



***REVISED
PUBLIC OFFERING STATEMENT
AND EXHIBITS A – K
OF
EAGLE'S NEST AT KASHWITNA***

AUGUST 28, 2000

**REVISED
PUBLIC OFFERING STATEMENT
OF
EAGLE'S NEST AT KASHWITNA**

THE DATE OF ISSUANCE OF THIS REVISED PUBLIC OFFERING STATEMENT (HEREINAFTER REFERRED TO AS "PUBLIC OFFERING STATEMENT") IS AUGUST 28, 2000. THE INFORMATION CONTAINED HEREIN IS PROVIDED TO COMPLY WITH AS 34.08.510 ET. SEQ.

1. DECLARANT NAME AND ADDRESS:

Eagle's Nest at Kashwitna, an Alaskan Limited Liability Company
3940 Arctic Blvd., Suite 101
Anchorage, Alaska 99503

2. DEFINITIONS AND GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY:

The following terms will be used in this Public Offering Statement:

- The Alaska Common Interest Ownership Act (AS 34.08.101 *et.seq.*) will be referred to as the "Act."
- Eagle's Nest at Kashwitna will be referred to as "Eagle's Nest."
- Lots in Eagle's Nest will be referred to as "Lots."
- Purchasers of Lots in Eagle's Nest will be referred to as "Purchasers."
- Owners of Lots in Eagle's Nest will be referred to as "Property Owners"
- The Eagle's Nest at Kashwitna Owner's Association will be referred to as the "Association."

Eagle's Nest is a Planned Community created according to the provisions the Act.

Eagle's Nest is located in the Matanuska-Susitna Borough on the Kashwitna River approximately 5 miles Southeast of the Sheep Creek Lodge (Milepost 88 of the George Parks

Highway). Eagle's Nest is planned to be a superior residential/recreational development with lots ranging from 1 to 7 acres and road access limited to property owners.

3. NUMBER OF LOTS IN THE PLANNED COMMUNITY (EAGLE'S NEST):

The size of Eagle's Nest as shown on the Plat (copy attached as Exhibit "A") is approximately 296 acres which is comprised of 78 lots. The Declarant may add property (hereinafter referred to as the "Additional Property") and common areas to Eagle's Nest. The Additional Property is described in the Revised Declaration of Covenants, Conditions and Restrictions of Eagle's Nest (Hereinafter referred to as the "Covenants") as recorded in Book 1086 beginning at Page 0957, Palmer Recording District, Third Judicial District, State of Alaska (copy attached as Exhibit "B"). It totals approximately 143 acres which have not been broken into lots at this time. The Declarant reserves the right not to add any of the Additional Property to Eagle's Nest.

4. SIGNIFICANT FEATURES OF THE COVENANTS, CONDITIONS AND RESTRICTIONS:

The Act requires this Public Offering Statement to include a brief narrative description of the significant features of the Covenants (Exhibit "B"). Since all of the information in the Covenants is important, this description is only summary in nature and must not be relied upon in place of a careful reading of the actual language of the Covenants.

The Eagle's Nest as a Planned Community is a creature of statute. Although the principles governing a common interest community are derived from ancient common law, the regulatory and source of power of Association (to be discussed below) are derived from the Act and the nonprofit corporation statutes of the State of Alaska..

The Covenants is the fundamental document of Eagle's Nest. Among other items, the Covenants describes (a) the interest being offered for sale of a lot in Eagle's Nest, (b) the development rights of the Declarant, (c) the restrictions and covenants encumbering the Lots, and (d) the relationship of the Property Owners to the Association which will be discussed in the following paragraphs.

Article III of the Covenants require an owners' association which is a non-profit corporation. The Association has been created to comply with that requirement. Copies of the Articles of Incorporation and Bylaws of the Association are attached as Exhibits "C" and "D" respectively. In general terms, the Association is governed by a board of directors which is elected by the Property Owners.

