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DECLARATION

OF

LAUREN MANOR SUBDIVISION, a Planned Community

MAR 15 2002

AFTER RECORDING, RETURN TO:

James H. McCollum
Law Offices of James H. McCollum, LLC
550 W. 7th Ave., Ste. 1940
Anchorage, Alaska 99501

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DECLARATION

LAUREN MANOR SUBDIVISION, a Planned Community

ARTICLE I SUBMISSION: DEFINED TERMS

Section 1.01. Submission of Real Estate. Paul Palmer, Inc., an Alaska corporation (the "Declarant"), is the owner of real estate described in **Schedule A-1** located in the Anchorage Recording District, Third Judicial District, State of Alaska, and the following persons signing as owners of the Lots set forth opposite their name and owner of the real estate described in **Schedule A-1** 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 Uniform Common Interest Ownership Act (the "Act").

Steven Quigley and Linda Quigley	-	Lots 1, 2, 4, and 12
WoodBuilt Homes, Inc.	-	Lots 5 and 15
Froilan and Lori Brandt	-	Lots 5 and 15

Section 1.02. Defined Terms. Each capitalized term not otherwise defined in this Declaration or in the Plats shall have the meanings specified or used in the Act.

In the Documents, the following words and phrases shall have the following meanings:

Section 1.02.1. Act. The Alaska Uniform Common Interest Ownership Act, AS 34.08 of the Alaska Statutes as it may be amended from time to time.

Section 1.02.2. Allocated Interests. The Common Expense liability, and votes in the Association allocated to Lots in the Common Interest Community. The Allocated Interests are described in Article VII of this Declaration and shown on **Schedule A-3**.

Section 1.02.3. Association. Lauren Manor Subdivision Homeowners Association, Inc., a non-profit corporation organized under Title 10, Chapter 20 of the statutes of the State of Alaska. It is the Association of Lot Owners pursuant to Section 34.08.310 of the Act.

Section 1.02.4. Builder. The Builder shall mean a person or entity to whom a Lot is sold, which person or entity is purchasing the Lot for the purpose of constructing a residence for sale to a third party.

Section 1.02.5. Bylaws. The Bylaws of the Association, as they may be amended from time to time.

Section 1.02.6. Common Elements. Each portion of the Common Interest Community other than a Lot.



Section 1.02.7. Common Expenses. The expenses or financial liabilities for the operation of the Common Interest Community. These include:

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

Section 1.02.8. Common Interest Community. The real property described in Schedule A-1, subject to the Declaration of Lauren Manor Subdivision.

Section 1.02.9. Declarant. Paul Palmer, Inc., an Alaska corporation, or its successor as defined in Subsection 34.08.990(12) of the Act.

Section 1.02.10. Declaration. This document, including any amendments.

Section 1.02.11. Director. A member of the Executive Board.

Section 1.02.12. Documents. The Declaration and Plat recorded and filed pursuant to the provisions of the Act, the Bylaws, and the Rules as they be amended from time to time. Any exhibit, schedule, or certification accompanying a Document is a part of that Document.

Section 1.02.13. Eligible Insurer. An insurer or guarantor of a first Security Interest in a Lot which has notified the Association in writing of its name and address and that it has insured or guaranteed a first Security Interest in a Lot. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in Article XIII.

Section 1.02.14. Eligible Mortgagee. The holder of a first Security Interest in a Lot which has notified the Association, in writing, of its name and address, and that it holds a first Security Interest in a Lot. Such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XIII.

Section 1.02.15. Executive Board. The board of directors of the Association.

Section 1.02.16. Limited Common Elements. The portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Lots by the Declaration or by operation of Subjection (2) of Section 34.08.100. The Limited Common Elements in the Common Interest Community are described in Article IV of this Declaration.



Section 1.02.17. Improvements. Any construction, structure, fixture or facilities existing or to be constructed on the land included in the Common Interest Community, including but not limited to, buildings, fences, trees and shrubbery planted by the Declarant, a Lot Owner or the Association, paving, utility wires, pipes, and light poles.

Section 1.02.18. Lot. Lot means a "Unit" as defined in Section 34.08.990(32) of the Act, the boundaries of which are described in Section 4.2 of this Declaration, and consists initially of the seventeen (17) Lots designated as: Lots 1 thru 17 on the Plat. A Lot includes the title, right to possession of the land and improvements thereon.

Section 1.02.19. Lot Owner. The Declarant or other Person who owns a Lot. Lot Owner does not include a Person having an interest in a Lot solely as security for an obligation. The Declarant is the initial owner of any Lot created by this Declaration.

Section 1.02.20. Majority or Majority of Lot Owners. The owners of more than 50% of the votes in the Association.

Section 1.02.21. Manager. A person, firm or corporation employed or engaged to perform management services for the Common Interest Community and the Association.

Section 1.02.22. Person. An individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

Section 1.02.23. Plat. The plat shown as **Schedule A-3** to this Declaration, as it may be amended from time to time.

Section 1.02.24. Notice and Comment. The right of a Lot Owner to receive notice from an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section XVIII of this Declaration.

Section 1.02.25. Notice and Hearing. The right of a Lot Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section XVIII of this Declaration.

Section 1.02.26. Property. The land, all Improvements, easements, rights and appurtenances, which have been submitted to the provisions of the Act by this Declaration.

Section 1.02.27. Public Offering Statement. The current document prepared pursuant to 34.08.530 of the Act as it may be amended from time to time, and provided to purchasers.

Section 1.02.28. 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, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.02.29. Site Plan. The Site Plan approved by the Municipality of Anchorage for Lauren Manor Subdivision, as it may be amended from time to time, and which is attached to the Declaration as **Schedule A-4**.

Section 1.02.30. Trustee. The entity which may be designated by the Executive Board as the Trustee for the receipt, administration, and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses, and other like sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Executive Board from time to time constituted, acting by majority vote, as executed by the president and attested by the secretary.

ARTICLE II **NAMES; DESCRIPTION OF REAL ESTATE**

Section 2.01. Names.

- (a) Common Interest Community. The name of the Common Interest Community is Lauren Manor Subdivision.
- (b) Association. The name of the Association is the Lauren Manor Subdivision Homeowners Association, Inc, (the "Association") a non-profit corporation organized under the laws of the State of Alaska.

Section 2.02. Real Estate. The Common Interest Community is located in the Anchorage Recording District, Third Judicial District, State of Alaska. The real estate of the Common Interest Community is described in **Schedule A-1**.

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.

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.
- (b) The Association may assign its future income, including its right to receive Common Expense assessments, only by the affirmative vote of a majority (51%) of the Lot Owners at a meeting called for that purpose.



Section 3.03. Duties. The Association shall have the duty to maintain and repair all Common Elements.

ARTICLE IV
LOTS AND COMMON ELEMENTS

Section 4.01. Number of Lots. The number of Lots in the initial phase of the Common Interest Community is five (5). The Declarant reserves the right to declare twelve (12) additional Lots.

Section 4.02. Identification of Lots. The identification number of each Lot is shown on the Plat by Lot number.

