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Peger Lake Homeowners Association, Inc.  
c/o Douglas Management Company  
P. O. Box 3757  
Seattle, Washington 98124-3757

DECLARATION  
OF  
PEGER LAKE DEVELOPMENT  
FAIRBANKS, ALASKA

ORIGINAL IN #93-168 General

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DECLARATION OF  
PEGER LAKE DEVELOPMENT

Douglas Management Company, an Alaska corporation with an office at Fairbanks, Alaska, does hereby submit the real property in Fairbanks, Alaska, described in Schedule A-1, to the provisions of the Alaska Common Interest Ownership Act, AS 34.08, for the purpose of creating the Peger Lake Development, a planned community.

ARTICLE I  
DEFINITIONS

In this declaration and the accompanying documents, the following words and phrases shall have the following meanings:

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

1.2 Allocated Interests. The undivided interest in the Common Elements, the Common Expense liability, and votes in the Association allocated to each Unit. The Allocated Interests are described in Article IX of this declaration and are shown on Schedule A-2.

1.3 Association. Peger Lake Homeowners Association, Inc., a non profit corporation organized under Chapter 20 of Title 10 of the Alaska Statutes. It is the association of owners of Units within the Common Interest Community, pursuant to Section 34.08.310 of the Act.

1.4 Board. The board of directors of the Association.

1.5 Bylaws. The Bylaws of the Association, as they may be amended from time to time.

1.6 Common Elements. The real or personal property within the Common Interest Community owned or leased by the Association, including the land underlying Peger Lake and the waters of Peger Lake. Units are not Common Elements.

1.7 Common Expense(s). The expenses or financial liabilities for the operation of the Common Elements. These include:

- a. Expenses of administration, maintenance, repair, or replacement of the Common Elements;
- b. Expenses declared to be Common Expenses by the Association or by the Act; and
- c. Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

1.8 Common Interest Community. The real property described in Schedule A-1 and such other real property as Declarant or the Association may acquire or make subject to this Declaration, sometimes referred to as the Peger Lake Development or Peger Lake Planned Community.

1.9 Declarant. Douglas Management Company, an Alaska corporation, or its successors, as defined in AS 34.08.990(12) of the Act.

1.10 Declaration. This document, including any amendments and schedules.

1.11 Development Rights. The rights reserved by the Declarant under Article VII of this Declaration.

1.12 Director. A member of the Board of Directors of the Association.

1.13 Documents. The Public Offering Statement, this Declaration, the Plat, any Rules, the Articles of Incorporation, and the Bylaws, all as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a document is part of that document.

1.14 Eligible Mortgagee. The holder of a first security interest in a Unit which has notified the Association, in writing, of its name, address and that it holds a first security interest in a Unit. Such notice shall be deemed to include a request that the eligible mortgagee be given the notices and other rights prescribed in Article XVIII.

1.15 Improvements. Any structure, fixture, or facilities existing or to be constructed on or in the Common Elements, including on or under the water of Peger Lake, and including but not limited to, buildings, wharfs, docks, piers, ramps, floats, trees, shrubbery or other plant life, paving, utility wires, pipes, and light poles.

1.16 Limited Common Elements. That portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by this Declaration, or by operation of the Act. The Limited Common Elements are described in Article V of this Declaration.

1.17 Majority or Majority of Unit Owners. The owners of more than fifty percent of the votes in the Association.

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

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

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

1.21 Peger Lake. A Common Element consisting of an artificial recreational lake, described in Schedule A-1.

1.22 Person. Any individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

1.23 Plat. The plat filed with this Declaration as Schedule A-1 as it may be amended from time to time.

1.24 Public Offering Statement. The document prepared pursuant to Section 34.08.530 of the Act as it may be amended from time to time, to be provided to purchasers prior to the time of execution of a purchase agreement.

1.25 Rules. Rules for the use of the Common Elements, and for the conduct of persons on the Common Elements, adopted by the Board pursuant to this Declaration and Section 34.08.320(a)(1) of the Act.

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

1.27 Special Declarant Rights. Rights reserved for the benefit of the Declarant to:

- a. Complete improvements indicated on the Plat filed with the Declaration;
- b. Exercise any Development Right;
- c. Maintain sales offices, management offices, and signs advertising the Common Interest Community;
- d. Use easements through the Common Elements for the purpose of making improvements within the Common Interest Community, or within real estate that may be added to the Common Interest Community;
- e. Appoint or remove officers or Directors of the Association during any period of Declarant control;
- f. Make the Common Interest Community subject to a master association; or
- g. Merge or consolidate the Common Interest Community with another common interest community of the same form of ownership.

1.28 Trustee. The entity which may be designated by the Board as the trustee for the receipt, administration, and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses, and other like sources as defined in the Bylaws. If no trustee has been designated, the trustee shall be the Board, or its designee.

1.29 Unit. A physical portion of the Common Interest Community designated for separate ownership, commonly known as a "lot."

1.30 Unit Owner. The Declarant or other owner of record of a Unit. "Unit Owner" does not include a person solely having a Security Interest in a Unit. The Declarant is the initial owner of any Unit created by this Declaration.

**ARTICLE II  
NAME AND TYPE OF  
COMMON INTEREST COMMUNITY AND ASSOCIATION**

2.1 Common Interest Community. The name of the Common Interest Community is "Peger Lake Development," sometimes referred to as "Peger Lake Planned Community." Peger Lake Development is a planned community, including Common Element land on which Peger Lake is located.

2.2 Association. The name of the Association is Peger Lake Homeowners Association, Inc.

**ARTICLE III  
DESCRIPTION OF LAND**

The entire Common Interest Community is situated in the Fairbanks Recording District, Fourth Judicial District, Fairbanks, Alaska, and is more particularly described in the Plat, Schedule A-1.

**ARTICLE IV  
MAXIMUM NUMBER OF UNITS; BOUNDARIES**

4.1 Maximum Number of Units. Upon creation, the Common Interest Community shall contain, as Units, lots 26-66 of Peger Lake Development as described in the Plat. Record owners of lots 1 through 19, 20A, 22A, 23, 24, 25A and 25B or any other lot bordering on Peger Lake may elect, in writing, to have their lots designated as Units.