Articles IV and V of the Covenants empower the Association to provide for common services like snow removal, road maintenance and maintenance of the Common Areas (as defined in the Covenants). The Association has the authority to make assessments against the owner(s) of each Lot for a pro-rata share of those common expenses. Pursuant to the Initial Budget of the Association which is discussed in Section 5 of this Public Offering Statement, the owner(s) of each Lot is required to pay an monthly common expense assessment of \$ 12.00. This is subject to increase or decrease by the Association as determined by its board of directors.

Articles IV and X of the Covenants grants authority to the Association to enforce the Covenants. This includes the power to impose fines, special assessments and to bring legal proceedings. (All individual owners of property within Eagle's Nest also have the right to bring legal proceedings to enforce compliance with the Covenants). The amount of the unpaid assessments and fines imposed by the Association can become liens against property within Eagle's Nest.

Articles VI and VIII of the Covenants describes the architectural controls and use restrictions of property within Eagle's Nest. A significant feature is that use of the property is limited to residential. There are limitations as to the type and number of structures that may be erected upon each Lot. There are also restrictions on the type and number of vehicles that are permitted. **YOU ARE URGED TO CAREFULLY READ THESE PROVISIONS BECAUSE THEY RESTRICT CERTAIN USES AND ACTIVITIES THAT ARE LEGAL, BUT PROHIBITED.**

Article IX of the Covenants describes the rights of the Declarant which include the right to add or remove property from Eagle's Nest.

Aside from the Power Agreement which will be discussed in Section 20 of this Public Offering Statement, there are no other documents to be signed by the Purchasers of Lots within Eagle's Nest except for the Purchase and Sale Agreement (copy attached as Exhibit "E" (sometimes called an earnest money agreement) and the normal transfer, debt and escrow documents signed at closing of the purchase of a Lot.

5. OPERATING BUDGET OF THE ASSOCIATION:

The Initial Operating Budget of the Association is attached as Exhibit "F." It was prepared by Eugene Johnson whose mailing address is listed in Section 1 of this Public Offering Statement. This Initial Operating Budget covers a one year period commencing from the date of the first conveyance of a Lot in Eagle's Nest to a Purchaser. The Initial Operating Budget has not been adjusted for inflation. It was prepared pursuant to AS 34.08.530(a)(5).

6. SERVICES NOT INCLUDED IN COMMON EXPENSES:

The Declarant provides no services that are not included in the Initial Operating Budget.

7. INITIAL OR SPECIAL FEES:

No initial or special fees shall be due from a Purchaser at closing. A purchaser shall only be responsible for his/her proportionate share of the common expense assessment per the Initial Operating Budget.

8. LIENS, DEFECTS OR ENCUMBRANCES:

Title of the property in Eagle's Nest and each Lot therein is subject to the exceptions of title described in Exhibit "G." In addition, the Lots are subject to other easements or licenses granted by the Declarant pursuant to Article IX of the Covenants.

9. FINANCING OFFERED BY DECLARANT:

The Declarant is willing to provide private financing to qualified purchasers at a base rate of nine and one-half percent (9.5%) per annum. The term of financing shall be fifteen (15) years. All financing will be in the form of a promissory note secured by a first deed of trust to the property. Copies of the form of note and deed of trust are attached as Exhibits "H" and "I" respectively. Declarant reserves the right to rescind its willingness to provide financing at any time and in its sole discretion. No Purchaser shall be required to obtain financing from the Declarant and Declarant has made no warranties as to whether or not lots within Eagle's Nest will conform to the requirements for financing by AHFC, FNMA, FHLMC, FHA , VA or any other form of financing program.

10. WARRANTIES AND LIMITATION OF WARRANTIES:

The only warranty offered by Declarant is the Warranty of Title as set forth in the form of Warranty Deed that is attached hereto as Exhibit "J." The Warranty of Quality per AS 34.08.640, to the extent applicable to the Lots in Eagle's Nest is expressly disclaimed.