Section 4.03. Lot Boundaries. The boundaries of each Lot are the vertical (or parametric) boundaries of the numbered Lots shown on the plat of Lauren Manor Subdivision. The boundaries of the Lots and Common Elements are shown on the Plat attached to this Declaration as **Schedule A-2**. Each Lot shall include the spaces and improvements lying within the boundaries described above, including any pipes, wires, ducts and conduits located within the Lot, and serving only that Lot.

Inconsistency with survey: If this definition is inconsistent with the survey, then the survey shall control.

Section 4.04. Subdivision of Lots. A single Lot may not be reduced in size by subdivision. Owners of contiguous Lots may, however, replat their Lots without the agreement of other Lot Owners, subject to approval by the Municipality of Anchorage, and the approval of the Executive Board. No Lot resulting from the replatting may be smaller than the smallest of the Lots from which the new Lots were created.

Section 4.05. Common Elements. Every Lot Owner shall have a right and nonexclusive easement for use, access, and enjoyment in and to the Common Elements, subject to:

- (a) This Declaration, the Bylaws, the restrictions shown on the Site Plan, and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Elements; and
- (d) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.



(e) Limited Common Elements. At the time the Declaration is initially recorded, there are no Limited Common Elements.

(ii) Upon construction of a fence by a Lot Owner, a fence shall become a part of the Limited Common Elements appurtenant to the Lot or Lots responsible for the maintenance of that portion of the fence. Each Lot Owner shall have the right to construct a fence at the location shown on the Plat subject to approval by the Executive Board of the materials and design. The Executive Board may, from time to time, change the designated materials and design of new fences without amending this Declaration. To the extent that a fence separates Lots, then the responsibility for the maintenance, repair, and replacement of that portion of the fence shall be the joint responsibility of such Lots. The initial cost of construction of the fence shall be that of the Lot Owner constructing the fence around that Lot. To the extent that a fence constructed by a Lot Owner joins an existing fence between the two Lots, then such Lot Owner shall pay to the owner of the adjoining Lot, one-half (1/2) of the reasonable costs of the shared fence at reasonable commercial rates in effect at the time. No Lot Owner may construct a fence around a portion of its Lot without completely enclosing that portion of the Lot where the fence is permitted.

ARTICLE V MAINTENANCE, REPAIR AND REPLACEMENT

Section 5.01. Common Elements. The Association shall maintain, repair, and replace all of the Common Elements, including any landscaping on the Common Elements required by the Municipality of Anchorage to be placed thereon by the Declarant pursuant to the Site Plan. Lot Owners shall maintain, repair, and replace the Limited Common Elements appurtenant to their Lot.

Section 5.02. Lots.

(a) Each Lot Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Lot.

(b) In the event that a Lot Owner should fail to perform any obligation required in this Article V as may be determined by the Executive Board, then the Executive Board may provide for the performance of any such neglected obligation by whatever reasonable means it may determine in its sole discretion. In case of emergency as determined by the Executive Board, it may act immediately; and in all other cases the Executive Board may act hereunder following 30 days written notice to the Lot Owner. All expenses incurred by the Executive Board or the Association as a result of taking action under this section shall be chargeable to the Lot Owner as provided for under Section 9.02 hereof.

Section 5.03. Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Lot or the Common Elements, and for the purpose of performing installations,



alterations or repairs, and for the purpose of reading, replacing utility meters and related pipes, valves, wires, and equipment, provided that requests for entry are made in advance and that any such entry is at time reasonably convenient to the affected Lot Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Lot Owner is present at the time.

Section 5.04. Repairs Resulting from Negligence. Each Lot Owner shall reimburse the Association for any damages to the Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Lot. The Association shall be responsible for damage to Lots caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements.

ARTICLE VI **SPECIAL DECLARANT RIGHTS**

Section 6.01. Reservation of Development Rights. The Declarant reserves the following Development Rights:

(a) The right by amendment, to add Lots, Common Elements, and Limited Common Elements in the Additional Property.

(b) The right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across the land not subject to development rights for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the Additional Property. The 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 the Declarant grants any such easements, **Schedule A-1** will be amended to include reference to the recorded easement.

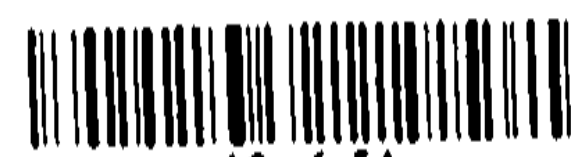
(c) The right to add Lots 3, 6, 7, 8, 9, 10, 11, 13, 14, 16, and 17 of Lauren Manor Subdivision ("Additional Property") to the Common Interest Community.

Section 6.02. Limitations on Development Rights. The Development Rights reserved in Section 6.01 are limited as follows:

(a) The Development Rights may be exercised at any time, but not more than five (5) years after the recording of the initial Declaration;

(b) Not more than eleven (11) additional Lots may be created under the Development Rights;

(c) The quality of construction of any Buildings and other Improvements to be created on the Property shall be consistent with the quality of those constructed pursuant to this Declaration as initially recorded.



(d) All Lots and the single residential structure allowed within a Lot created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Lots created under this Declaration as initially recorded.

(e) No Development Rights may be exercised unless approved pursuant to Section 13.5 of this Declaration.

(f) The right to subdivide Lots into Lots and Common Elements.

Section 6.03. Phasing of Development Rights. No assurances are made by the Declarant regarding the portions of the Additional Property as to the portions where the Declarant will exercise its Development Rights or the order in which such portions, or all of the areas, will be developed. The exercise of Development Rights as to some portions will not obligate the Declarant to exercise them as to other portions.

Section 6.04. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights:

- (a) 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, and 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.
- (b) 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 without the consent or approval of the Executive Board.
- (c) the right to complete or make improvements indicated on the Plat;
- (d) the right of Declarant, or authorized Dealers or Builders to maintain sales offices, management offices and models on any of the Common Elements or any Lot, but only in a manner which does not unreasonably disturb Lot Owners;
- (e) the right to maintain signs in the Common Interest Community to advertise the Lots;
- (f) 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;
- (g) the right to appoint or remove officers and members of the Executive Board/Board of Directors during the Declarant Control Period; and



(h) the right to construct utility lines, pipes, wires, ducts, and other facilities across the land in the Common Interest Community for the purpose of furnishing utility and other services to the Lots and to 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.

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 Special Declarant Rights, whether arising under the Act or reserved in this Declaration.

Section 6.05. Limitations on Special Declarant Rights. Unless sooner terminated by recorded instrument executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until the latest of the following events occur:

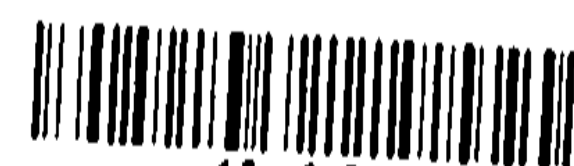
- (a) So long as the Declarant is obligated under any warranty or other obligation;
- (b) So long as the Declarant owns any Lot; and/or
- (c) For five (5) years after the recording of the initial Declaration.

Section 6.06. Declarant Control of the Association.

- (a) Subject to Subsection 6.09(b), there shall be a period of Declarant control of the Association, during which the Declarant, or persons designated by it, may appoint and remove the officers and members of the Executive Board. The period of Declarant control shall terminate no later than the earlier of:
 - (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Lot Owners other than a Declarant; or
 - (ii) two (2) years after all Declarants have ceased to offer Lots for sale in the ordinary course of business.

