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DECLARATION AND ESTABLISHMENT
OF
CONDITIONS, RESTRICTIONS AND COVENANTS

THIS DECLARATION of covenants, conditions, restrictions, and charges is made this 7TH day of AUGUST, 1997, by D & D INVESTMENTS, INC. hereinafter referred to for the purposes of convenience as "DECLARANT".

C-08-28-97

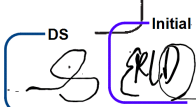
WHEREAS, Declarant is the owner of real property situated in the State of Alaska described as follows:

Lots One (1) through Five (5), inclusive, Block Two (2), Lots One (1) through Twenty (20), inclusive, Block Three (3), and Lots One (1) through Thirteen (13), inclusive, Block Four (4), LAKEWOOD ESTATES SUBDIVISION, according to Plat No. 97-37, filed in the Kenai Recording District, Third Judicial District, State of Alaska.

and,

WHEREAS, Declarant has established a general plan for the improvement and development of the above-described real property and desires to create covenants, conditions, and restrictions upon which and subject to which the above-described real property shall be improved, sold or conveyed by it, as owner thereof.

NOW THEREFORE, Declarant does hereby establish and impose upon the above-described real property the following provisions, conditions, restrictions, covenants, easements and reservations upon and subject to which all of the property shall be held,

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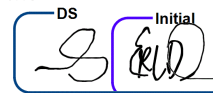
occupied, leased, sold, and conveyed by Declarant or Declarant's successors-in-interest. Said covenants shall run with the land for the benefit of the property and each and every lot developed therein, and for the benefit of each owner of one or more lots therein, and the assigns and successors-in-interest of Declarant and the owners of each and every future lot of said property from and after the recordation of these declarations. The provisions, conditions, covenants, restrictions, and easements now made applicable to the above-described real property are as follows:

I

LAND USE AND BUILDING TYPE

No lot or other portion of the real property described above shall be used for any purpose other than one single family dwelling. No structures shall exceed two (2) stories in height above the main floor elevation with a maximum elevation above the main floor elevation being that of thirty feet (30'). All driveways to lots shall have culverts provided by the owner. NO PUBLIC ACCESS TO THE LAKE ADJACENT TO LAKEWOOD ESTATES HAS BEEN PROVIDED BY THESE CONDITIONS AND RESTRICTIONS OR BY DECLARANT. UNDER NO CIRCUMSTANCE SHALL ANY GUIDE SERVICE, AIR TAXI SERVICE OR OUTFITTER SERVICE BE OPERATED FROM ANY OF THE ABOVE-DESCRIBED REAL PROPERTY. NO BED AND BREAKFAST OPERATION SHALL BE ALLOWED ON ANY LOT DESCRIBED ABOVE EXCEPT FOR LOTS ONE (1) AND TWO (2), BLOCK FOUR (4) OF THE ABOVE-DESCRIBED REAL PROPERTY.

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II

NOTICE OF ADJACENT AIRSTRIP LAND USE

All owners of the above-described real property are hereby given notice that the following described real property which is adjacent to the above-described real property shall be used as a airstrip:

Tract B and Lot One (1), Block One (1),
LAKWOOD ESTATES SUBDIVISION, according to
Plat No. 97-37 filed in the Kenai
Recording District, Third Judicial District,
State of Alaska.

Further, notice is hereby given that a MINIMUM of twenty-four (24) airplane tie-downs will be allocated for usage on said airstrip. Further, notice is given that the purchase of the property subject to these conditions, restrictions, and covenants does not entitle the owner thereof to the use of the airstrip described above.

