

ARTICLE V

DESTRUCTION OF IMPROVEMENTS

Section 1. DAMAGE AND DESTRUCTION

If, within sixty (60) days of damage or destruction of all or part of the property, it is not determined by a majority of all unit owners to repair, reconstruct or rebuild in accordance with the original plans, or by unanimous vote of all unit owners to do otherwise, then:

(a) The property shall be owned in common by the unit owners;

(b) The undivided interest of the property owned in common which appertains to each of the unit owners shall be the percentage of the undivided interest previously owned by him in the common areas and facilities; and

(c) Mortgages, deeds of trust or liens affecting any of the units shall be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property.

Section 2. APPLICATION OF INSURANCE PROCEEDS

Subject to the provisions of Section 1, and the interests of any holder of a first mortgage, in the event of damage or destruction as the result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration, exclusive, however, of furniture, furnishings, fixtures or equipment installed by unit owners, and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense, and the Board of Directors may assess all unit owners for such deficit as part of the common charges.

Section 3. RIGHT TO PARTITION

The common areas and facilities shall remain undivided, and no unit owner or other person may bring any

action for partition or division of any part, unless the property has been removed from the provisions of the Horizontal Property Regimes Act of the State of Alaska.

Section 4. SUBDIVISION AND COMBINATION OF UNITS AND COMMON AREAS AND FACILITIES

A resolution adopted and signed by at least seventy-five percent (75%) of the unit owners may provide for the subdivision or combination, or both, of any unit or units or of the common or limited common areas and facilities, or any parts thereof, and the means for accomplishing such subdivision or a combination, or both, and any such resolution shall provide, in conjunction therewith, for the appropriate amendments to this Declaration, the Bylaws or any other documents or agreements affected thereby; provided that the space combined or subdivided shall, after such subdivision or combination, have the same percentage of total value that such space had prior to such subdivision or combination unless such percentage of total value is changed by appropriate amendment in accordance with Article X hereof.

Section 5. INTERIOR DAMAGE

Restoration and repair of any damage to the interior of any individual unit shall be made by and at the individual expense of the owner of that unit and, in the event of a determination to rebuild after partial or total destruction, shall be completed as promptly as practical and in a lawful and workmanlike manner.

Section 6. NOTICE TO MORTGAGEE

Any institutional holder of a first mortgage on any unit shall be given written notice of any substantial damage or destruction to a condominium or the common elements. In any event, notice will be given whenever the damage to the common elements exceeds \$10,000, or the damage to the individual condominium exceeds \$1,000.

ARTICLE XI

CONDEMNATIONSection 1. CONSEQUENCES OF CONDEMNATION

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

Section 2. PROCEEDS

All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "condemnation award", shall be payable to the Association, in trust, for the purposes set forth herein.

Section 3. COMPLETE TAKING

In the event that the entire project is taken or condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The condemnation award shall be apportioned among the unit owners in proportion to the respective

If an allocation of the condemnation award is already established in negotiation, judicial decree or otherwise, then in allocating the condemnation award, the Association shall employ such allocation to the extent it is relevant and

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

(c) the respective amounts allocated to the taking of or injury to a particular unit and/or improvements an owner had made within his own unit shall be apportioned to the particular unit involved; and

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

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

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

PARTIAL TAKING Section 4.

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

undivided interests in the common elements, provided that a standard different from the value of the project as a whole is employed to measure the condemnation award in the negotiation, judicial decree or otherwise, then in determining such shares, the same standard shall be employed to the extent it is relevant and applicable.

applicable. Distribution of apportioned proceeds shall be made by check payable jointly to the respective owners and their respective mortgagees.

Section 5. REORGANIZATION

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

Section 6. NOTICE TO MORTGAGEE

The institutional holder of a first mortgage on any unit shall be given written notice of any condemnation proceeding described herein, and nothing herein shall entitle a unit owner, or any other party, to priority over the holder of a first mortgage with respect to the distribution of the proceeds of any award or settlement.