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

- (b) Not later than sixty (60) days after conveyance of one-fourth (1/4) of the Lots to Lot Owners other than a Declarant, at least one member and not less than one-fourth (1/4) of the members of the Executive Board shall be elected by Lot Owners other than the Declarant. Not later than sixty (60) days after conveyance



of fifty percent (50%) of the Lots to Lot Owners other than a Declarant, not less than one-third (1/3) of the members of the Executive Board must be elected by Lot Owners other than the Declarant.

- (c) Not later than the termination of any period of Declarant control, the Lot Owners shall elect an Executive Board of at least three (3) members, at least a majority of whom shall be Lot Owners. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.
- (d) Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under AS 34.08.390, the Lot Owners, by a two-thirds (2/3) vote of all persons present and entitled to vote at any meeting of the Lot Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, other than a member appointed by the Declarant.

ARTICLE VII ALLOCATED INTERESTS

Section 7.01. Allocated Interests. The undivided interest in the Common Expense liability and votes in the Association allocated to each Lot are set forth in **Schedule A-2**.

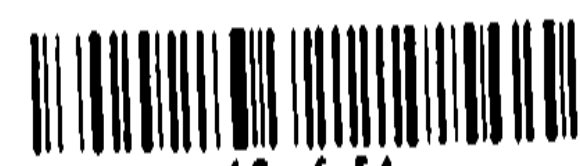
Section 7.02. Determination of Allocated Interests. The interests allocated to each Lot have been calculated as follows:

- (a) the percentage of liability for Common Expenses allocated to each Lot is on the basis of one (1) equal share for each Lot. The specified percentage is set forth in **Schedule A-2**; and
- (b) each Lot in the Common Interest Community shall have one equal vote.

ARTICLE VIII RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 8.01. 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 be made except in compliance with the Site Plan and the provisions of this Article VIII of this Declaration and the approval of the Executive Board .

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 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 Executive Board.



Section 8.02. Architectural Review. Responsibility for administration of the architectural standards and review of all applications for construction and modifications shall be handled by the Executive Board.

Section 8.03. Procedure to Obtain Executive Board Approval. Requests for approval by the Executive Board shall be submitted in writing according to the specific procedure and on the forms established by the Executive Board. The approval or disapproval by the Executive Board of a request shall be in writing. In the event the Executive Board, or its designated representative fails to approve or disapprove a request within thirty (30) days after plans and specifications have been properly submitted, the proposal shall be deemed approved. Notification may be delivered orally, but must be followed with written confirmation. All plans and documents submitted to the Executive Board will be retained in their files.

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.

The Executive Board shall advise the party submitting the same, in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with this Declaration, the reasons for such finding, and suggestions for the curing of such objections. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

Failure to obtain the approval of the Executive Board prior to making or modifying an improvement to the land or dwelling shall give the Executive Board the right to bring a legal action at law or in equity against the wrongdoer and assess the Lot Owner \$100.00 per day, and the Association may bring a legal action at law or in equity against the wrongdoer.

Section 8.04. Approval.

(a) In reviewing each submission, the Executive Board shall consider the plans, specifications and plot plan 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 provisions of this Article VIII and the Site Plan. The Executive Board may require relocation of native plants within the construction site as a condition of approval of any submission.

Section 8.05. No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.



Section 8.06. Variance. The Executive Board may authorize variances from compliance with any of its guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations, require, but only in accordance with the Site Plan and duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Executive Board from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a hardship warranting a variance.

Section 8.07. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Executive Board shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board, any committee, or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Lot.

Section 8.08. 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:

(a) Land Use and Dwelling Type. No Lot shall be used except as a single-family residence, 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. A single-family residence is defined as a single housekeeping unit, operating on a non-profit, non-commercial basis between its occupants, cooking and eating with a common kitchen and dining area, with no more overnight occupants than two per bedroom as designated on the plans on file with the building official of the Municipality of Anchorage. 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. Further, non-residential activities shall not require regular visits from the public or unreasonable levels of mail, shipping, trash or storage. No Lot may be used for bed and breakfast, transient, hotel or motel purposes.

(b) Allowed Buildings and Structures. 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, not to exceed two-and-one-half (2-1/2) stories in height from the average elevation of the building site, meeting the requirements of the approved Site Plan. Every dwelling must have an enclosed and attached 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 building, shed, structure, or other item permitted by the Executive Board.
8. A single hard-surfaced driveway of a width that is in compliance with the Site Plan.

(c) Dwelling Size Location, and Lot Coverage

The living area of the main structure of a one-story dwelling, exclusive of open porches, garages and greenhouses, shall not be less than 1,200 square feet of living space, excluding basements and walk-out basements. Any multi-story/level dwelling shall have a minimum size of 500 square feet of living area on the ground floor, and not less than 1,400 square feet of total living area, including basements and walk-out basements.

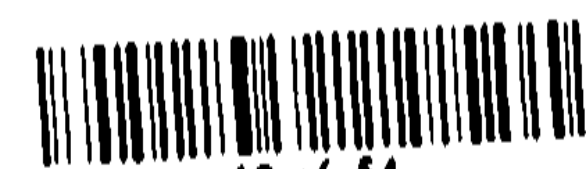
Approval by the Municipality of the dwelling height and Lot coverage as shown on plans submitted for a land use permit or a building permit constitutes approval of the dwelling height and Lot coverage by the Executive Board.

No dwelling shall be located on any Lot except within the building area designated on the Site Plan.

A Certified Plot Plan, which is in compliance with the Site Plan, shall be delivered by each Lot Owner to the Executive Board for written approval prior to construction, showing the dwelling and driveway locations. Dwellings shall be located within the Lot in such a manner that the driveway drains toward the street. Any alteration of natural drainage shall become the responsibility of the party changing the grades. The plan for the Lot grading shall make the necessary provisions for such drainage.

(d) Siding, Roofs, and Colors. No metal sided building shall be constructed or maintained on any Lot. All roofs shall be of a material, color and texture approved by the Executive Board. No maximum or minimum pitch is specified, but approval will be based on the visual impact of the roof on the Lot or on neighboring Lots, and Common Elements.

The color of external materials will be generally subdued to blend with the colors of the natural landscape. Earth tones or traditional New England colors, generally muted,



are recommended although occasional accent colors used judiciously and with restraint may be permitted. The subjective decision of approving colors is the responsibility of the Executive Board.

All projections including, but not limited to, chimney flues, vents, gutters, downspouts, utility boxes, porches, railings, and exterior stairways shall match the color of the surface from which they project, or shall be of an approved color.

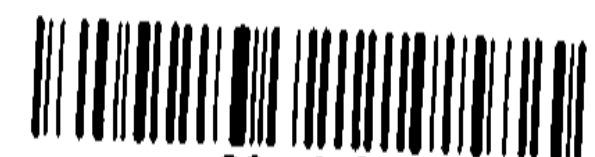
(c) Completion of Exteriors and Dwelling Occupancy. A dwelling must be enclosed and its exteriors finished within one (1) year of the date construction begins. No dwelling shall be occupied prior to the completion of the exterior and all interior living space.

