Lots or require the Association to notify the Eligible Mortgagees and Insurers who have requested to be given notices. It is the intent of the Declarant that the Declaration and the Bylaws shall incorporate these financing provisions by this reference as if they were already set forth herein and adopted by the Association without any further action.

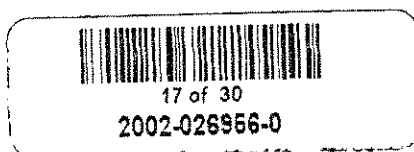
IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by the manager and duly authorized agent this 12 day of April, 2002.

DECLARANT:

NEWBY CONSTRUCTION, INC.

By: Sam Newby
Sam Newby, President

DECLARATION
SAHALEE, PHASE IV



Page 17 of 18

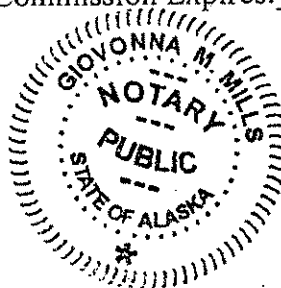
STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 12th day of April, 2002, before me, the undersigned, appeared Sam Newby, who acknowledged being the President of NEWBY CONSTRUCTION, INC. an Alaska corporation, and voluntarily signing and sealing the foregoing instrument on behalf of said limited liability company, and being authorized so to do.

Giovanna M Mills
Notary Public in and for Alaska
My Commission Expires: 3/06/04

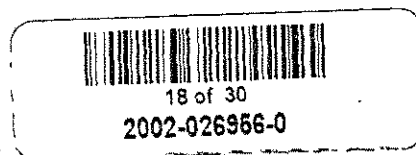
Upon recordation return to:

Newby Construction, Inc.
12929 Tracy Way
Anchorage, Alaska 99516



F:\DOCS\96890\1\Declaration Phase 4.Final.wpd

DECLARATION
SAHALEE, PHASE IV



Page 18 of 18

EXHIBIT A
DESCRIPTION OF LAND

Lots and Common Elements Subject to Phase I Declaration

Lots 15-24, 40-45, Block 1; Lots 1-23, Block 2; and Greenbelt Tracts A-F, of Phase I Subdivision, a Subdivision of Sahalee Tract B, filed under Plat No. 98-81, located within the S.W. 1/4 of Section 10, T. 12 N., R. 3 W., S.M., Anchorage Recording District, Third Judicial District, State of Alaska and containing 17.253 acres \pm .

Lots and Common Elements Subject to Phase II Declaration

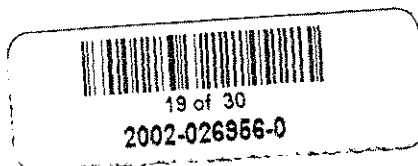
Lots 1-14, Block 1; Lots 24-32, 52-56 & 66-71, Block 2; and Greenbelt Tracts A, G, H, J, & K of Phase II Subdivision, a Subdivision of Sahalee Tract C-1, filed under Plat 99-44, located within the S.W. 1/4 of Section 10, T. 12 N., R 3 W., S.M., Anchorage Recording District, Alaska and containing 28.35 acres \pm .

Lots and Common Elements Subject to Phase III Declaration

Lots 33-51, Block 2; and Greenbelt Tracts J and L of Phase III Subdivision, a Subdivision of Sahalee Tract C-2, filed under Plat 99-44, located within the S.W. 1/4 of Section 10, T. 12 N., R. 3 W., S. M., Anchorage Recording District, Alaska and containing 11.15 acres \pm .

Lots and Common Elements Subject to Phase IV Declaration

Lots 25-39, Block 1, and Greenbelt Tracts A, M, N, O, and P of Phase IV Subdivision, a Subdivision of Sahalee Tract A, filed under Plat 98-97, located within the S.W. 1/4 of Section 10, T. 12 N., R. 3 W., S.M., Anchorage Recording District, Alaska and containing 7.04 acres \pm .



Real Property Subject to Development Rights (Including But Not Limited to the Right to Withdraw)

None.