4.2 Boundaries. Boundaries of each Unit created by the Declaration are shown on the Plat.

**ARTICLE V  
LIMITED COMMON ELEMENTS**

The Board may designate from time to time as Limited Common Elements any portion of the Common Elements or any improvements on the Common Elements. Limited Common Elements shall be assigned to specific Units on a case by case basis by the Board. Maintenance, repair and replacement of the Limited Common Elements shall be the responsibility of the owners of the Units to which they are allocated.

Declarant reserves for itself and the Association the right to create Limited Common Elements on or of any portion of the Common Elements, including on or under the water of Peger Lake, and on any land which in the future is dedicated to the Association as a Common Element.

DECLARATION

**ARTICLE VI  
MAINTENANCE, REPAIR AND REPLACEMENT**

6.1 Common Elements. The Association shall maintain, repair, and replace the Common Elements, and improvements thereon, except for the Limited Common Elements which are required by Article V of this Declaration to be maintained, repaired or replaced by specified Unit Owners.

6.2 Repairs Resulting from Negligence. Each Unit Owner shall reimburse the Association for any damages to any portion of the Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacement to his or her Unit or allocated Limited Common Elements.

6.3 Shoreline Change. Declarant and Association are not responsible for maintenance of the shoreline boundary of Peger Lake. Any change in the shoreline of Peger Lake due to past or future natural or artificial causes is entirely the responsibility of the owners of the Units affected.

**ARTICLE VII  
BLANK**

This Article intentionally left blank.

**ARTICLE VIII  
DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS**

8.1 Reservation of Development Rights. Declarant reserves the following Development Rights:

- a. The right by amendment to create or add Units, Common Elements, and Limited Common Elements to the Common Interest Community or to convert Units to Common Elements within the Common Interest Community.
- b. The right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the Units or Common Elements for the purpose of furnishing utility and other services to buildings and improvements to be constructed on the Common Elements. Declarant also reserves the right to grant easements to public utility companies and to convey improvements within those easements anywhere in the Common Interest Community for the above-mentioned purposes. If Declarant grants any such easements, Schedule A-1 will be amended to include reference to the recorded easement.
- c. The right by amendment to add real estate to or withdraw real estate from the Common Interest Community. Units owned by Declarant may be converted to Common Elements, but no Units may be withdrawn from the Common Interest Community.

8.2 Limitations on Development Rights. The development rights reserved in Section 8.1 are limited as follows:

- a. The Development Rights may be exercised at any time, but not more than seven (7) years after the recording of the initial Declaration, unless exercised with consent as stated in Section 18.5 of this Declaration.
- b. No additional Units may be added other than those specified on the Plat unless new real estate is added to the Common Interest Community.
- c. All Units created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Units created under this Declaration as initially recorded.
- d. The quality of construction of any buildings and other improvements to be erected in the Common Interest Community shall be consistent with the quality of those constructed pursuant to this Declaration as initially recorded.
- e. No Development Rights may be exercised unless approved pursuant to Section 18.5 of this Declaration.
- f. Upon the expiration or other termination of the Development Rights, all real property subject to Development Rights shall become Units or Common Elements as described in this Declaration.

8.3 Special Declarant Rights. The Declarant reserves the Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Common Interest Community.

8.4 Construction; Declarant's Easement. Declarant reserves the right to perform construction work in the Common Elements and Units it owns, and the further right to control all such work, and the right of access thereto, until its completion. All work may be performed by Declarant without the consent or approval of the Board. The Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising special Declarant rights, whether arising under the Act or reserved in the Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State of Alaska, riparian owners or upland owners to fulfill the plan of development.

8.5 Signs and Marketing. Declarant reserves the right to post signs and displays upon Units it owns and to promote the sales of those Units, and to conduct general sales activities, in such a manner as will not unreasonably disturb the other Unit Owners.

8.6 Declarant's Personal Property. 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 has not been represented as property of the Association. The Declarant reserves the right to remove from the Common Interest Community any and all goods, equipment and improvements used in development, marketing or construction whether or not they have become fixtures.

DECLARATION

**8.7 Declarant Control of the Association.**

- a. Subject to paragraph 8.7(b) there shall be a period of Declarant control of the Association, during which a Declarant, or persons designated by Declarant, may appoint and remove the officers and Directors of the Association. The period of Declarant control terminates no later than the earlier of:
- (i) Conveyance of Seventy Five Percent (75%) of the Units to Unit Owners other than the Declarant;
  - (ii) Two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
  - (iii) September 1, 2000.

Declarant may voluntarily surrender the right to appoint and remove officers and Directors of the Association before termination of that period, but in that event Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

- b. Not later than sixty (60) days after the conveyance of twenty five percent (25%) of the Units to Unit Owners other than Declarant, at least one Director and not less than twenty five percent (25%) of the Directors of the Board shall be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units to owners other than the Declarant, not less than thirty three and one-third percent (33.3%) of the Directors of the Board must be elected by Unit Owners other than Declarant.
- c. Not later than the termination of any period of Declarant control, the Unit Owners shall elect a Board of Directors consistent with the Bylaws. The Board shall elect the officers consistent with the Bylaws.

**8.8 Limitations on Special Declarant Rights.** Unless sooner terminated by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by Declarant so long as Declarant is obligated under any warranty or obligation, holds a Development Right to create additional Units, owns any Unit or any security interest in any Unit or until such time as seven (7) years have expired after the recording of this Declaration, whichever is earliest. Earlier termination of certain rights may occur by statute.

**8.9 Interference With Special Declarant Rights.** Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant.

8.10 Phasing of Development Rights. No assurances are made by Declarant regarding any portions of the areas shown as 'Development Rights Reserved in this Area' on the Plat that Declarant will exercise its Development Rights and no representations are made as to the order in which any of such portions will be developed. The exercise of Development Rights as to some portions will not obligate Declarant to exercise them as to other portions.