(f) 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 Executive Board. These structures shall be used only during the construction or modification phase of Improvements on a Lot and shall be removed promptly upon completion of the Improvements on the Lot. The Executive Board 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.

Portable toilet facilities shall be required within three hundred (300) feet of any construction site. Construction waste during construction shall be kept to a minimum on the site and removed to the satisfaction of the Executive Board consistent with professional building standards.

(g) Permanent, Detached Structures (Outbuildings). Any permanent, detached structure, such as sheds, dog houses, fences, and greenhouses, 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 must be approved by the Appropriate Committee. The Appropriate Committee shall, at its sole discretion, set criteria on the location of the permanent, detached structure, but it is required that such structures be located and constructed to blend in to the surrounding vegetation and in a location that cannot be seen from the front of the Lot.

(h) Landscaping Requirements. Each Lot shall have an approved landscape plan including a minimum of four (4) trees (at least three (3) to be evergreens), five (5) feet or more in height, and four (4) shrubs, half of which must be in the front yard. Additional plantings and arrangements using flowers and shrubs are encouraged. All areas of each Lot not devoted to the dwelling, driveway, or other permitted site improvements shall be landscaped. All the landscaping shall be completed by the Lot Owner within twelve months after completion of construction of a dwelling thereon.



(i) Signs. No signs of any kind shall be displayed to the public view on any Lot except a sign of not more than five (5) square feet advertising the Lot for sale or rent, or a sign used by the Declarant or Builder to advertise the Property during the Lot sales or construction period. During the period of construction of a residence on a Lot, an additional sign of similar size may be installed to identify the Builder associated with the construction on the Lot. No such signs shall be nailed or affixed to trees. All signs shall comply with current zoning ordinances and regulations applicable to signs.

(j) Sight Distance. Fences, walls, hedges, or shrub plantings on Lots must conform with municipal sight distance standards for corner Lots.

(k) Water and Sewer. No individual water supply system or septic systems shall be permitted on any Lot. Each home shall be connected to the public water supply and sewer system.

(l) 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 250 foot buffer measured vertically from the surface.

(m) Nuisances. No noxious or offensive activity shall be carried on within the Common Interest Community, nor shall anything be done therein which may become an annoyance or nuisance to the neighborhood.

(n) Antennas. All roof or ground-mounted antennas for short-wave, "Ham," Citizens Band, microwave or other types of radio or communications systems are prohibited unless specifically approved in writing by the Executive Board.

Regardless of the approval or disapproval of the Executive Board, in the event that allowance of an outside antenna or dish is required by the regulations of the Federal Communications Commission, 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.

(o) Mailboxes and Newspaper Tubes. Lot Owners shall use mailboxes approved by the U.S. Postal Service. Materials and location of each individual mail box shall be subject to the approval of the Appropriate Committee.

(p) Fences. Fences of the rear portion of Lots are allowed at locations, and of materials, appearance, and design approval by the Executive Board. The finished side of



the wood shall face the side which is visible from the street. Fences may not be built which extend beyond a point which is ten feet (10') from the front of the house.

Section 8.09. Restrictions on Alienation. A Lot may not be conveyed pursuant to a time-sharing arrangement described in AS 34.08.990(31).

ARTICLE IX ASSESSMENT AND COLLECTION OF COMMON EXPENSES

Section 9.01. Apportionment of Common Expenses. Except as provided in Section 9.02, all Common Expenses shall be assessed against all Lots in accordance with their percentage interest in the Common Expenses as shown on **Schedule A-2** to this Declaration.

Section 9.02. Common Expenses Attributable to Fewer Than All Lots.

(a) If any Limited Common Element is assigned to more than one Lot, the Common Expenses attributable to the Limited Common Element shall be assessed equally among the Lot to which it is assigned.

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

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

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

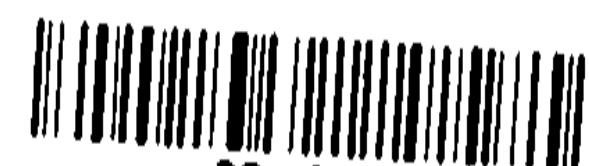
(e) If Common Expense is caused by the misconduct of a Lot Owner, the Association may assess that expense exclusively against the Lot.

(f) Fees, charges, late charges, fines, collection costs, and interest charged against a Lot Owner pursuant to the Documents and the Act are enforceable as Common Expense assessments.

Section 9.03. Lien.

(a) The Association has a lien on a Lot for an assessment levied against the Lot or fines imposed against its Lot 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 Lot except: (1) a lien and encumbrances recorded before the recordation of the Declaration; (2) a first Security Interest on the Lot recorded before the date on which the assessment sought to be enforced



became delinquent; and (3) liens for real estate taxes and other governmental assessments charged against the Lot. A lien under this Section is also prior to all Security Interests if the Common Expense assessments based on the periodic budget adopted by the Association pursuant to Section 9.04 of this Article would have become due in the absence of acceleration during the six months immediately preceding institution of an action to enforce either the Association's lien or a Security Interest described in Subdivision (2) of this Subsection. This Subsection does not affect the priority of mechanics' or materialmen's liens, or the priority of a lien for other assessments made by the Association. A lien under this Section is not subject to the provision of AS 09.38.010.

(c) Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section is 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 Lot 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 ninety (90) 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 this Subsection 9.03(a) 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 AS 09.35.010.

(h) The Association's lien must 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 Lot Owner to collect all sums alleged to be due from that Lot 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 8.05 of this Declaration.

(j) If a holder of a first or second Security Interest in a Lot forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Lot which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection 9.03(b). Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Lot Owners, including the purchaser.

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



Section 9.04. Budget Adoption and Ratification. Within 30 days after adoption of a proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to each Lot Owner, and shall set a date for a meeting of the Lot 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 Lot 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 Lot Owners continues until the Lot Owners ratify a budget proposed by the Executive Board.

Section 9.05. Ratification of Non-budgeted Common Expense Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in Section 9.02 of this Declaration, in an amount greater than fifteen (15%) percent of the current annual operating budget, the Executive Board shall submit such Common Expense to the Lot Owners for ratification in the same manner as a budget under Section 9.04.

Section 9.06. Certificate of Payment of Common Expense Assessments. The Association upon written request shall furnish to a Lot Owner a statement in recordable form setting out the amount of unpaid assessments against the Lot. The statement must be furnished within 10 business days after receipt of the request and is binding on the Association, the Executive Board and each Lot Owner.

Section 9.07. Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 9.01 and 9.02 shall be due and payable monthly.

Section 9.08. Acceleration of Common Expense Assessments. In the event of default for a period of ten (10) days by any Lot Owner in the payment of any Common Expense assessment levied against his or her Lot, the Executive 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.

Section 9.09. Commencement of Common Expense Assessments. Common Expense assessments shall begin on the first day of the next month after conveyance of the first Lot to a Lot Owner other than the Declarant occurs.

Section 9.10. No Waiver of Liability for Common Expenses. No Lot Owner may exempt himself or herself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Lot against which the assessments are made.

Section 9.11. Personal Liability of Lot Owners. The Owner of a Lot 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 not pass to a successor in title to the Lot unless he or she agrees to assume the obligation.