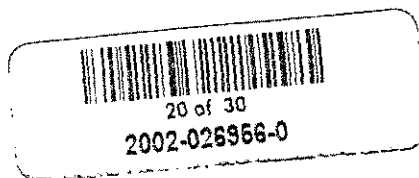


EXHIBIT B
PLAT

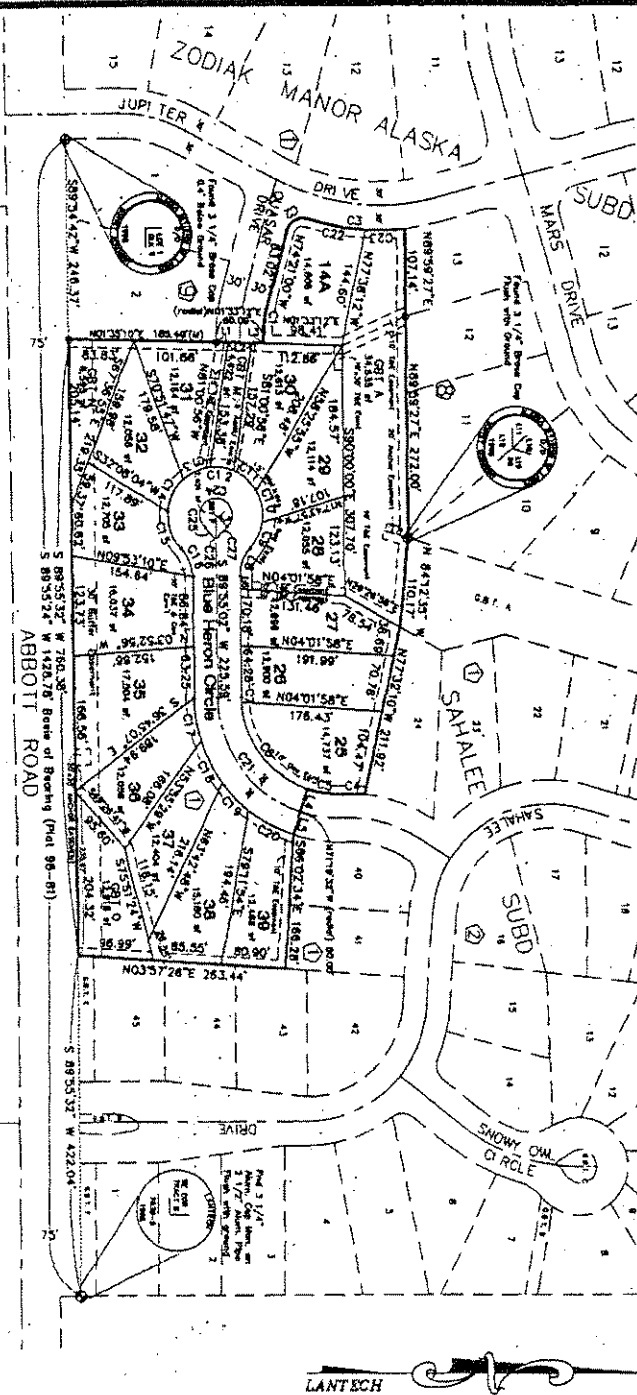
Exhibit B (Plat)



21 of 30

2002-026966-0

Page 1 of 1



Line	Item	Length
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JUPITER DRIVE

2002-19 30 cc
Training REC 0191
Date 2/27 30 cc
Time 1:51 P M
Measured by MOA
Address N/A

UNSUBDIVIDED

NOTES

1

DRIVE

ESTATES

The Sudan

Map showing numbered locations (1-17) across the Sudan, likely indicating specific sites or regions of interest.

LEGEND

⊕ Found Instrument

○ Found 8 1/2" Water

● Found Sigs

⊕ Transmission and Electric

⊕ Out - Out Travel

ANALOG Acoustics, Water & Mechanical Library

Lighted metal
Cap (Vibration)

LAURENCE
15 FEB 68

[illegible][illegible]

Sahalee

Phase 4

CON

Lot 25 - 39, Block 1, Grandview Tracts A, M, N, O, P,
 and
 Lot 14A, Block 8, Zodiac Manor Subdivision

A subdivision of Tract A, Sophora Tracts Subd., (plot #
 898-81), located within S 1/2 SW 1/4, Section 10,
 T112N, R3W, S4E, AK, Anchorage Recording District.
 Containing 7,071 acrs., 16 lots, 5 tracts.

PREPARED BY
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NO.