#### ARTICLE IX ALLOCATED INTERESTS

9.1 Use of Common Elements. The use of the Common Elements (other than any Limited Common Element) shall not be allocated among the Unit Owners. Instead, each Unit Owner shall have the right to use the whole of the Common Elements, subject to state and federal water use laws and any Rules adopted by the Association.

9.2 Allocation of Interests and Voting Rights. The number of votes allocated to each Unit shall be based on the number of lineal feet of record lot line frontage that each Unit has facing Peger Lake and shall be calculated according to the formula below. A table reflecting the footage of lot line frontage and Allocated Interests of each Unit is attached as Schedule A-2. Each Unit's Allocated Interest is the same fraction as the number of votes allocated to that Unit.

Formula: The number of votes allocated to a Unit is a fraction, the numerator of which is the number of lineal feet of record lot line frontage of the Unit and the denominator of which is the total number of lineal lot line frontage of all Units.

9.3 Liability for Common Expenses. The liability for Common Expenses allocated to each Unit Owner shall be based upon the Unit's Allocated Interest. Nothing contained in this paragraph shall prohibit certain Common Expenses from being apportioned to particular Units under Article XIX of this Declaration.

9.4 Assignment of Allocated Interests Upon Creation of Units Pursuant to Exercise of Development Rights. The effective date for assigning Allocated Interests, including voting rights, to Units created or added pursuant to Article VIII of this Declaration shall be the date on which the amendment creating the Units is recorded in the records of the Fairbanks Recording District, Fourth Judicial District, State of Alaska.

#### ARTICLE X RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

10.1 Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article VIII, the use of all Units and Common Elements is subject to the Documents.

10.2 Restrictions on Alienation.

- a. A Unit may not be conveyed pursuant to a time-sharing plan.
- b. All leases and rental agreements shall be in writing and subject to the requirements of the Documents and the Association.

10.3 Alienation of Common Elements. The conveyance or encumbrance of a Common Element requires the approval of at least sixty-seven percent (67%) of the Unit Owners.

**ARTICLE XI  
EASEMENTS AND LICENSES**

All easements or licenses of record to which the Common Interest Community is subject should be reflected in the Public Offering Statement. The Common Interest Community may be subjected to future easements or licenses granted by the Declarant pursuant to its powers under Article VIII of this Declaration.

**ARTICLE XII  
ALLOCATION AND REALLOCATION OF LIMITED COMMON ELEMENTS**

A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to provisions of this Declaration. The allocations will be made by amendments to the Declaration, specifying to which Unit or Units the Limited Common Element is allocated.

Limited Common Elements may be reallocated by an amendment to this Declaration. An amendment to reallocate a Limited Common Element shall require the approval of all affected Unit Owners and holders of Security Interests in the affected Units, which approval shall be endorsed thereon. The person executing the amendment shall provide an executed copy thereof to the Association which, if the amendment complies with the provisions of this Declaration and the Act, shall record it. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Common Interest Community.

The parties executing the amendment shall be responsible for the preparation of the amendment and shall reimburse the Association for its reasonable attorneys' fees in connection with the review of the amendment and for the recording costs.

**ARTICLE XIII  
ADDITIONS, ALTERATIONS AND IMPROVEMENTS**

13.1 Additions, Alterations and Improvements by Unit Owners.

The provisions of this Section shall not apply to the Declarant in the exercise of any Special Declarant Right.

a. A Unit Owner:

- (i) May only make improvements or alterations to his Unit that do not impair the integrity or lessen the support of any portion of the Common Interest Community.
- (ii) May not change the appearance of the Common Elements, without permission of the Association.
- (iii) Notwithstanding subsections 13.1(a)(i), may construct a dock, pier, or similar structure which extends not more than 20 feet into Peger Lake from the shoreline mean high water line.

- b. A Unit Owner may submit a written request to the Board for approval to do anything that he or she is forbidden to do under Subsection 13.1(a). The Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Board to the proposed action.
- c. No addition, alteration or improvement to the Units and Common Elements shall, except pursuant to prior approval by the Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any unaltered Units.

13.2 Additions, Alterations and Improvements by Board. Subject to the limitations of Sections 19.4 and 19.5 of this Declaration, the Board may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary.

13.3 Improvements Within Limited Common Elements. Unit Owners may make improvements within or as a part of Limited Common Elements provided they are undertaken with the permission of the Board or a covenants control committee established for such purpose, if any, following submission of complete plans prepared by an architect or landscape architect if requested by such Board or Committee and a review by such Board or Committee as to compliance with health and safety requirements and consistency with the style and character of the community. No approval of significant improvements will be awarded without Notice and Comment given to the Unit Owners. The applicant will pay for the cost of preparation of the application, the cost of professional review, if deemed required by the review entity, and all costs of permits and fees.

#### ARTICLE XIV RELOCATION OF BOUNDARIES AND SUBDIVISION

14.1 Application and Amendment. Subject to the provisions of the Act and any other law or regulation, including but not limited to zoning and health and safety laws, boundaries between adjoining Units may be relocated or created by an amendment to the Declaration upon application to the Association by the owners of the Units involved. If the owners of adjoining Units have applied for a reallocation between their Units of their Allocated Interest, the application shall state the proposed reallocations and that the Units to be created or altered will comply with all applicable laws and regulations. Unless the Board determines within thirty (30) days after receipt of the application, that the reallocations are unreasonable, the Association shall consent to the reallocation and prepare an amendment that identifies the Units involved, states the reallocations, and indicates the Association's consent. The Amendment must be executed by all Unit Owners involved and contain words of conveyance between them, and the approval of all holders of security interests in the affected Units shall be endorsed thereon, and then shall be recorded. The Amendment to the Declaration must be executed by the owners of the Units to be subdivided, and assign an identifying number to each Unit created.

14.2 Recording Amendments. The Association shall prepare and record plats necessary to show the altered boundaries between adjoining Units, their sizes, and identifying numbers. The applicants will pay for the costs of preparation of the amendment and its recording, and the reasonable consultant fees of the Association if it is deemed necessary to employ a consultant by the Board.

