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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION made this 25th day of February 2003, by Native Alaska Equity Group, LLC. Hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the Palmer Recording District, Third Judicial District, and State of Alaska, more particularly described as:

Kennedy Lake Terraces Subdivision, located within Sections 16 and 17, Township 18 North, Range 1 East, Seward Meridian, according to Plat No. 86-30 thereof filed in the office of the Recorder, Palmer Recording District, Third Judicial District, State of Alaska; and,

WHEREAS, The power to enforce such covenants, conditions, restrictions and charges is to preside in the owners.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, and charges, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on, and insure to the benefit of, all parties having any right, title or interest in the described property or any part thereof, including their legal representatives, heirs, successors and assigns.

ARTICLE I
DEFINITIONS

Section 1. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2. "Properties" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Lot" shall mean or refer to any plot of land shown upon any recorded subdivision map of the properties.

Section 4. "Declarant" shall mean and refer to the owner of Kennedy Lake Terraces, it's successors and assigns if such successors or assigns shall acquire more than one undeveloped lot from the declarant for the purpose of development.

ARTICLE II
RESTRICTIONS ON USE OF PROPERTY BY OCCUPANTS

Section 1. Land Use and Building Type. No lot shall be used for any purpose other than for single-family residences. No out-house or outbuilding of any kind, tent, shed, mobile home or trailer, or any other temporary dwelling, shall be erected or maintained on any lot or be used for living purposes nor shall any garage or basement be used for dwelling purposes. No building or mobile home shall be erected, altered, placed

or permitted to remain on any lot other than one detached, single-family dwelling, not to exceed two and one half stories in height. Garden sheds, tool sheds, and private garage for not more than three cars may be erected per lot with the approval of the Architectural Control Committee.

Section 2. Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done there which may be, or may become, a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other owners in the enjoyment of their lot.

Section 3. Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, but not in front portion of lot. Such material shall not be disposed of by incineration on any lot.

Section 4. Derelict Vehicles. No vehicle may be located or maintained on any lot unless such vehicle shall have a current Alaskan license plate and registration, and be in good running condition. No junk cars or other vehicles allowed on any lot or subdivision.

Section 5. Commercial and Recreation Vehicles. No commercial vehicles having more than two axles or six wheels or similar commercial or construction equipment shall be parked, placed, erected, or maintained on any lot for any purpose except during the period of construction. No more than one recreation vehicle (auto or boat) parked per lot outside of enclosed garage.

Section 6. Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, other than two dogs, two cats or other common indoor household pets, provided they are not kept, bred or maintained for commercial purposes, and are not permitted off the owners lot. Horses are specifically prohibited.

Section 7. Signs. No signs of any kind shall be displayed to the public on any lot with the exception of Subdivision signs, except for one professional sign of not more than two square feet, one sign of not more than five square feet advertising the property for sale or rent, or signs used by builders to advertise the property during the construction and sale period.

Section 8. Temporary Structures. No structures of a temporary character, including but not limited to basements, tents, shacks, garages, or other outbuildings shall be used as living quarters on any lot at any time either temporarily or permanently. No structure of the following types may be constructed or placed on any lot at any time Quonset huts, jamesways, wanningans, or surplus government buildings.

Section 9. Natural Resource Extraction. No natural resource extraction operation of any nature shall be permitted upon or in any lot. Nor shall wells, tanks, tunnels (not to include water wells or septic systems which may be required for the beneficial enjoyment of the lot or residence on the lot), mineral extractions or shafts be permitted upon any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.



2 of 5

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ARTICLE III
RESTRICTIONS REGARDING CONSTRUCTION AND MAINTENANCE

Section 1. Architectural Control. No building, fence, mailbox, garbage container, wall or other structure shall be erected, placed, or maintained upon any lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of same shall have been submitted to and approved by written endorsement thereon by the architectural control committee as hereinafter established. In the event the committee fails to approve or disapprove of such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this article will be deemed to have been fully complied with.

The architectural control committee shall not be responsible for any defects, structural or otherwise, in such plans or specifications or for any defects in any building or structure erected in accordance with such plans and specifications; the purpose of the controls reserved hereby is to ensure the conformity and harmony of such buildings and structures as to quality, external design and location in relation to surrounding structures and the topography.