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EXHIBIT C
TABLE OF INTERESTS

<u>Lot No.</u>	<u>Percentage Interest</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Phase IV</u>	<u>Votes in Association</u>
Phase I					
Lot 15, Block 1	2.564%	1.37	1.087	.935	1
Lot 16, Block 1	2.564	1.37	1.087	.935	1
Lot 17, Block 1	2.564	1.37	1.087	.935	1
Lot 18, Block 1	2.564	1.37	1.087	.935	1
Lot 19, Block 1	2.564	1.37	1.087	.935	1
Lot 20, Block 1	2.564	1.37	1.087	.935	1
Lot 21, Block 1	2.564	1.37	1.087	.935	1
Lot 22, Block 1	2.564	1.37	1.087	.935	1
Lot 23, Block 1	2.564	1.37	1.087	.935	1
Lot 24, Block 1	2.564	1.37	1.087	.935	1
Lot 40, Block 1	2.564	1.37	1.087	.935	1
Lot 41, Block 1	2.564	1.37	1.087	.935	1
Lot 42, Block 1	2.564	1.37	1.087	.935	1
Lot 43, Block 1	2.564	1.37	1.087	.935	1
Lot 44, Block 1	2.564	1.37	1.087	.935	1
Lot 45, Block 1	2.564	1.37	1.087	.935	1
Lot 1, Block 2	2.564	1.37	1.087	.935	1
Lot 2, Block 2	2.564	1.37	1.087	.935	1
Lot 3, Block 2	2.564	1.37	1.087	.935	1
Lot 4, Block 2	2.564	1.37	1.087	.935	1
Lot 5, Block 2	2.564	1.37	1.087	.935	1
Lot 6, Block 2	2.564	1.37	1.087	.935	1
Lot 7, Block 2	2.564	1.37	1.087	.935	1
Lot 8, Block 2	2.564	1.37	1.087	.935	1
Lot 9, Block 2	2.564	1.37	1.087	.935	1
Lot 10, Block 2	2.564	1.37	1.087	.935	1
Lot 11, Block 2	2.564	1.37	1.087	.935	1
Lot 12, Block 2	2.564	1.37	1.087	.935	1
Lot 13, Block 2	2.564	1.37	1.087	.935	1
Lot 14, Block 2	2.564	1.37	1.087	.935	1
Lot 15, Block 2	2.564	1.37	1.087	.935	1



Lot 16, Block 2	2.564	1.37	1.087	.935	1
Lot 17, Block 2	2.564	1.37	1.087	.935	1
Lot 18, Block 2	2.564	1.37	1.087	.935	1
Lot 19, Block 2	2.564	1.37	1.087	.935	1
Lot 20, Block 2	2.564	1.37	1.087	.935	1
Lot 21, Block 2	2.564	1.37	1.087	.935	1
Lot 22, Block 2	2.564	1.37	1.087	.935	1
Lot 23, Block 2	2.564	1.37	1.087	.935	1

Phase II

Lot 1, Block 1		1.37	1.087	.935	1
Lot 2, Block 1		1.37	1.087	.935	1
Lot 3, Block 1		1.37	1.087	.935	1
Lot 4, Block 1		1.37	1.087	.935	1
Lot 5, Block 1		1.37	1.087	.935	1
Lot 5, Block 1		1.37	1.087	.935	1
Lot 6, Block 1		1.37	1.087	.935	1
Lot 7, Block 1		1.37	1.087	.935	1
Lot 8, Block 1		1.37	1.087	.935	1
Lot 9, Block 1		1.37	1.087	.935	1
Lot 10, Block 1		1.37	1.087	.935	1
Lot 11, Block 1		1.37	1.087	.935	1
Lot 12, Block 1		1.37	1.087	.935	1
Lot 13, Block 1		1.37	1.087	.935	1
Lot 14, Block 1		1.37	1.087	.935	1
Lot 24, Block 2		1.37	1.087	.935	1
Lot 25, Block 2		1.37	1.087	.935	1
Lot 26, Block 2		1.37	1.087	.935	1
Lot 27, Block 2		1.37	1.087	.935	1
Lot 28, Block 2		1.37	1.087	.935	1
Lot 29, Block 2		1.37	1.087	.935	1
Lot 30, Block 2		1.37	1.087	.935	1
Lot 31, Block 2		1.37	1.087	.935	1
Lot 32, Block 2		1.37	1.087	.935	1
Lot 52, Block 2		1.37	1.087	.935	1
Lot 53, Block 2		1.37	1.087	.935	1
Lot 54, Block 2		1.37	1.087	.935	1
Lot 55, Block 2		1.37	1.087	.935	1