**ARTICLE XV  
AMENDMENTS TO DECLARATION**

15.1 General. Except in cases of amendments that may be executed by Declarant in the exercise of its Development Rights or by the Association under Article VIII of this Declaration and Section 34.08.740 of the Act, or by certain Unit Owners under Article XIV of this Declaration and Section 34.08.260 of the Act, and except as limited by Section 15.4 and Article XVII of this Declaration, this Declaration, including the Plat, may be amended only by consenting vote or agreement of the Unit Owners of Units to which at least sixty seven percent (67%) of the votes in the Association are allocated.

15.2 Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

15.3 Recordation of Amendments. Each amendment to the Declaration must be recorded in the Fairbanks Recording District, Fourth Judicial District, State of Alaska and the amendment is effective only upon recording.

15.4 When Unanimous Consent Required. Except to the extent expressly permitted or required by other provisions of the Act and this Declaration, an amendment may not create or increase Special Declarant Rights, increase the number of Units, change the boundaries of a Unit, the allocated votes of a Unit, or the uses to which a Unit is restricted, in the absence of unanimous consent of all Unit Owners.

15.5 Execution of Amendments. An amendment to the Declaration required by the Act to be recorded by the Association, which has been adopted in accordance with this Declaration and the Act, must be executed and certified on behalf of the Association by an authorized officer.

15.6 Special Declarant Rights. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

15.7 Consent of Holders of Security Interests. Amendments are subject to the consent requirements of Article XVIII.

15.8 Amendments to Create Units. To exercise any Development Right reserved under Section 8.1 of this Declaration, the Declarant shall prepare, execute and record an amendment to the Declaration. The Declarant shall also record either new plats necessary to conform to the requirements of the Act or new certifications of Schedule A-1 previously recorded if the schedule otherwise conforms to the requirements of the Act. The amendment to the Declaration shall assign an identifying number to each new Unit created and reallocate the votes between all Units. The amendment shall describe any Common Elements and any Limited Common Elements created thereby and designate the Unit to which each Limited Common Element is allocated to the extent required by the Act.

**ARTICLE XVI  
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**ARTICLE XVII  
TERMINATION**

Termination of the Common Interest Community may be accomplished only in accordance with Section 34.08.260 of the Act and by agreement of Unit Owners comprising eighty (80) percent of the votes in the Association.

**ARTICLE XVIII  
MORTGAGEE PROTECTION**

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

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

18.3 Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee of:

- a. Any condemnation loss or any casualty loss which affects a material portion of the Common Interest Community in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee, as applicable;
- b. Any delinquency in the payment of Common Expense assessments owed by a Unit Owner whose Unit is subject to a first Security Interest held, insured, or guaranteed, by such Eligible Mortgagee, which remains uncured for a period of sixty (60) days;
- c. Any lapse, cancellation, or material modification of any insurance policy maintained by the Association or fidelity bond maintained by the Association;
- d. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 18.4; and
- e. Any judgment rendered against the Association.

18.4 Consent Required

- a. Document Changes. Notwithstanding any lower voting percentage requirement permitted by this Declaration or the Act, no amendment of any material provision of the Documents by the Association or Unit Owners described in this paragraph 18.4(a) may be effective without the consenting vote of at least sixty-seven percent (67%) of the Unit Owners

(or any greater Unit Owner vote required in this Declaration or the Act) and until approved in writing by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Right. 'Material' includes, but is not limited to, any provision affecting:

- (i) Reallocation of interests in the Common Elements or Limited Common Elements except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding Security Interests in such Units must approve such action; or
  - (ii) Boundaries of Units except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding Security Interests in such Unit or Units must approve such action;
  - (iii) Termination of the Common Interest Community after occurrence of substantial destruction or condemnation.
- b. Actions. Notwithstanding any lower voting percentage requirement permitted by the Declaration or the Act, the Association may not take any of the following actions other than rights reserved to the Declaration as Special Declaration Rights without the approval of at least 51% of the Eligible Mortgagees:
- (i) Convey or encumber the Common Elements or any portion thereof (as to which an 80% Eligible Mortgagee approval is required). (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Common Interest Community will not be deemed a transfer within the meaning of this clause);
  - (ii) The restoration or repair of the Common Elements (after a hazard damage or partial condemnation) in a manner other than that specified in the Documents;
  - (iii) The termination of the Common Interest Community for reasons other than substantial destruction or condemnation, as to which a sixty-seven (67%) Eligible Mortgagee approval is required;
  - (iv) The merger of this Common Interest Community with any other common interest community;

- (v) The granting of any easements, leases, licenses and concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Common Interest Community and excluding any leases, licenses or concessions for no more than one year);
  - (vi) The assignment of the future income of the Association, including its right to receive Common Expense assessments; and
  - (vii) Any action taken not to repair or replace the Common Elements.
- c. The failure of an Eligible Mortgagee to respond within thirty (30) days to any written request of the Association for approval of a non-material addition or amendment to the Documents shall constitute an implied approval of the addition or amendment.

18.5 Development Rights. No Development Rights may be exercised or voluntarily abandoned or terminated by Declarant unless all persons holding Security Interests in the Development Rights consent to the exercise, abandonment, or termination. In the event that Development Rights are exercised following seven years after recording of the initial declaration, they may not be exercised without consent of holders of 50% of the Eligible Mortgagees.

18.6 Inspection of Books. The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours.

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

- a. the Common Interest Community contains seventy or more Units, in which case the cost of the audit shall be a Common Expense; or
- b. any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

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

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

18.10 HUD Approval. The addition of Units or Common Elements to the Common Interest Community, the dedication of a Common Element, or an amendment to this Declaration requires the approval of the U.S. Department of Housing and Urban Development during the period of Declarant Control as described in Section 8.7.

**ARTICLE XIX  
ASSESSMENT AND COLLECTION OF COMMON EXPENSES**

19.1 Apportionment of Common Expenses. Except as provided in Section 19.2, all Common Expenses shall be assessed against all Units in accordance with their fractional interest in the Common Expenses as calculated pursuant to Section 9.3 and shown in Schedule A-2 of this Declaration.