Section 2. Dwelling Size and Quality. The minimum total living area of each dwelling in square feet, exclusive of porches, carports and garages, shall be as follows:

- (a) if the dwelling is a single level one story building, 1,200 square feet
- (b) if the dwelling is a full two story building, 1,400 square feet
- (c) if the dwelling includes a livable basement area, 1,400 square feet exclusive of the basement area.

Construction of housing shall be at least equal to the then-existing FHA minimum building standards. All exteriors must be completely finished. Each dwelling shall have at least an attached one (1) car garage with a full width driveway. No building shall exceed thirty feet (30") in height from the upper most foundation level.

Section 3. Construction. The construction of any building or structure shall be prosecuted with reasonable diligence continuously from the time of commencement until fully completed, and in no event shall such construction period exceed one year. No buildings constructed elsewhere shall be moved to or placed on any lot except with the written approval of the Architectural Control Committee. No building shall be in any manner occupied which in the course of original construction or until it complies with all requirements as to area with all other conditions and restrictions applicable thereto.

Section 4. Building Location. No building or other improvement shall be located on any lot nearer than 25 feet to the front lot line, or nearer than 25 feet to any side street line. No buildings or other improvements shall be located nearer than 10 feet to an interior lot line, including a garage or other permitted accessory building. For purposes of this covenant, eaves shall not be considered as part of a building, or other improvement provided, however, that this shall not be construed as to permit any portion of a building or other improvement on a lot to encroach upon another lot.



Section 5. Lot Area and Width. No lot or block shall be re-subdivided nor shall any dwelling be erected or placed on any re-subdivided lot until lawful authority shall change these covenants, conditions and restrictions.

Section 6. Sewage Disposal. All on-site sewage disposal systems shall conform to the State of Alaska, Department of Environmental Conservation standards, and shall be placed in locations in conformance with state regulations.

Section 7. Landscaping. All lots shall be used for occasional or permanent residential purposes only and shall not interfere in any manner with the residential use of other lots in the subdivision. Gravel, soils, or other natural materials may not be removed from any lot or property within the subdivision or used, except for permitted development on the same lot. Natural vegetation and contours of any lot or property are encouraged and are not to be disturbed except as reasonably necessary for the aesthetic development of the property such as lawns, landscape shrubbery, and well maintained home gardens. The landscaped portion of each lot must be mowed and maintained on a regular basis, so as to provide a neat and attractive appearance.

No more than seventy percent (70%) of the area of any lot may be cleared of vegetation present on the lot at the time of the first conveyance or purchase of a platted tract or lot.

ARTICLE IV
ARCHITECTURAL CONTROL COMMITTEE

Section 1. Membership. The Architectural Control Committee shall consist of not less than three persons. A majority of the committee may designate a representative to act for it. In the event of death or resignation of any member of the committee the remaining members shall have full authority to designate a successor. Neither the members of the committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this covenant. At any time, the owners of a majority of the lots shall have the power through a duly recorded, written instrument to change the membership of the committee.

ARTICLE V
GENERAL PROVISIONS

Section 1. Enforcement. Any owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or thereafter imposed by the provisions of this declaration. Failure to enforce any covenant or restriction herein shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by a judgment or court order shall in no way effect any other provisions, which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty years from the date this Declaration is



recorded, after which time they shall be automatically extended for successive periods of ten years. This Declaration may be amended during the first twenty-year period by an instrument signed by not less than fifty-one percent (51%) of the Lot Owners. Any amendment must be recorded and may not be in conflict with existing state and Borough regulations. The purchase of any lot in this subdivision shall constitute an agreement on the part of the purchasers to be bound by these protective covenants in their entirety and to abide by same.

IN WITNESS WHEREOF, the undersigned, constituting the ownership of Kennedy Lake Terraces Subdivision, has caused these presents to be signed the day and year first set forth above.

Native Alaska Equity Group, LLC

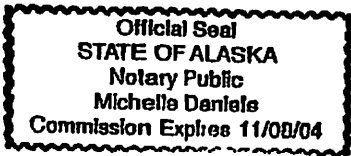
By:

Richard Stryken
Richard Stryken, Member

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 25th day of January, 2003, before me, the undersigned Notary Public in and for the State of Alaska, personally appeared Richard Stryken, and acknowledged that he executed the foregoing instrument as his free act and deed for the uses and purposes therein stated.

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



Michelle Daniels
Notary Public in and for Alaska
My Commission Expires: 11/08/04

RETURN TO:
NAEG
1150 COLONY WAY, PMB 311
PALMER, AK 99645

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