11. PURCHASER'S RIGHT TO CANCEL:

(a) Within fifteen (15) days after receipt of a Public Offering Statement, a Purchaser who has not accepted a deed to a Lot within Eagle's Nest, may cancel any contract for the purchase of a Lot from Declarant or any agents employed by Declarant pursuant to a written listing or employment agreement for that purpose.

(b) A Purchaser may cancel a contract under (a) of this section by hand

delivering a notice of cancellation to the Declarant or my mailing notice of cancellation by prepaid United States mail to the Declarant or the agent of the offeror for service of process. Such cancellation is without penalty and each payment made by the Purchaser before cancellation must be promptly refunded to the Purchaser.

(c) If the responsible party (as defined in the preceding subsections) fails to provide a Public Offering Statement to a Purchaser before conveying a Lot in Eagle's Nest to that Purchaser, the Purchaser may recover from that responsible party ten percent (10%) of the sales price for the subject Lot, ten percent (10%) of that Purchaser's share of the common expense liability for the subject Lot and ten percent (10%) of any indebtedness of the Association encumbering the Planned Community (The Association has no such indebtedness).

(d) Notwithstanding the above penalty provisions, a Purchaser who receives a Public Offering Statement more than fifteen (15) days before signing a contract to purchase a Lot cannot cancel the contract or pursue the above penalties.

12. UNSATISFIED JUDGMENTS OR PENDING SUITS:

There are no unsatisfied judgments or pending suits against the Association or any suit material to the Eagle's Nest of which the Declarant has actual knowledge.

13. ESCROW DEPOSIT IN CONNECTION WITH PURCHASE:

Any deposit made in connection with the purchase of a Lot in Eagle's Nest from Declarant will be held in escrow until closing and will be returned to the prospective purchaser if that purchaser properly cancels the contract under AS 34.08.580. The name and address of the escrow agent is as follows:

The Declarant reserves the right in its sole discretion to change the escrow agent at any time.

14. RESTRAINT ON ALIENATION AND OTHER RESTRICTIONS:

Except for the "Due on Sale" clause in the Deed of Trust (Exhibit "I"). There are no restraints on the alienation of any lot in Eagle's Nest or restrictions on the amount for which a Lot may be sold or the amount that may be received by a Property Owner on sale, condemnation, or casualty loss to the lot, or to Eagle's Nest or on termination of the Planned Community.

Restrictions on use on the use and occupancy of all Lots are set forth in Articles VI and VIII of the Covenants.

15 INSURANCE COVERAGE:

The Bylaws of the Association give the board of directors the specific power to acquire insurance and bonds as may be necessary to carry on the management of the Common Areas of Eagle's Nest and the business of the Association. Property Owners are solely responsible for insuring improvements constructed upon their Lots and obtaining their individual liability insurance.

16. FEES OR EXPENSES FOR USE OF COMMON AREAS:

The Association has not levied any fees for use of the Common Areas of Eagle's Nest.

17. DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS:

The Declarant reserves all development rights and other special Declarant rights as stated in the Covenants which include, but are not limited to the following: (a) the right to complete or make improvements indicated on the Plat, (b) the right to maintain sales offices, management offices and models on any of the common areas or on any Lot, but only in a manner that does not unreasonably disturb Property Owners, (c) the right to maintain signs to advertise the Lots, (d) the right to use and permit others to use easements through the Common Areas as may be reasonably necessary, (e) the right to appoint or remove officers from the Association board of directors during the Declarant Control Period (as defined in the Covenants) consistent with the Act, (f) the right to exercise any Declarant development right including the right to add property to Eagle's Nest and to create Lots or Common Areas within Eagle's Nest or to withdraw real estate from the Eagle's Nest, and (g) the right to grant utility and drainage easements to utility companies and to the Matanuska-Susitna Borough or the State of Alaska.

Unless sooner terminated by a recorded instrument signed by the Declarant or its successors, any Special Declarant Rights or Development Rights may be exercised at any time, but not more than twenty-five (25) years after the recording of the Covenants.