19.2 Common Expenses Attributable to Fewer than all Units.

- a. Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction on the Unit shall be assessed against that Unit.
- b. An assessment to pay a judgment against the Association may be only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their Common Expense liabilities.
- c. If Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against the Unit of such Unit Owner.
- d. Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable against such Unit Owner as Common Expense assessments.
- e. Any expenses incurred by the Association in the construction, repair or maintenance of a Limited Common Element allocated to a particular Unit shall be assessed exclusively against that Unit.
- f. Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such service.
- g. All actual attorneys' fees and costs incurred by the Association in enforcing any provision of this Section against a Unit Owner shall be paid by that Unit Owner, should the Association be the prevailing party. If the Unit Owner is the prevailing party, the Association shall pay that Unit Owner's actual attorneys' fees and costs.

19.3 Lien.

- a. The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Unit Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

- b. A lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) a lien and encumbrances recorded before the recording of this Declaration; (2) a first Security Interest on the Unit; and (3) liens for real estate taxes and other governmental assessment or charges against the Unit. This Subsection does not affect the priority of mechanics' or materialmen's liens. A lien under this Section is not subject to the provisions of AS 09.38.010.
- c. Recording of this Declaration constitutes record notice and perfection of the lien. Further recording of a claim of lien for assessment under this Section is not required.
- d. A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three years after the full amount of the assessment becomes due; provided, that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the Association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.
- e. This Section does not prohibit an action to recover sums for which Subsection (a) of this Section creates a lien or prohibit an Association from taking a deed in lieu of foreclosure.
- f. A judgment or decree in any action brought under this Section shall include costs and reasonable attorney's fees for the prevailing party.
- g. A judgment or decree in an action brought under this Section is enforceable by execution under A.S. 09.35.
- h. The Association's lien may be foreclosed as a mortgage or deed of trust on real estate is foreclosed, or as a lien is foreclosed under AS 34.35.005.
- i. In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be due from that Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense assessments based on a periodic budget adopted by the Association pursuant to Section 19.4 of this Declaration.
- j. If a holder of a first or second Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.

- k. In the case of foreclosure of an assessment lien by the Association, the Association shall give reasonable notice of its action to each lien holder of a Unit whose interest would be affected.
- l. Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied as the Association sees fit.

19.4 Budget Adoption and Ratification. Within 30 days after adoption of a proposed budget for the Association, the Board shall provide a summary of the budget to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Unit Owners continues until the Unit Owners ratify a budget proposed by the Board. A budget shall be adopted at least annually by the Association.

19.5 Ratification of Non-budgeted Common Expense Assessments. The Board may, by a majority vote, levy a Common Expense assessment not included in the current budget in an amount less than or equal to 15% of the current budget, or for the purposes enumerated in Section 19.2 of this Declaration in an unlimited amount. If the Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in Section 19.2 of this Declaration, in an amount greater than fifteen (15%) percent of the current annual operating budget, the Board shall submit such Common Expense to the Unit Owners for ratification in the same manner as a budget under Section 19.4.

19.6 Certificate of Payment of Common Expense Assessments. The Association upon written request shall furnish to a Unit Owner a statement setting out the amount of unpaid assessments against the Unit. The statement must be furnished within 10 business days after receipt of the request and is binding on the Association, the Board and each Unit Owner.

19.7 Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 19.1 and 19.2 shall be due and payable monthly unless the Board determines that a less frequent period is appropriate. The holder of a Security Interest shall not be required to collect Common Expense Assessments.

19.8 Acceleration of Common Expense Assessments. In the event of default for a period of ten (10) days by any Unit Owner in the payment of any Common Expense assessment levied against that owner's Unit, the Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.

19.9 Commencement of Common Expense Assessments. Common Expense assessments shall begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs.

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

19.11 Personal Liability of Unit Owners. The Owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment shall pass to a successor in title to the Unit.

**ARTICLE XX  
RIGHT TO ASSIGN FUTURE INCOME**

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

**ARTICLE XXI  
PERSONS AND UNITS SUBJECT TO DOCUMENTS**

21.1 Compliance with Documents. All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the entering into occupancy of a Unit constitutes agreement that the provisions of the Documents are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant and all such provisions recorded in the records of the Fairbanks Recording District of the Fourth Judicial District, State of Alaska, are covenants running with the land and shall bind any Persons having at any time any interest or estate in such Unit.

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

**ARTICLE XXII  
INSURANCE**

22.1 Coverage. To the extent reasonably available, the Board shall obtain and maintain insurance coverage of the Common Elements as set forth in this Article.

22.2 Property Insurance.

- a. Coverage. At the Board's discretion, the Association shall maintain property insurance covering: (i) all personal property, equipment and fixtures owned by the Association; and (ii) all improvements to real property owned by the Association.
- b. Amounts. The real property and the personal property, equipment and fixtures owned by the Association for an amount equal to their estimated cash values at the time the insurance is purchased and at each renewal date. The Board is authorized to obtain appraisals periodically for the purpose of establishing the estimated cash value of the personal property and improvements, and the cost of such appraisals shall be a Common Expense.
- c. Deductibles. The maximum deductible for insurance policies shall be in such amount as the Board may establish from time to time. If the loss is to a Limited Common Element, the deductible shall be paid by the

Unit Owners with an interest in the Limited Common Element suffering the loss. If the loss is to a Common Element, all of the deductible shall be paid by the Association as a Common Expense.

- d. Risks Insured Against. The insurance shall afford protection against all risks of direct physical loss commonly insured against; however, earthquake and flood coverage is within the discretion of the Board.
- e. Other Provisions. Insurance policies required by this Section shall provide that:
  - (i) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.
  - (ii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.
  - (iii) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.
  - (iv) Authority to adjust and settle an insurance claim rests with the Board.
  - (v) The insurer may not cancel or refuse to renew the policy until sixty (60) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

**22.3 Liability Insurance.** At the Board's discretion, the Association shall maintain liability insurance, including medical payment insurance, in an amount determined by the Board but in no event less than \$1,000,000, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, including Limited Common Elements, and the activities of the Association. Liability insurance policies carried pursuant to this Section shall provide that:

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

- c. An act or omission by a Unit Owner will not void the policy or be a condition to recovery under the policy.
- d. If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.
- e. The insurer issuing the policy may not cancel or refuse to renew it until sixty (60) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

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

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

22.6 Workers' Compensation Insurance. The Board shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Alaska if it employs anyone covered by the Alaska Workers' compensation statutes.