Section 9.12. Penalties and Fines. The Board may impose fines or take disciplinary action against any Lot Owner for violation of any provision of the Documents and the unrecorded Rules. Penalties may include, but are not limited to, fines, temporary suspension of voting rights or other appropriate discipline, provided the Lot Owner is given notice and a hearing before the imposition of any fine or disciplinary action. The Board shall have the power to adopt a schedule of reasonable fines and penalties for violations of the terms of this Declaration, and for violations of any Rules. Written copies of Rules and the schedule of penalties shall be furnished to Lot Owners.

Section 9.13. Capitalization of the Association. Declarant will establish a working capital fund in an amount at least equal to two months' installments of the Annual Assessment for each Lot in the Common Interest Community. Upon the first conveyance of record title to a Lot from Declarant, the Lot Owner shall contribute to the working capital and reserves of the Association in an amount equal to two months' installments of the Annual Assessment at the rate in effect at the time of the sale, and upon the sale of each Lot from the Declarant to a Lot Owner, Declarant will receive a refund of the contribution to the working capital fund made by Declarant for such Lot. The Association shall maintain the working capital funds in segregated accounts to meet unforeseen expenditures or to acquire additional equipment or services for the benefit of the Members. Such payments to this fund shall not be considered advance payments of Annual Assessments and except for refunds of Declarant, shall not be refundable.

ARTICLE X EASEMENTS, COVENANTS, AND LICENSES

Section 10.01. General. All easements, covenants, and/or licenses to which the Common Interest Community is presently subject are recited in **Schedule A-1** to this Declaration and/or are shown on the Plat attached hereto as **Schedule A-3**.

Section 10.02. Lot Owner's Easements. Declarant expressly reserves, for the benefit of the Lot Owners and the Association, reciprocal easements of access, ingress, and egress over all of the Common Elements. Such easements may be used by Declarant's successors, purchasers, and all Lot Owners, their guests, tenants, and invitees, residing or temporarily visiting the Common Interest Community, for purposes reasonably necessary for the use and enjoyment of a Lot and the Association. Such easements shall be appurtenant to, and shall pass and run with, the title to every Lot conveyed.

If Declarant also assigns any Limited Common elements to any Lot, Declarant expressly reserves, for the benefit of each Lot to which such Limited Common Elements are assigned, an exclusive easement for the use of such Limited Common Elements. If any Limited Common Element is assigned to more than one (1) Lot, but less than all Lots, the exclusive easement to such Limited Common Element shall be held jointly by the Lots to which it is assigned.

Section 10.03. Limitations on Lot Owner's Easements. In the event any portion of a Common Element, Lot, or Improvement encroaches upon any other Lot, or Improvement, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists. This Section does not relieve a Lot Owner who is at fault for said encroachment from liability to the Association and/or other Lot Owners.



The Association may, subject to other provisions of this Declaration and the Act, pledge, mortgage, assign, grant, or hypothecate a Security Interest in the Common Elements. The Lot Owners' easements are further limited by the right of the Association to charge fees for the Lot Owner's use of the Common Elements if such use is substantially different from the use offered to other Lot Owners and involves additional expense to the Association. The Lot Owners' easements are also limited by the Association's right to administer the Common Elements for the safety, health, and mutual benefit of the Lot Owners. Finally, the Lot Owners' easements are limited by the right of the Association to grant licenses to persons for the use of Common Elements.

The Lot Owners' easements are limited by and subject to all other provisions of this Declaration and the Act.

ARTICLE XI

CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS

Section 11.01. Lot Owner Agreement. Subject to other provisions of the Act, and subsection 23.04 of the Declaration, portions of the Common Elements may be conveyed or subjected to a Security Interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Lots not owned by a Declarant, agree to the action, but each Lot Owner to which any Limited Common Element is allocated must agree in order to convey such Limited Common Element or subject it to a Security Interest. The proceeds of the sale or any loan secured by the encumbrance or sale of any Common Elements are assets of the Association.

Section 11.02. Recordation of Agreement. An agreement to convey the Common Elements or to subject the Common Elements to a Security Interest must be evidenced by the execution of an agreement, or ratifications of the agreement, in the same manner as a deed by the requisite number of Lot Owners. The agreement must specify a date after which the agreement will be void unless recorded before the date. The agreement and each ratification of the agreement must be recorded in the Anchorage Recording District and is effective only upon recording.

Section 11.03. Contracts by the Association. The Association, on behalf of the Lot Owners, may contract to convey an interest in the Common Interest Community pursuant to Section 23.04, but such contract is not enforceable against the Association until approved, ratified, and recorded pursuant to Sections 11.01 and 11.02. After such approval, ratification, and recordation, the Association shall have the powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute a deed or other instrument.

Section 11.04. Lot Interest in the Common Elements. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the Common Elements will be void unless the Lot to which that interest is allocated is also transferred.



ARTICLE XII
ALTERATION OF LOT BOUNDARIES

Section 12.01. Application and Amendment. Subject to approval pursuant to Article XIV of any necessary alterations, the acquisition of any required governmental permits, and subject to any other Municipal requirements, the boundaries between adjoining Lots may be reallocated by an amendment to the Declaration upon application to the Association by the Lot Owners affected by the reallocation. If the Lot Owners of the adjoining Lots have specified a reallocation between their Lots of their Allocated Interests, the application shall set forth the proposed reallocations. The application shall be approved or disapproved by the Executive Board within thirty (30) days. Failure of the Board to respond within such period to the application shall be deemed disapproval of the application.

The Board's approval of the application may be withheld not only because of non-compliance with any of the specific conditions, covenants, and restrictions contained in this Declaration, but also by reason of the Board's reasonable dissatisfaction with any or all matters or things which, in the Board's reasonable judgment will render the proposed subdivision inharmonious or out of keeping with the general plan of the Common Interest Community.

Section 12.02. Votes. Each Lot shall have only one (1) vote in the Association, notwithstanding any interest reallocation under this Article.

Section 12.03. Amendment. If the Board approves the application, the Association shall prepare an amendment that identifies the Lots involved, states the reallocations of any interests in a revised Table of Allocated Interests, states the alteration(s) of Lot Boundaries, and states the Association's consent to the reallocation. The amendment must be executed by the affected Lot Owners and contain words of conveyance between them. If the amendment by any Person other than Declarant reallocates any interests in the Common Interest Community, the unanimous consent of the Lot Owners is necessary. The holders of any Security Interests in the affected Lots shall endorse their approval on the amendment.

Section 12.04. Recordation. On recordation, the amendment shall be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the Association. The Association shall also prepare and record plats or plans necessary to show the altered boundaries between adjoining Lots, and their dimensions and Identifying Numbers.

The applicants will pay for the costs of preparation and recordation of the amendment, preparation and recordation of amended plats, the reasonable consultant and/or attorney fees of the Association if the Executive Board deems it necessary to retain the services of any consultant and/or attorney, and any other costs reasonably incurred by the Association in connection with any application under this Article.



ARTICLE XIII
PROTECTION OF MORTGAGEES

Section 13.01. General. This Article establishes standards and covenants on behalf of the holders, insurers, and guarantors of certain Security Interests in the Common Interest Community. In the case of conflict with other provisions of the Declaration, this Article shall control.