Lot 56, Block 2	1.37	1.087	.935	1
Lot 66, Block 2	1.37	1.087	.935	1
Lot 67, Block 2	1.37	1.087	.935	1
Lot 68, Block 2	34 35 1.37	1.087	.935	1
Lot 69, Block 2	1.37	1.087	.935	1
Lot 70, Block 2	1.37	1.087	.935	1
Lot 71, Block 2	1.37	1.087	.935	1

Phase III

Lot 33, Block 2	1.087	.935	1
Lot 34, Block 2	1.087	.935	1
Lot 35, Block 2	1.087	.935	1
Lot 36, Block 2	1.087	.935	1
Lot 37, Block 2	1.087	.935	1
Lot 38, Block 2	1.087	.935	1
Lot 39, Block 2	1.087	.935	1
Lot 40, Block 2	1.087	.935	1
Lot 41, Block 2	1.087	.935	1
Lot 42, Block 2	1.087	.935	1
Lot 43, Block 2	1.087	.935	1
Lot 44, Block 2	19 1.087	.935	1
Lot 45, Block 2	1.087	.935	1
Lot 46, Block 2	1.087	.935	1
Lot 47, Block 2	1.087	.935	1
Lot 48, Block 2	1.087	.935	1
Lot 49, Block 2	1.087	.935	1
Lot 50, Block 2	1.087	.935	1
Lot 51, Block 2	1.087	.935	1

Phase IV

Lot 25, Block 1	.935	1
Lot 26, Block 1	.935	1
Lot 27, Block 1	.935	1
Lot 28, Block 1	.935	1
Lot 29, Block 1	.935	1
Lot 30, Block 1	.935	1
Lot 31, Block 1	.935	1



Lot 32, Block 1	.935	1
Lot 33, Block 1	.935	1
Lot 34, Block 1	.935	1
Lot 35, Block 1	.935	1
Lot 36, Block 1	.935	1
Lot 37, Block 1	.935	1
Lot 38, Block 1	.935	1
Lot 39, Block 1	.935	1

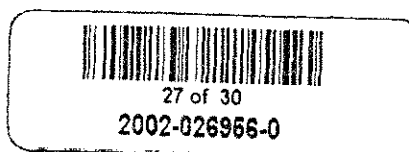
TOTAL		107



EXHIBIT D
EASEMENTS AND LICENSES

The Common Interest Community is presently subject to the following easements and licenses:

1. All greenbelt tracts are also electrical and telecommunication easements to provide service to lots.
2. Chugach Electric Association, Inc. easement in ADL No. 63702.
3. There is a natural vegetative buffer as per AO 97-141 section (1)(c), 50' in width, with the southern boundary being the north edge of the paved bike trail along Abbot Road, except where it is necessary to remove vegetation for the construction of a residential structure (including roads and driveways).
4. As per AO 97-141 section (1)(b), where it is necessary for homesite development, to include the home, driveway, and yard space, consideration shall be given to first removing dead trees, and that as many trees as possible with a diameter of 8" or more shall be retained on the lot. Special attention should be given to maintaining vegetative wind breaks and visual buffers to screen the lot from adjacent development.
5. Reservations and exceptions as contained in the United States Patent and/or in Acts authorizing the issuance thereof, said patent was recorded September 16, 1965 in Deed Book 311 at Page 105.
6. Reservations and exceptions as contained in the State of Alaska patent and/or in Acts authorizing the issuance thereof, said patent was recorded January 4, 1979 in Book 369 at Page 448.
7. Slope easements, as dedicated and reserved on the plats of the Common Interest Community, to the record of which reference is hereby made.
8. Easements as shown on the plats of the Common Interest Community, to the record of which reference is hereby made.

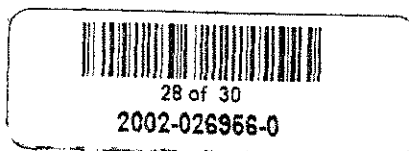


9. Blanket Easement for electrical transmission and/or telephone distribution and incidental purposes, including terms and provisions thereof, to the record of which reference is hereby made granted to Chugach Electric Association, Inc., recorded June 29, 1998 in Book 3279 at Page 921.
10. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded June 12, 1998 in Book 3269 at page 381 between the Municipality of Anchorage and Sahalee Development, LLC. The above agreement contains the following notation, "This subdivision agreement does not create a lien on the property."