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

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

22.9 Premiums. Insurance premiums shall be a Common Expense.

#### ARTICLE XXIII DAMAGE TO OR DESTRUCTION OF PROPERTY

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

- a. The Common Interest Community is terminated;

- b. Repair or replacement would be illegal under a state statute or municipal ordinance; or
- c. 80% of the Unit Owners, including each owner of a destroyed or damaged Limited Common Element, vote not to rebuild or restore.

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

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

23.4 Replacement of Less Than Entire Property.

- a. The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community.
- b. Except to the extent that other persons will be distributees:
  - (i) The insurance proceeds attributable to Limited Common Elements that are not rebuilt must be distributed to the Unit Owner to which the Limited Common Elements were allocated, or to lien holders, as their interests may appear; and
  - (ii) The remainder of the proceeds must be distributed to each Unit Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Units.

23.5 Insurance Proceeds. The insurance trustee, or if there is no insurance Trustee, then the Board or its designee shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 23.1, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Element. The Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Element has been completely repaired or restored, or the Common Interest Community is terminated.

23.6 Certificates by the Board. The Trustee or the designee of the Board, if any, may rely on the following certifications in writing made by the Board:

- a. Whether or not damaged or destroyed Property is to be repaired or restored; and
- b. The amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

23.7 Title Reports. If payments are to be made to Unit Owners or mortgagees, the Board, its designee or the Trustee, if any, shall obtain and may rely on a title insurance report or policy

DECLARATION

based on a search of the records of the Fairbanks Recording District, Fourth Judicial District, State of Alaska subsequent to the date of the recording of the original Declaration stating the names of the Unit Owners and the mortgagees.

**ARTICLE XXIV  
RIGHTS TO NOTICE AND COMMENT;  
NOTICE AND HEARING**

24.1 Right to Notice and Comment. Whenever the Documents require that an action be taken after "Notice and Comment", and at any other time the Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action shall be given to each Unit Owner in writing and shall be delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or published in a newsletter or similar publication which is routinely circulated to all Unit Owners. The notice shall be given not less than five (5) days before the proposed action is to be taken. It shall invite comment to the Board orally or in writing before the scheduled time of the meeting. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

24.2 Right to Notice and Hearing. Whenever the Documents require that an action be taken after "Notice and Hearing", the following procedure shall be observed: The party proposing to take the action (e.g., the Board, a committee, an officer, the manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

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

**ARTICLE XXV  
BOARD OF DIRECTORS**

25.1 Minutes of Board Meetings. The Board shall permit any Unit Owner to inspect the minutes of Board meetings during normal business hours. The minutes shall be available for inspection within fifteen (15) days after any such meeting.

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

- a. Adopt and amend Bylaws and Rules;

- b. Adopt and amend budgets for revenues, expenditures and reserves;
- c. Collect assessments for Common Expenses from Unit Owners;
- d. Hire and discharge managing agents;
- e. Hire and discharge employees and agents, other than managing agents, and independent contractors;
- f. Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- g. Make contracts and incur liabilities;
- h. Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- i. Cause additional improvements to be made as a part of the Common Elements;
- j. Acquire, hold, encumber and convey in the Association's name any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Subdivision 18.4(b)(1) and Section 34.08.430 of the Act;
- k. Grant easements for any period of time including permanent easements, and leases, licenses and concessions for no more than one year, through or over the Common Elements;
- l. Impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, and for services provided to Unit Owners;
- m. Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy a reasonable fine for violations of this Declaration, Bylaws and Rules of the Association;
- n. Impose a reasonable charge for the preparation and recordation of amendments to this Declaration, resale certificates required by Section 34.08.590 of the Act or a statement of unpaid assessments;
- o. Provide for the indemnification of the Association's officers and Board and maintain directors' and officers' liability insurance;
- p. Assign the Association's right to future income, including the right to receive Common Expense assessments;

- q. Exercise any other powers conferred by this Declaration, the Articles of Incorporation, the Bylaws or the Rules;
- r. Exercise any other power that may be exercised in this state by legal entities of the same type as the Association;
- s. Exercise any other power necessary and proper for the governance and operation of the Association; and
- t. By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain records and publish notice of their actions to Unit Owners and the Board.

25.3 Board Limitations. The Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect members of the Board or determine the qualifications, powers and duties, or terms of office of Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term.

**ARTICLE XXVI  
OPEN MEETINGS**

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

26.2 Executive Sessions. Meetings of the Board may be held in executive session, without the requirement that they be open to Unit Owners, only in the following situations only:

- a. No action is taken at the executive session requiring the affirmative vote of Directors; or
- b. The action taken at the executive session involves personnel, pending litigation, contract negotiations, or enforcement actions.

**ARTICLE XXVII  
CONDEMNATION**

If part or all of the Common Interest Community is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with Section 34.08.740 of the Act.

**ARTICLE XXVIII  
MISCELLANEOUS**

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

28.2 Gender. The use of the masculine gender refers to the feminine and neuter genders and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

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

28.4 Invalidity. The invalidity of any provision of the Documents 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 Documents shall continue in full force and effect.

28.5 Conflict. The Documents are intended to comply with the requirements of the Act and Chapter 10.20 of the Alaska statutes (Non-profit Corporation Law). In the event of any conflict between the 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 Document, this Declaration shall control.

28.6 Enforcement. The provisions of this Declaration may be enforced by a Unit Owner, the Association or any other interested person.

In Witness Whereof, the Declarant has caused this Declaration to be executed this 16<sup>th</sup> day of July, 1993.