18. FINANCIAL ARRANGEMENTS FOR THE COMPLETION OF IMPROVEMENTS:

Declarant has or will complete all improvements required by AS 34.08.690 and has adequate financial reserves for that purpose.

19. ZONING:

Eagle's Nest is subject to no zoning ordinances at this time. State Law and Ordinances of the Matanuska-Susitna Borough impose certain use limitations and public easements on Lots located on the Kashwitna River.

20. POWER AGREEMENT:

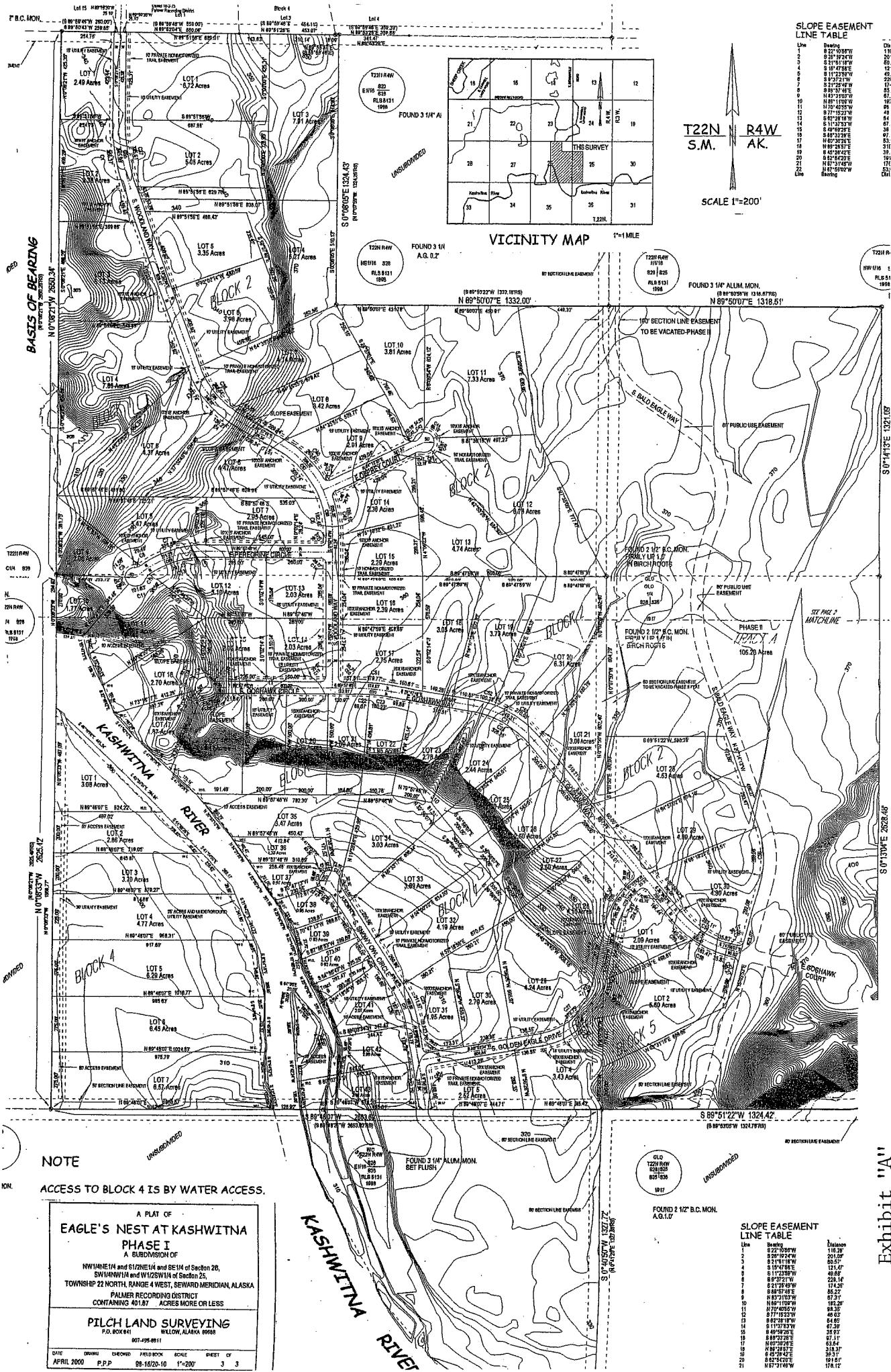
The Declarant will enter into the Power Agreement (the form of which is attached as Exhibit "K") for the purpose of funding the possible extension of electricity from MEA to the edge of each Lot. The Power Agreement provides that a certain portion of the purchase price paid for each Lot will be placed in an escrow account for that purpose. If the necessary facilities have not been completed by January 12, 2012, the escrow will be liquidated and returned to the contributing Property Owners or the persons who now own each such Lot (because the right to such distribution runs with the Lot.) There are additional details in the Power Agreement related to payments, termination, distribution of proceeds, and interest. You are urged to carefully review the Power Agreement.