III

ARCHITECTURAL CONTROL

No building shall be erected, placed or altered on any lot until the construction plans and specifications, plus a plan showing the location of the structure, has been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No fence or wall shall be erected, placed or altered on any lot nearer to any street than the minimum building setback line unless similarly approved. Approval shall be secured as provided

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in Paragraph IV hereunder. In no event shall any building be erected, placed or altered on any lot in violation of any building or zoning law or code of the Kenai Peninsula Borough. All residential homes shall be of a frame, log, or masonry construction. There shall be no T1-11 siding used on any structures erected on the above-described real property. Efforts shall be made by owners of any of the above-described real property to make certain that the dwellings located thereon shall be of quality workmanship. All homes located upon the above-described real property shall have concrete or masonry foundations. All homes located upon the above-described real property shall have a minimum of fourteen hundred square feet (1400') of living area for one-story dwellings, excluding basements, garages, and porches located thereon. All two story dwellings located on the above-described real property shall have a minimum of one thousand (1000') square feet on the ground/main floor, excluding basements, garages, and porches located thereon. Exterior colors of all buildings located upon the above lot shall be approved by the Architectural Control Committee.

IV

ARCHITECTURAL CONTROL COMMITTEE

(a) Membership. The Architectural Control Committee shall be composed of three (3) members to be selected by the Declarant. A majority of such committee may designate a representative to act for it. In the event of the death or the

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resignation of any member of the committee, the remaining members shall have full authority to designate a successor. Architectural Control Committee members may be replaced by majority vote of the Committee. Neither the members of the committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this instrument after the date of June 10, 1997.

(b) Procedure. The Committee's approval or disapproval as required in these conditions, covenants, and restrictions shall be in writing. In the event the Architectural Control Committee, or its designated representative, fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin has been commenced prior to the completion of construction, approval will not be required and relevant conditions, covenants, and restrictions shall be deemed to have been fully complied with by said lot owners.

(c) Grading. No grading shall be done or changed on any lot until the plans and specifications thereof have been submitted to the Architectural Control Committee for the required approval in the same manner as described above for the construction of buildings.

(d) Disapproval of Plans. In the event said Committee disapproves of said plans and specifications, and sufficient changes or alterations therein have not been submitted which meet

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the approval of the Architectural Control Committee in its sole discretion, said Committee shall notify the applicant of the disapproval thereof, and in that event applicant shall have no rights whatsoever to construct or install said proposed improvement upon said lot in said Subdivision.

The Architectural Control Committee shall have the right to inspect any construction in accordance with the plans on file with it which have been approved in writing by said Committee. In the event any owner attempts to construct or maintain any improvement, structure, landscaping or any other type of planting in the area of said construction or improvements which has not been approved in writing by said Architectural Control Committee, said Committee, the Declarant, or any other owner of any lot in said Subdivision shall have the right to enforce the conditions of this document and may proceed with legal action as deemed necessary to stop and remove the proposed construction or change in construction or erection of the matters not approved in writing as provided for herein. In the event of legal action taken against any owner, such owner agrees to pay all court costs plus reasonable attorney's fees to any party successfully enforcing any part of this Declaration in a court of law.

(e) Non-Responsibility of Committee. Neither the Architectural Control Committee, nor any member thereof shall be responsible for any damages for approval or disapproval of any plan, or for structural or other defects of any kind or nature

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whatsoever in said plans or specifications erected in accordance therewith.

V

BUILDING LOCATION

A. No building shall be located on any lot nearer to the front or nearer to the side street than the minimum setback line shown on the recorded plat. No building shall be located nearer than fifteen feet (15') to an interior lot line unless approved by the Architectural Committee.

B. No dwelling shall be located on any lot nearer than fifteen feet (15') to the nearest lot line.

C. For the purpose of these conditions, covenants, and restrictions, eaves, steps, and open porches shall not be considered part of the building, provided however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot.

VI

TIME FOR CONSTRUCTION

Any and all improvements, including landscaping, erected upon any lot in said subdivision shall be completed with reasonable diligence. The exterior construction of any dwelling located upon the above-described real property shall be completed within two (2) years of the date of excavation or other commencement of construction. A landscape design shall be completed in the immediate area surrounding the dwelling within one (1) year of the

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completion of the structure. All burns, dead timber, brush, roots and stumps resulting from excavation of any kind shall be removed from the premises within the two (2) year construction period.

VII

EASEMENTS - UTILITY AND DRAINAGE

Easements for installation and maintenance of utilities, drainage facilities, and natural vegetation screening, are reserved as shown on the recorded plat. Within these easements, no structure, plants, or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of the utilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is reasonable.