Section 13.02. Percentage of Eligible Mortgagees. Where this Declaration requires that certain actions have the approval or consent of a specified percentage of Eligible Mortgagees, "percent of Eligible Mortgagees" is calculated by dividing the total number of votes allocated to Lots subject to Security Interests held by Eligible Mortgagees that approve or consent to the proposed action, by the total number of votes allocated to all Lots subject to Security Interests held by Eligible Mortgagees.

Section 13.03. Inspection of Books. The Association shall permit any Eligible Mortgagee, Eligible Insurer, or Lot Owner to inspect the books and records of the Association, including the Declaration, Rules, financial statements, and Bylaws, during normal business hours or under other reasonable circumstances.

Section 13.04. Financial Statements. Upon any Eligible Mortgagee's or Eligible Insurer's written request, the Association shall provide 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 the Common Interest Community contains fifty (50) or more Lots or if any Eligible Mortgagee or Eligible Insurer specifically requests an audited financial statement. If the Common Interest Community contains fifty (50) or more Lots, the cost of the audit shall be a Common Expense. If the Common Interest Community contains less than fifty (50) Lots, the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit. A review or audit by an independent CPA will be required on an annual basis. An audit will be required every three (3) years or at the request of the Lender.

Section 13.05. Development Rights. No Development Rights may be exercised or voluntarily abandoned or terminated by the Declarant unless all persons holding Security Interests in the Development Rights consent to the exercise, abandonment, or termination.

Section 13.06. Rights of Attendance. Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting at which Lot Owners have the right of attendance.

Section 13.07. Notices.

(a) The Association shall give prompt notice to each Eligible Mortgagee and Eligible Insurer of:

(i) Any casualty or condemnation loss exceeding \$10,000 in damages which affects: (1) a material portion of the Common Interest Community; or (2) any Lot in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee and/or Eligible Insurer.



(ii) Any delinquency in the payment of any Common Expense assessments or any other default under the Documents by a Lot Owner whose Lot is subject to a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, if such delinquency or default remains uncured for a period of sixty (60) days;

(iii) Any cancellation, lapse, or material modification of any insurance policy or fidelity bond required under this Declaration to be maintained by the Association;

(iv) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as provided in Section 13.07;

(v) Any state or federal court judgment rendered against the Association.

(c) The Association shall promptly deliver, by U.S. Postal Service or hand-delivery, all notices required under this section without awaiting any request from Eligible Mortgagees and/or Eligible Insurers.

Section 13.08. Consent Required.

(a) The failure of an Eligible Mortgagee to respond within thirty (30) days to any written request of an Association for approval of a non-material addition or amendment to the Documents shall constitute that Eligible Mortgagee's implied approval of the addition or amendment.

(b) Notwithstanding any lesser requirement permitted by this Declaration or the Act and not excepting any greater requirements mandated by this Declaration or the Act, no amendment by the Association or Lot Owners of any material provision of the Documents described in this subsection may be effective without the vote of at least seventy-five percent (75%) of the Lot Owners and until approved in writing by at least seventy-five percent (75%) of the Eligible Mortgagees. The foregoing approval requirements do not apply to amendments effected by the exercise of any Special Declarant Rights. For purposes of this section, "material" includes, but is not limited to, any provision affecting:

(i) allocation or reallocation of interests in the Common Elements or any Limited Common Elements, except that when any Limited Common Elements are allocated or reallocated by agreement between Lot Owners, then, in addition to other requirements which may be mandated by other Articles of this Declaration or the Act, only those Lot Owners and only the Eligible Mortgagees holding Security Interests in such Lots must approve such action;

(ii) convertibility of Common Elements into Lots or Lots into Common Elements;



- (iii) rights to use Common Elements;
- (iv) assessment, assessment liens, or subordination of assessments;
- (v) responsibility for maintenance and repairs in the Common Interest Community;
- (vi) voting rights;
- (vii) insurance or fidelity bonds;
- (viii) the addition or withdrawal of Property to or from the Common Interest Community;
- (ix) reserves for maintenance, repair, and replacement of Common Elements;
- (x) partition or subdivision of Lots or Lot boundaries except that when boundaries of only adjoining Lots are involved, or when only a single Lot is being subdivided, then, in addition to other requirements which may be mandated by other Articles of this Declaration or the Act, only those Lot Owner(s) and the Eligible Mortgagee(s) holding Security Interests in such Lot or Lots must approve such action;
- (xi) imposition of restrictions on a Lot Owner's right to sell, transfer, or otherwise convey his or her Lot;
- (xii) restoration or repair of the Common Interest Community after a hazard damage or partial condemnation in a manner other than specified in the Documents;
- (xiii) the benefits of mortgage holders, insurers, or guarantors of first mortgages on Lots on the Common Interest Community;
- (xiv) establishment of self-management by the Association when professional management had been required previously by any Eligible Mortgagee;
- (xv) termination of the Common Interest Community after substantial destruction or condemnation to the Common Interest Community; and
- (xvi) leasing of Lots.

(c) Notwithstanding any lesser requirement permitted by this Declaration or the Act and not excepting any greater requirements mandated by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to the



Declarant as Special Declarant Rights, without the approval of at least fifty-one percent (51%) of the Eligible Mortgagees:

(i) use of hazardous insurance proceeds for losses to the Common Elements, for other than the repair, replacement, or reconstruction of such Improvements.

(ii) the granting of any easements, leases, licenses, and concessions through or over the Common Elements except leases, licenses, or concessions for a term of no more than one (1) year, and except for any utility easements intended to serve the Common Interest Community;

(iii) the establishment of self-management by the Association when professional management had been required previously by any Eligible Mortgagee;

(iv) the restoration or repair of the Property after a hazard damage or partial condemnation in a manner other than that specified in the Declaration;

(v) the merger of this Common Interest Community with any other Common Interest Community;

(vi) any action taken not to repair or replace the Property; and

(vii) the assignment of the Association's future income and its right to receive Common Expense assessments.

(d) Notwithstanding any lesser requirement permitted by this Declaration or the Act and not excepting any greater requirements mandated by other Articles of this Declaration or the Act, the following actions, other than rights reserved to the Declarant as Special Declarant Rights, require the consent of Eligible Mortgagees as indicated below:

(i) conveyance or encumbrance of the Common Elements or any portion thereof requires approval of at least eighty percent (80%) of Eligible Mortgagees. A "conveyance or encumbrance" for purposes of this subsection does not include 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;

(ii) the termination of the Common Interest Community for reasons other than a substantial destruction or condemnation requires approval of at least seventy-five percent (75%) of Eligible Mortgagees; and

(iii) the Association may not change the period for collection of regularly budgeted Common Expense assessments to any period other than a monthly period without the consent of all Eligible Mortgagees.



Section 13.09. Trustee. In the event of damages or destruction under Article XVI or condemnation of all or a portion of the Common Interest Community, any Eligible Mortgagee may require that any proceeds from such damages, destruction, or condemnation to be payable to a Trustee established pursuant to Section 1.02(30). Such Trustee may be required to be a corporate trustee licensed by the State of Alaska and may be required to represent the Lot Owners in condemnation proceedings or in negotiations, settlements, and agreements with the condemning authority for acquisition of the Common Elements, or any part thereof, by the condemning authority. Where required each Lot Owner shall appoint the Trustee as attorney-in-fact for such purpose. Unless otherwise prohibited by this Declaration or by the Act, the members of the Executive Board acting by majority vote through the president may serve collectively as Trustee.

