

Assignment of Common Interest Community Association Right to Judgment or Settlement Proceeds

(Sample Only - Do Not Complete)

For and in consideration of Ten Dollars and other good and valuable consideration, receipt of which is hereby acknowledged, the _____ ("Association"), by and through its undersigned Board of Directors ("Board"), hereby assigns and transfers to Alaska Housing Finance Corporation (AHFC), as assignee, all rights which the Association now has or may hereafter acquire in or as a result of claims or litigation against _____ (Developer/Builder, etc.) (Defendants) and any other parties as described herein.

This assignment is to secure a loan made by AHFC to the Association in the amount of \$_____, and the amount hereby assigned shall not exceed the principal sum owing on this loan at the time that AHFC exercises its rights hereunder, plus interest, costs, and attorney's fees, accrued or incurred as of that date or thereafter until the loan is paid in full.

Further, any future advances made by AHFC to the Association, or by any successor-in-interest of AHFC, are specifically agreed by the parties to be also secured by this assignment. Unless subsequently agreed otherwise in writing by the parties, this assignment will secure such future advances whether or not they are of the same type or character as the loan secured by this assignment, or whether or not the future advances are separately secured.

The rights hereby assigned arise out of the failure of the defendant(s) to properly design, construct, maintain, or repair the real property and improvements thereon known as _____ (project name), and include judgments or settlements on all rights or causes of action against the named defendant(s) or any other party that may later be named or substituted as a defendant in litigation or against whom the Association asserts claims that are settled without litigation. The rights hereby assigned include all causes of action, whether sounding in tort, contract, or otherwise, and whether at law or in equity.

If litigation has already commenced on any of the rights hereby assigned, then the rights assigned include any judgment which has been or may be recovered by the Association in the _____ Court for the State of Alaska, _____ Judicial District, at _____ under case number _____, together with all sums of money or other benefits which may be obtained by reason of the said judgment or litigation. The Association hereby appoints AHFC its attorney-in-fact for purposes of executing and collecting on any judgment that has been or may later be recovered by the Association and assigned by the assignment.

The Association will notify AHFC of any judgment entered on the Association's claims, any sums recovered on account of such judgments, and any appeal of the judgment. All sums recovered by or paid to the Association on account of such judgment will be applied by the Association to the payment of the loan secured by this assignment.

If the Association should come to an out-of-court settlement on its claims, it shall notify and obtain approval from AHFC of the terms of such settlement prior to entering into the settlement. The Association shall notify the other party or parties to the settlement that any and all payments made on account of the settlement shall be made or made payable to AHFC. The Board and Association shall deliver a copy of this assignment to the other party or parties to the settlement and such delivery shall constitute sufficient notice to require the other party or parties to the settlement to pay directly to AHFC any sums due to the

Association under the terms of the settlement. Any such payments made in conformance with this assignment shall discharge the payor from the obligation of the settlement to the extent of the payment.

The Association and Board agree that they shall take all steps necessary and proper to pursue the Association's claims described above and obtain a favorable settlement or judgment upon those claims, and, where warranted, appeal any adverse decision by the trial court. The Association shall notify AHFC promptly of any adverse decision in order to allow AHFC sufficient time in which to determine whether or not to require that an appeal be taken. The Association will also defend any appeal by an adverse party of a result favorable to the Association.

The Association and Board further agree that they shall not release any party against whom claims have been asserted or can be asserted, nor dismiss any lawsuit filed, without the prior approval of AHFC, nor shall they take any action that would defeat, hinder or delay AHFC's ability to enforce its rights under this agreement.

The Board warrants that this assignment is rightful and that there has been and will be no prior, conflicting or subsequent assignment of the right to collect dues and assessments, that the Association is the only entity entitled to collect these dues and assessments or to make an assignment of them, and that this assignment is not a preference or in fraud of the Association's other creditors. The Board further warrants that this assignment is proper under the Condominium Declaration and Association Bylaws, that this assignment was authorized by a vote of the Association's membership at a properly convened meeting and approved by the number of unit owners required by statute, declaration, or bylaws, and that the Board is duly elected and duly authorized to execute this assignment.

Should any person or entity liable to the Association on any judgment, claim or settlement, the proceeds or rights to which are assigned by this assignment, voluntarily or involuntarily go into bankruptcy, the Association also hereby assigns its right to receive any distribution from the bankrupt's estate or any payment under the terms of any plan under Title 11 U.S.C. Chapter 11, 12, or 13.

If at any time any warranty, representation, or statement made herein by the Board is untrue, or if the Board or Association should fail to perform any act or observe any term hereof, or if there should be any default in payment on the loan secured by this assignment, or if AHFC should at any time reasonably deem any of its security for the loan secured by this assignment to be jeopardized, then all liabilities secured hereby shall become immediately due and payable, and AHFC may, in addition to any other rights and remedies it may have, immediately and without demand or notice exercise all rights to the accounts hereby assigned and treat them in all ways as AHFC's own accounts. The Association agrees to pay AHFC's expenses, including legal expenses, incurred or paid by AHFC in protecting or enforcing its rights under this assignment. In addition to the events of default described above, the Association will be in default for failure to perform any provision of this assignment, any other document securing the indebtedness secured by this assignment, and any document evidencing that indebtedness.

AHFC may subsequently transfer all its rights under this agreement, and the Association hereby waives as against such subsequent transferee all defenses, counterclaims, or setoffs, which the Association may claim against AHFC.

IN WITNESS WHEREOF, the Board has executed this assignment this _____ day of _____, _____.

By: _____
Its: _____

By: _____
Its: _____

By: _____
Its: _____

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
____ JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the _____ day of _____, _____, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____ and _____ of an Association organized and existing under the laws of the State of Alaska, to me known to be the _____ and _____, respectively, of said association and acknowledged to me that they signed the foregoing assignment freely and voluntarily for and on behalf of said association by authority of its Board of Directors for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

Notary Public in and for Alaska

My Commission Expires: _____