VIII

NUISANCES

No obnoxious or offensive activity may be carried on upon any lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to adjacent lot owners. Specifically, no junk yards or gravel pits are permitted on the above-described property. No abandoned or unlicensed vehicles will be allowed to be kept on the above-described lots. Specifically, prohibited are parking of junk vehicles, partially dismantled vehicles, and storage of vehicles or parts of vehicles where they may be viewed

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from public or private property. The storage of materials, in excess of the amount needed for construction in progress of buildings on the premises, is prohibited, including materials such as scrap metal, building supplies, and wood other than for heating. Uses creating noises, smells, smoke, vibrations or excessive light off the property which interferes with the use of reasonable expectations of peace and quiet enjoyment of other property owners are prohibited. **ABSOLUTELY NO UNATTENDED FIRES SHALL BE ALLOWED UPON ANY LOT.** Each lot owner must have a current burn permit to have fires in designated fire pits.

IX

TEMPORARY STRUCTURES

No structures of a temporary character, including but not limited to trailers, basements, shacks, garages, barns or other out-buildings shall be used on any lot at any time as a residence either temporarily or permanently. Trailers and mobile homes are specifically prohibited from the placement or usage upon the above-described property. No detached structure of a permanent nature shall be constructed on the above-described real property (greenhouses or out-buildings) without the written approval of the Architectural Control Committee.

X

SIGNS

No sign of any kind shall be displayed to the public view on any of the above-described residential property, except for one

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(1) sign not more than four (4) square feet advertising the property for sale or rent, or signs used by an owner or builder to advertise the property during construction and/or sales period for marketing of the subdivision lot. A sign of not more than four square feet may used on Lots One (1) and Two (2), Block Four, advertising Bed & Breakfast establishments.

XI

OIL AND MINERAL OPERATIONS

No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any lot which may be developed on the above-described property, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any of the above-described real property unless it shall be at least two hundred feet (200') below the surface. No derrick or other structure designed for use in boring for oil or gas shall be erected, maintained or permitted upon any of the above-described real property.

XII

LIVESTOCK AND POULTRY

No animals, livestock, or poultry, including but not limited to horses, cows, sheep, goats, pigs, chickens, or ducks of any kind shall be raised, bred or kept on any lot except as follows: One (1) dog and one (1) cat, or two (2) dogs, or two (2) cats, or other strictly household pets may be kept on the property. No animal may be kept or housed closer than twenty-five feet (25')

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to any lot line unless within the principal residence. No vicious animal may be kept on any lot at any time. No animal shall be allowed off of the property owners premises except when under the direct physical control of the owner of the animal. No animal may be kept unless the reasonable expectations of other occupants and owners to peace and quiet is maintained by the pet owner. All pets must be kept in a sanitary environment so as to avoid subjecting other occupants and owners of the property to unsightly conditions and to noises and odors which create a nuisance to others.

XIII

FENCES

No fence may be constructed upon any lot except with the permission of the Architectural Control Committee.

XIV

GARBAGE AND REFUSE DISPOSAL

No lot shall be used or maintained as a dumping ground for rubbish. Trash or other waste shall not be kept except in sanitary containers. No incinerators or other equipment shall be used for the disposal of trash or waste on any lot.

XV

WATER SUPPLY

No individual water supply system shall be permitted on any of the above-described property unless such system is located, constructed and equipped in accordance with the requirements, standards and recommendations of the Alaska Department of

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Environmental Conservation. All water supply systems must conform to the State of Alaska and Kenai Peninsula Borough standards.

XVI

SEWAGE DISPOSAL

No individual sewage disposal systems shall be permitted on any lot unless such system is designed, located and constructed in accordance with the requirements, standards and recommendations of the Alaska Department of Environment Conservation. All sewage disposal systems shall conform to the State of Alaska and Kenai Peninsula Borough standards. No underground gas tanks shall be placed upon any lot described above.

XVII

SANITARY FACILITIES

All dwellings shall have indoor sanitary facilities and underground disposal systems. No outhouse shall be permitted to be placed upon any of the above-described real property.