DOUGLAS MANAGEMENT COMPANY

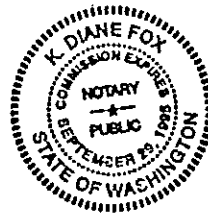
By: Christel F. Holm  
Christel F. Holm  
Its President

STATE OF WASHINGTON )  
                                  ) ss.  
COUNTY OF KING

BEFORE ME, the undersigned, a notary public in and for the state of Washington duly commissioned and sworn as such, this day personally appeared Christel F. Holm known personally to me, who, being duly sworn, stated that she is the President of Douglas Management Company, a corporation, and that she executed the foregoing instrument on behalf of said corporation as the free act and deed of said corporation by authority of a resolution of its Board of Directors or by virtue of its Bylaws for the uses and purposes therein set forth.

WITNESS my hand and official seal this 16<sup>th</sup> day of July, 1993

K. Diane Fox  
Notary Public for WASHINGTON  
My Commission expires: 9-22-95



DECLARATION

BK0816PG360

SCHEDULE A-1

SEE PLAT OF PEGER LAKE DEVELOPMENT PHASE II  
RECORDED IN THE FAIRBANKS RECORDING DISTRICT  
ON JULY 13, 1993 AS PLAT NO. 93-168

BK0816PG361

**SCHEDULE A-2  
PEGER LAKE DEVELOPMENT  
ALLOCATED INTERESTS OF EACH UNIT BASED ON LAKE FRONTAGES**

PLAT NAME or RECORD OWNER	PLAT NO. or INSTR NO	LOT NO. or TAX LOT NO	BLOCK NO	FRONTAGE IN FEET	PERCENT OF TOTAL ALL	PERCENT OF TOTAL PHASE II
Peger Lake Development	78-20	1	1	100.00	1.13%	
Peger Lake Development	78-20	2	1	100.00	1.13%	
Peger Lake Development	78-20	3	1	100.00	1.13%	
Peger Lake Development	78-20	4	1	200.00	2.25%	
Peger Lake Development	78-20	5	1	100.00	1.13%	
Peger Lake Development	78-20	6	1	100.00	1.13%	
Peger Lake Development	78-20	7	1	100.00	1.13%	
Peger Lake Development	78-20	8	1	191.25	2.15%	
Peger Lake Development	78-20	9	1	81.50	0.92%	
Peger Lake Development	78-20	10	1	40.00	0.45%	
Peger Lake Development	78-20	11	1	30.00	0.34%	
Peger Lake Development	78-20	12	1	45.00	0.51%	
Peger Lake Development	78-20	13	1	62.85	0.71%	
Peger Lake Development	78-20	14	1	92.22	1.04%	
Peger Lake Development	78-20	15	1	91.60	1.03%	
Peger Lake Development	78-20	16	1	100.08	1.13%	
Peger Lake Development	78-20	17	1	100.73	1.13%	
Peger Lake Development	78-20	18	1	75.00	0.84%	
Peger Lake Development	78-20	19	1	60.00	0.68%	
Peg Lake Dev. Replat Lots 20,21,22	85-65	20A	1	43.00	0.48%	
Peger Lake Development	85-65	22A	1	60.88	0.69%	
Peger Lake Development	78-20	23	1	93.89	1.06%	
Peger Lake Development	78-20	24	1	135.00	1.52%	
Peg Lake Dev. Replat Lot 25	88-83	25A	1	130.61	1.47%	
Peg Lake Dev. Replat Lot 25	88-83	25B	1	151.37	1.70%	
Peger Lake Development, Phase II	93-168	26	1	260.88	2.94%	6.38%
Peger Lake Development, Phase II	93-168	27	1	71.12	0.80%	1.74%
Peger Lake Development, Phase II	93-168	28	1	182.86	2.06%	4.47%
Peger Lake Development, Phase II	93-168	29	1	80.72	0.91%	1.98%
Peger Lake Development, Phase II	93-168	30	1	65.00	0.73%	1.59%
Peger Lake Development, Phase II	93-168	31	1	45.87	0.52%	1.12%
Peger Lake Development, Phase II	93-168	32	1	39.90	0.45%	0.99%
Peger Lake Development, Phase II	93-168	33	1	40.47	0.46%	0.99%
Peger Lake Development, Phase II	93-168	34	1	58.47	0.66%	1.43%
Peger Lake Development, Phase II	93-168	35	1	99.81	1.12%	2.44%
Peger Lake Development, Phase II	93-168	36	1	105.00	1.18%	2.57%
Peger Lake Development, Phase II	93-168	37	1	115.48	1.30%	2.83%
Peger Lake Development, Phase II	93-168	38	1	120.01	1.35%	2.84%
Peger Lake Development, Phase II	93-168	39	1	87.20	0.98%	2.13%