Section 13.010. 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.

Section 13.11. Condemnation and Insurance Proceeds. Subject to the terms of an Eligible Mortgagee's Security Interest in a Lot, no provision of this Declaration shall be construed to give priority to any Lot Owner over any rights of such Eligible Mortgagee to any condemnation or insurance proceeds from the Property.

Section 13.12. Reimbursement. If the Association is in default on any taxes on the Common Elements, or if any of the Association's insurance premiums are overdue, or if the Association has failed to renew insurance coverage required under this Declaration on the Common Elements, any Eligible Mortgagee may pay the Association's overdue taxes or overdue premiums or may pay to secure the required insurance coverage. Any Eligible Mortgagees making such payments shall be entitled to prompt reimbursement from the Association.

ARTICLE XIV **ASSIGNMENT OF FUTURE INCOME**

Any assignment of the Association's future income and/or its right to receive Common Interest Expense assessments requires the affirmative vote of seventy-five percent (75%) of the votes in the Association at a meeting called by the Executive Board for the purpose of voting on such an assignment.

ARTICLE XV **INSURANCE**

Section 15.01. General. To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in this Article. If such coverage is not reasonably available, and the Executive Board thus determines that any insurance described herein will not be maintained, the Executive Board shall cause notice of that fact to be delivered to all Lot Owners and Eligible Mortgagees at their last known address.

Section 15.02. Bonds. A blanket fidelity bond is required for any person who either handles or is otherwise responsible for funds received, held, or administered by the Association, whether or



not such person receives compensation for his or her 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 on all Lots in the Common Interest Community plus the Association's reserve funds. The bond shall include a provision that calls for ten (10) days' written notice to the Association, to each first mortgage holder of a Lot, to each servicer that services a Lot mortgage owned by the FNMA, FHLMC, HUD, VA, or AHFC, and to the insurance Trustee, if any, before the bond can be cancelled or substantially modified for any reason. The bond shall contain waivers by the issuer of the bond of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums for the fidelity bond shall be paid as a Common Expense by the Association.

Section 15.03. Liability Insurance for Directors and Officers. The Executive Board must 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 Executive Board determines.

Section 15.04. Workers' Compensation Insurance. The Executive Board must obtain and maintain Workers' Compensation Insurance if such insurance is required by the laws of the State of Alaska.

Section 15.05. Liability Insurance. The Association shall secure comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than \$1,000,000 per occurrence, covering any legal liability that may result from lawsuits related to employment contracts in which the Owners' Association is a party, and all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, operation, or maintenance of the Common Elements, any areas under the Association's supervision to include public ways, and the activities of the Association.

Insurance policies carried pursuant to this section shall also provide that:

(a) An act or omission by a Lot Owner, unless acting within the scope of the Lot Owner's authority on behalf of the Association, will not prejudice the policy in any way or be a condition to recovery under the policy.

(b) The insurer issuing the policy may not cancel, refuse to renew, or otherwise substantially change it until 30 days after notice of the proposed cancellation, non-renewal, or substantial change(s) has (have) been mailed to the Association, each Lot Owner, each holder of a first mortgage on a Lot, and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their last known addresses.

(c) The insurer waives the right to subrogation under the policy against Lot Owners or members of the households of Lot Owners.



(d) Each Lot Owner is an insured Person under the policy with respect to liability arising out of interest of the Lot Owner in the Common Elements or Membership in the Association.

(e) If, at the time of a loss under the policy, there is other insurance covering the same risk covered by the Association's policy, the Association's policy provides primary insurance.

(f) A Lot Owner's claim will not be denied because of negligent acts of the Association or another Lot Owner.

Section 15.06. Property Insurance.

(a) Property Insurance Coverage. The Association shall secure property insurance that, at a minimum, protects against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered, including those covered by the standard "all risk" endorsement. The property insured by such policy must include all personal property owned by the Association and all Common Elements, including any buildings, fixtures, equipment, Improvements, and betterments which have been constructed or are maintained on the Common Elements. The Association's property insurance, however, may exclude land, excavations, portions of any foundations below the undersurfaces of the lowest basement floors, underground pilings, piers, pipes, flues, drains, and other items normally excluded from insurance coverage policies.

The Common Elements and any buildings, fixtures, equipment, Improvements, and betterments which are constructed or maintained on the Common Elements must be insured by the Association for an amount, after application of any deductions, equal to one hundred percent (100%) of their replacement cost at the time the insurance is purchased and at each renewal date, or equal to one hundred percent (100%) of their actual cash value at the time the insurance is purchased and at each renewal date, whichever is greater. The Association must also insure personal property owned by the Association for an amount equal to its cash value.

If the Executive Board deems it necessary, it may obtain appraisals periodically to determine the replacement cost for the property described in this subsection. The cost of any such appraisals shall be a Common Expense.

(b) Other Provisions.

(i) Insurance policies required by this Section shall also provide that:

(A) Any loss must be adjusted with the Association.

(B) The insurer may not cancel, refuse to renew, or otherwise substantially change the policy until thirty (30) days after notice of the



proposed cancellation, non-renewal, or substantial change(s) has (have) been mailed to the Association, each Lot Owner, each holder of a first mortgage on a Lot, and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their last known addresses.

(C) An act or omission by a Lot Owner or members of his or her household, unless acting within the scope of the Lot Owner's authority on behalf of the Association, will not prejudice the policy in any way or be a condition to recovery under the policy.

(D) The insurer waives the right to subrogation under the policy against Lot Owners or members of the households of Lot Owners.

(E) If, at the time of a loss under the Association's policy, there exists other insurance covering the same risk covered by the Association's policy, the Association's policy provides primary insurance.

(F) Insurance proceeds shall be paid to any insurance Trustee the Association designates in the policy for that purpose, and in the absence of such designation, to the Association itself. However, insurance proceeds in either case are to be held in trust for each Lot Owner and any Lot mortgagees.

(G) The policy shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Property is located and which, if appropriate, names the FNMA, FHLMC, HUD, AHFC, and/or VA as such corporations or holders of the first mortgages on the Lots within the Common Interest Community.

(H) The name of the insured shall be as follows: "Lauren Manor Subdivision Homeowners Association, Inc. for the use and benefit of the individual Owners."

(ii) The term of the insurance carrier's charter, bylaws, or policy shall not:

(A) Permit contributions or assessments against borrowers, Eligible Mortgagees, or the designees of Eligible Mortgagees.

(B) Make payments contingent upon action by the insurance carrier's board of directors, policy holders, or members.

(C) Include any limiting clauses (other than insurance conditions) which could prevent Eligible Mortgagees or the borrowers from collecting insurance proceeds.



Section 15.07. Insurance Premiums. Insurance premiums are to be paid as a Common Expense and funds necessary to cover the deductible amounts under the Association's insurance policies are to be included in the Association's operating budget.

Section 15.08. Insurance Policies Obtained By Lot Owners. Lot Owners may obtain insurance for their own benefit notwithstanding the issuance of a policy to the Association.