XVIII

GRADING

Declarant reserves the right to make such cuts and fills as it or its engineering department may deem necessary to grade the streets or private ways, whether dedicated or not within the boundaries thereof, in accordance with such grades as may be established to conform to the general plans and grade to the entire property, including the right so far as is reasonable and proper

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for the necessary support and protection of streets so graded to slope up on abutting lots.

XIX

UTILITIES

Electric, gas, and telephone will be supplied by developer to the front of the lots. Installation of electric, gas, and telephone shall be the sole responsibility of the individual lot owner. The utilities to be provided by the individual lot owner shall include, but not be limited to natural gas, electricity and telephone. All utilities shall be underground and the installation of said utilities shall comply with all of the State of Alaska and Kenai Peninsula Borough standards.

XX

TREES

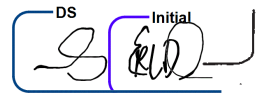
No property owner shall be permitted to completely clear a lot on which standing trees of size and beauty exist. Space may be cleared for construction and trees may be thinned so long as maximum natural beauty and aesthetic values of such trees located on the property are retained. In any event, no more than fifty percent (50%) of the trees may ever be cut from any lot.

XXI

TERMS

These conditions, covenants, and restrictions are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of twenty (20) years from the date

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of these conditions, covenants, and restrictions. These conditions, covenants, and restrictions shall automatically be extended for successive periods of ten (10) years unless an instrument signed by the majority of the then owners of the lots has been recorded, agreeing to change said conditions, covenants, and restrictions in whole or in part. Any amendment deleting the right of the owners of Lots One (1) and Two (2), Block 4, to have Bed and Breakfast establishments on their lots shall require a unanimous vote of all lot owners subject to these conditions, restrictions and covenants.

XXII

REMEDIES FOR VIOLATIONS AND INVALIDATION'S

For a violation or breach of any of these conditions, covenants, and restrictions by any person claiming by , through or under the declarant, or by virtue of any judicial proceedings, Declarant, and any lot owner, or any of them severally, shall have the right to proceed at law or in equity to compel a compliance with the terms thereof or to prevent the violation or breach of any of them. Failure to promptly enforce any of these conditions, covenants, and restrictions shall not bar the enforcement. Whenever the Declarant, or any persons entitled to enforce any rights, hereunder, engages in legal proceedings to enforce the same, and prevails in said proceedings, the person violating said restrictions by acceptance of the title to any of the above-described property does hereby agree to pay to the prevailing party

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reasonable attorney fees and court costs as are awarded by the court.

XXIII

WAIVER

Any delay or omission on the part of the Declarant, or its successors-in-interest, or assigns, or the owners of any of the above-described property in exercising any rights, powers or remedies provided by law or herein, in the event of any breach of the conditions, covenants, and restrictions herein contained, shall not be construed as a waiver or acquiescence therein, and no right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever, against the Declarant for or on account of its failure to bring any action on account of the breach of these conditions, covenants, and restrictions or for imposing restrictions herein which may be unenforceable.

XIV

SEVERABILITY

Invalidation of any one of these covenants by judgment or court order shall in no light affect any of the other provisions which shall remain in full force and effect.

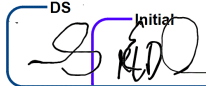
XV

ARCHITECTURAL CONTROL COMMITTEE

The Architectural Control Committee is composed of:

DENNIS DOWNS

DENNIS DIX

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STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 28th day of August, 1997, before me the undersigned Notary Public in and for the State of Alaska, personally appeared Dennis Dex, to me known to be the Vice President of D & D INVESTMENTS, INC, a Alaskan corporation, and known to me to be the person who executed the within instrument on behalf of the corporation herein named, and acknowledged to me that such corporation executed the same pursuant to it by-laws or a resolution of its Board of Directors.

IN WITNESS WHEREOF, I have hereunto fixed my hand and seal the day and year last above written.

Jean Warrick
NOTARY PUBLIC, State of Alaska
My Commission Expires: 2/21/2001

97-6827
KENAI REC 63
DISTRICT
REQUESTED BY SLT

Return to: D&D Investments, Inc.
P.O. Box 533
Soldotna, AK 99669

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