BK0816PG362

PLAT NAME or RECORD OWNER	PLAT NO. or INSTR NO	LOT NO or TAX LOT NO	BLOCK NO	FRONTAGE IN FEET	PERCENT OF TOTAL ALL	PERCENT OF TOTAL PHASE II
Peger Lake Development, Phase II	93-168	40	1	46.14	0.52%	1.13%
Peger Lake Development, Phase II	93-168	41	1	35.27	0.40%	0.86%
Peger Lake Development, Phase II	93-168	42	1	61.99	0.70%	1.52%
Peger Lake Development, Phase II	93-168	43	1	65.05	0.96%	2.08%
Peger Lake Development, Phase II	93-168	44	1	81.05	0.91%	1.98%
Peger Lake Development, Phase II	93-168	45	1	78.05	0.88%	1.91%
Peger Lake Development, Phase II	93-168	46	1	83.03	0.93%	2.03%
Peger Lake Development, Phase II	93-168	47	1	90.00	1.01%	2.20%
Peger Lake Development, Phase II	93-168	48	1	88.00	0.99%	2.15%
Peger Lake Development, Phase II	93-168	49	1	89.00	1.00%	2.18%
Peger Lake Development, Phase II	93-168	50	1	93.00	1.05%	2.28%
Peger Lake Development, Phase II	93-168	51	1	87.83	0.99%	2.14%
Peger Lake Development, Phase II	93-168	52	1	105.68	1.19%	2.59%
Peger Lake Development, Phase II	93-168	53	1	116.10	1.31%	2.84%
Peger Lake Development, Phase II	93-168	54	1	120.35	1.36%	2.95%
Peger Lake Development, Phase II	93-168	55	1	122.71	1.38%	3.00%
Peger Lake Development, Phase II	93-168	56	1	67.22	0.76%	1.65%
Peger Lake Development, Phase II	93-168	57	1	41.57	0.47%	1.02%
Peger Lake Development, Phase II	93-168	58	1	41.25	0.46%	1.01%
Peger Lake Development, Phase II	93-168	59	1	74.04	0.83%	1.81%
Peger Lake Development, Phase II	93-168	60	1	113.37	1.28%	2.77%
Peger Lake Development, Phase II	93-168	61	1	127.07	1.43%	3.11%
Peger Lake Development, Phase II	93-168	62	1	126.00	1.42%	3.08%
Peger Lake Development, Phase II	93-168	63	1	107.54	1.21%	2.63%
Peger Lake Development, Phase II	93-168	64	1	68.14	0.77%	1.67%
Peger Lake Development, Phase II	93-168	65	1	139.17	1.57%	3.41%
Peger Lake Development, Phase II	93-168	66	1	405.10	4.56%	9.91%
First Add. Van Horn Industrial Park	73-90	8	2	350.00	3.94%	
Lynden Transport		2121		418.00	4.68%	
Fairbanks North Star Borough		2118		434.00	4.89%	
Minana		2134		130.00	1.46%	
Wright		2139		250.00	2.81%	
Skovich		2113		160.00	1.80%	
Budden		2140		70.00	0.79%	
Austin		2136		200.00	2.25%	
Weis		2120		100.00	1.13%	
Weis		2127		300.00	3.38%	
				<u>8,881.27</u>	<u>100.00%</u>	<u>100.00%</u>

TOTAL LAKE FRONTAGE - PHASE II ONLY

4,086.29

BK0816PG363

93-19684

11400

etc 200

FAIRBANKS REC. DISTRICT

REQUESTED BY

*Boyle & Gates*

'93 OCT 1 AM 11 19

470014

RTN TO:

*Peter Lake Homeowners Assoc. Inc.*

*40 Douglas Management Co.*

*P.O. Box 3757*

*Seattle, WA*

*98124-3757*

## PEGER LAKE DEVELOPMENT

COVENANTS  
JANUARY 1, 1978

1. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than one (1) detached single-family dwelling or a duplex not to exceed two stories in height, except that a detached two-car garage may be erected upon each lot provided that said garage be of permanent construction and of harmonious design and appearance with said dwellings.

2. No temporary structure, including trailers, tents, shacks, garages, barns or other outbuildings shall be used on any lot at any time as a residence over two (2) months. A basement may be used as a temporary residence for a period of no more than twelve (12) months. Also, no outbuildings will be permitted unless constructed in harmony with the main dwelling, and the number of outbuildings shall not exceed two (2) per lot for the purposes of tool sheds, greenhouses or garages.

3. Nothing shall be done thereon which may be or may become an annoyance or nuisance to the neighborhood. The parking of commercial vehicles or the use of the land for the storing of vehicles, machinery, surplus equipment, scrap or any other item not directly connected with the use of the land for strictly residential purposes is specifically declared to be a nuisance with the meaning and intent thereof.

4. No lot shall be used or maintained as a dumping ground for rubbish, trash, and garbage, and waste shall not be kept except in sanitary containers. All incinerator or other equipment for the storage or disposal of such material shall be kept in appropriate incinerator containers.

5. No individual sewage disposal system shall be permitted on any lot unless such system is designated, located and constructed in accordance with the requirements, standards and recommendations of the state public health department. Approval of such systems as installed shall be obtained from such authority.

6. No poultry or other animals, including dogs, cats and livestock shall be permitted on any lot or portion thereof for commercial purposes, nor shall any pet be allowed to constitute a nuisance.

7. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

8. The exterior of the building constructed on said premises must be fully completed within two (2) years from the date of the commencement of its construction.

9. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date of recording of these covenants, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in force and effect.

10. All houses are to be built of new materials and of natural wood exterior, with a minimum living area of 1100 square feet.

OWNERS:

James H. Jansen  
James H. Jansen, Individually

Vicki Jansen  
Vicki Jansen, his wife



Ken Williamson  
Ken Williamson

James A. Carroll  
James A. Carroll

Henry Jansen  
Henry Jansen, Individually

LYNDEN TRANSPORT, INC.

By Henry Jansen  
Henry Jansen, President

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

THIS IS TO CERTIFY that on this 10th day of February, 1978, before me, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared JAMES H. JANSEN and VICKI JANSEN, his wife, KEN WILLIAMSON, JAMES A. CARROLL, and HENRY JANSEN, to me known to be the persons described in and who executed the within and foregoing instrument, and acknowledged to me that they signed the same freely and voluntarily and for the uses and purposes therein specified.

WITNESS my hand and notarial seal the day and year in this certificate first herein written.

Wini Espinoza  
Notary Public in and for the State of Washington, residing at Seattle.  
My Commission Expires: 2/18/79

STATE WASHINGTON )  
 ) ss.  
COUNTY OF KING )

THIS IS TO CERTIFY that on this 10th day of February, 1978, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared HENRY JANSEN, to me known to be the President of LYNDEN TRANSPORT, INC., the Washington corporation named in the foregoing instrument, and acknowledged to me that he in his official capacity aforesaid executed the foregoing instrument as the free act and deed of the said corporation for the uses and purposes therein stated and that the corporate seal affixed thereon is the true seal of said corporation.

WITNESS my hand and notarial seal the day and year in this certificate first herein written.

Wendy G. ...  
Notary Public in and for the State of  
Washington, residing at Seattle.  
My commission expires 2/18/79



78-02915

14-<sup>2.00</sup> c/c

REC'D - FILED  
FBI DISTRICT

FEB 17 1 47 PM '78

LOCATED BY FNSB  
ADDRESS P.O. Box 1267  
344. Ab. 99701