Section 15.09. Other Insurance. The Association may obtain other insurance which the Executive Board determines is reasonably necessary to protect the Association.

Section 15.10. Insurer's Rating and Reinsurance. The property insurance, liability insurance, and fidelity bond must be written by an insurance carrier with at least a B/III Key Rating Guide or by an insurance carrier which is covered by reinsurance with a company that does meet such rating requirements. Both insurer and reinsurer must execute an assumption of liability agreement or a similar endorsement providing for one hundred percent (100%) reinsurance of the insurer's policy. Further, the reinsurer must give the borrower, lender, and the insurer ninety (90) day written notice before canceling or substantially changing the reinsurance.

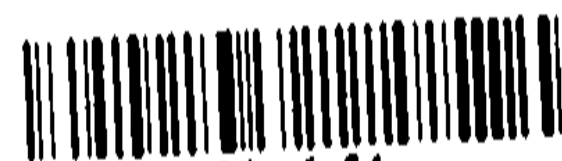
In addition to the foregoing requirements for insurers, the Association must use general insurance carriers who meet the qualifications set forth in the AIFC regulations.

ARTICLE XVI PROPERTY DESTRUCTION OR DAMAGE

Section 16.01. Duty to Restore Promptly. The portion of the Common Interest Community for which insurance is required under AS 34.08.440 or for which insurance is actually carried by the Association, 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 pursuant to AS 34.08.260;
- (b) Repair or replacement would be illegal under a statute or municipal ordinance governing health or safety; or
- (c) Eighty percent (80%) of the Lot Owners, including each Owner of a Lot that will not be rebuilt, vote not to rebuild.

Section 16.02. Plans. The Common Elements must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of Lot Owners, and fifty-one percent (51%) of Eligible Mortgagees.



Section 16.03. Partial Restoration of the 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 distributable to the Owner of the Lot 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 Lot Owner or lien holder, as their interests may appear, in proportion to the common interests of all the Lots;

Section 16.04. Cost. If the cost of repair or replacement exceeds insurance proceeds and the Association's reserves, it shall be a Common Expense.

Section 16.05. Insurance Trustee. If an insurance Trustee is designated in any insurance policy, the Trustee may have exclusive authority to negotiate losses under such policies and to perform other functions as are necessary to accomplish this purpose. The insurance Trustee may also be designated by the owner's Association as attorney-in-fact for purpose of purchasing and maintaining insurance, collecting and disposing of insurance proceeds, negotiating losses, executing releases of liability, executing other necessary documents, and performing all other acts necessary to accomplish this purpose.

Section 16.06. Insurance Proceeds. The insurance Trustee, or if there is no insurance Trustee, then the Executive Board shall hold any insurance proceeds in trust for the Association, Lot Owners, and lien holders as their interests may appear. Subject to the provisions of Section 16.01, the proceeds shall be disbursed first for the repair or restoration of the damaged Property. The Association, Lot Owners, and lien holders are not entitled to receive payment of a portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored or unless the Common Interest Community is terminated.

Section 16.07. Certifications. If a Trustee has been designated by the Executive Board, such Trustee may rely on the following written certifications made by the Executive Board:

(a) Whether damaged and/or destroyed Property is to be repaired and/or restored;

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



Section 16.08. Attorney or Title Company Certification. If payments pursuant to this Article are to be made to Lot Owners or Mortgagees, the Executive Board or its designated Trustee shall obtain and may rely on a title insurance company's certificate of title, an attorney's certificate of title, or a title insurance policy. The certificate of title or title insurance policy must be based on a search of the records of the Anchorage Recording District, Third Judicial District, State of Alaska, from the date of the recording of the original Declaration, and must state the names of the Lot Owners and the Mortgagees.

ARTICLE XVII CONDEMNATION

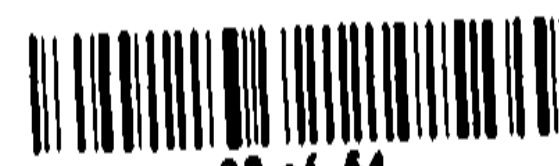
If part or all of the Common Interest Community is take by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with AS 34.08.740.

ARTICLE XVIII RIGHTS OF NOTICE, COMMENT, AND APPEAL

Section 18.01. Notice and Hearing. Whenever the Documents or Executive Board require that an action be taken only after "Notice and Hearing," the entity proposing the action shall give written notice of the proposed action to all Lot Owners no less than ten (10) days before the hearing. The notice shall include a general statement of the proposed action and the date, time, and place of the hearing. At the hearing, any interested Lot Owner may, personally or by a representative, give written and/or oral testimony, subject to reasonable rules of procedure established by the Executive Board to ensure a prompt and orderly resolution of the issues. Any testimony offered in such a hearing does not bind the decision makers. All Lot Owners shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 18.02. Notice and Comment. Whenever an amendment to the Association's Bylaws and/or Rules is proposed, whenever the Documents require "Notice and Comment," or whenever the Executive Board determines that "Notice and Comment" is otherwise appropriate, the Lot Owners have the right to receive notice of the proposed action(s) and the right to comment orally or in writing on the proposed action(s). Notice to each Lot Owner shall be effected by personal delivery or by the U.S. Postal Service, delivered or mailed to each Lot Owner's last known address. The notice shall be given not less than ten (10) days before the proposed action is to be taken or a hearing on the matter is scheduled. The Notice shall invite written or oral comments to the Executive Board on the proposed action(s) prior to the scheduled hearing. The rights described in this section do not entitle a Lot Owner to be heard at any hearing or meeting called by the Association.

Section 18.03. Appeal. Any interested Lot Owner having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of entities other than the Executive Board by filing a written notice of appeal with the Executive Board within ten (10) days after being notified of said decision. The Executive Board shall conduct a hearing within thirty (30) days of receiving the written notice of appeal, giving the same notice and observing the same procedures as described in the preceding sections of this Article.



ARTICLE XIX
EASEMENTS AND LICENSES

Section 19.01. Recording Data. All easements and licenses to which the Common Interest Community is presently subject are recited in **Schedule A-1**. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to Article VI of this Declaration.

ARTICLE XX
AMENDMENTS

Section 20.01. 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 Plats 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.

Section 20.02. 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 VI 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 and amend any required Plat and/or other required exhibits. Any amendment effected by Declarant's exercise of rights reserved in Article VI requires Declarant approval only.

ARTICLE XXI
MISCELLANEOUS

Section 21.01. 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 Lauren Manor Subdivision 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 21.02. 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 21.03. 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 21.04. 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 21.05. 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 21.06. Arbitration. Any dispute over Executive Board 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 Executive Board. 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.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed, this 26th day of November, 2001.

DECLARANT: PAUL PALMER, INC.

By: Paul Palmer
Paul Palmer
Its: _____

The undersigned as the owners of Lots 5 and 15, LAUREN MANOR SUBDIVISION, hereby submit that property to the terms and conditions of this Declaration for Lauren Manor Subdivision. The owners are not signing in the capacity of a declarant as that term is used under the Act.

WOODBUILT HOMES, INC., an Alaska corporation, OWNER

By: Scott J. Smith
Its: president