Amended by an instrument recorded April 22, 1999, Book 3459, Page 444.

An Assignment to BGL LLC recorded August 25, 2000, Book 3681, Page 198.

11. Municipality of Anchorage Resolution No. 98-01, including terms and provisions thereof, as recorded July 24, 1998 in Book 3294 at page 193, to the record of which reference is hereby made. (Affects this and other property.)
12. Covenants, conditions and restrictions and/or easements, including terms and provisions thereof, but deleting any covenant, condition, or restriction indicating a preference, limitation, or discrimination based on race, color, religion, sex handicap, familial status, or national origin to the extent such covenants, conditions, or restrictions violate 42 USC 3604(c), as contained in the Declaration submitting said premises to the Common Interest Ownership Act (34.08) of the State of Alaska, recorded August 5, 1998 in Book 3301 at Page 902 (Phase I).
13. Covenants, conditions and restrictions and/or easements, including terms and provisions thereof, but deleting any covenant, condition, or restriction indicating a preference, limitation, or discrimination based on race, color, religion, sex handicap, familial status, or national origin to the extent such covenants, conditions, or restrictions violate 42 USC 3604(c), as contained in the Declaration submitting said premises to the Common Interest Ownership Act (34.08) of the State of Alaska, recorded May 28, 1999 in Book 3479 at Page 977 (Phase II).
14. Covenants, conditions and restrictions and/or easements, including terms and provisions thereof, but deleting any covenant, condition, or restriction indicating a preference, limitation, or discrimination based on race, color, religion, sex handicap,



familial status, or national origin to the extent such covenants, conditions, or restrictions violate 42 USC 3604(c), as contained in the Declaration submitting said premises to the Common Interest Ownership Act (34.08) of the State of Alaska, recorded July 12, 1999 in Book 3502 at Page 359 (Phase III).

Amended by an instrument recorded July 13, 1999, Book 3502, Page 974.

Amended by an instrument recorded September 20, 2000, Book 3693, Page 712.

15. Terms, provisions and covenants of the bylaws of the Sahalee Homeowners Association, and any amendments or additions thereto, recorded August 5, 1998 in Book 3301 at Page 902.
16. Covenants and notes as shown on the plats of the Common Interest Community, to the record of which reference is hereby made.
17. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded May 7, 1999 in Book 3468 at Page 549 between the Municipality of Anchorage and Thomas H. Dreyer and Marc A. Marlow of MD Investment Company. The interest of Thomas H. Dreyer and Marc A. Marlow of MD Investment Company has been assigned to Sahalee Development, LLC by instrument recorded May 7, 1999 in Book 3468 at Page 552.
18. Blanket easement for electrical transmission and/or telephone distribution and incidental purposes, including terms and provisions thereof granted to Chugach Electric Association, Inc. are recorded in Book 3470 at Page 961 on May 13, 1999.
19. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded July 7, 1999 in Book 3500 at Page 203 between the Municipality of Anchorage and MD Investment Company. The interest of MD Investment was assigned to Sahalee Development, LLC by instrument recorded July 7, 1999 in Book 3500 at Page 206.
20. Uniform Common Interest Ownership Act, including the terms, conditions and provisions provided therein, and in any supplements or amendments thereof, of the State of Alaska.
21. Assignment of Sahalee Subdivision Contracts and Agreements, by and between Sahalee Development, LLC, and MD Investment Company, an Alaska general



partnership, and BGL LLC, including the terms and provisions thereof, recorded March 8, 2000, Book 3604, Page 632.

22. Sanitary Sewer Main Extension Agreement, including the terms and provisions thereof, by and between The Municipality of Anchorage and Newby Construction, Inc., recorded October 1, 2001, Serial Number 2001-066215.
23. Water Main Extension Agreement, including the terms and provisions thereof, by and between The Municipality of Anchorage and Newby Construction, Inc., recorded October 1, 2001, Serial Number 2001-066220.
24. Unrecorded Subdivision Agreement, including the terms and provisions thereof, as disclosed by notice recorded October 1, 2001, Serial Number 2001-067396 between The Municipality of Anchorage and Newby Construction, Inc.
25. Easement for natural gas facilities and appurtenances thereto granted to Enstar Natural Gas Company, recorded December 20, 2001, Serial Number 2001-086726.