THE STATEMENTS SET FORTH ABOVE ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD CAREFULLY REVIEW THE EXHIBITS TO THIS DOCUMENT AND SEEK COMPETENT ADVICE FROM INDEPENDENT COUNSEL.

DATED this 28th day of August, 2000.

DECLARANT,
EAGLE'S NEST AT KASHWITNA, LLC

By: 
Eugene H. Johnson, President,
Matanuska Recreational Company,
Manager



Revised Public Offering Stmt.
Eagle's Nest at Kashwitna

Exhibit "A"

**REVISED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
EAGLE'S NEST AT KASHWITNA**

The Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna ("Original Declarations") was recorded on May 15, 2000, in Book 1068 at Pages 183 through 204, Records of the Palmer Recording District, Third Judicial District. The Declarant intends that the following shall be substituted for the Original Declarations. Only three of the Lots within the Covered Property (as below defined) have been conveyed by the Declarant. Execution of this document by the owners of those lots constitutes their approval and acceptance of the substitution of this Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna.

RECITALS

A. The Declarant, Eagle's Nest at Kashwitna, LLC, ("Declarant"), deems it desirable to establish covenants, conditions and restrictions upon the below described property and each and every lot and portion thereof which will constitute a general scheme for the use, occupancy, and enjoyment thereof all for the purpose of enhancing and protecting the value, desirability and attractiveness thereof.

B. The Declarant further deems it desirable for the efficient preservation of the value, desirability, and attractiveness of the below described property to delegate and assign to a subdivision association the powers and duties of administering and enforcing these covenants and restrictions and collecting and disbursing funds pursuant to the assessment and charges created and referred to herein. The powers and duties will be administered by the Eagle's Nest at Kashwitna Owners Association, Inc., (the "Association") which is formed concurrently with or soon after the Declaration is recorded.

NOW, THEREFORE, Declarant hereby declares that all of the property described below shall be held, sold, and conveyed subject to the following covenants, conditions, and restrictions 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 inure to the benefit of all parties having any right, title and interest in the real property or any part thereof, including their legal representatives, heirs, successors and assigns.

Exhibit "B"

ARTICLE I DEFINITIONS

The following terms used in these covenants, conditions and restrictions shall be applicable to this Declaration and are defined as follows:

Section 1. "Act" shall mean the Alaska Common Interest Ownership Act, AS 34.08.010 et. seq.

Section 2. "Architectural Control Committee" shall mean and refer to the committee provided for in Article VI hereof, entitled "Architectural Control."

Section 3. "Association" shall mean and refer to Eagle's Nest at Kashwitna Owners Association, Inc., a non-profit Corporation.

Section 4. "Association Rules" shall mean rules adopted by the Association, pursuant to Article III hereof.

Section 5. "Board" shall mean the Board of Directors of the Association.

Section 6. "Bylaws" shall mean and refer to the Bylaws of the Association as the same from time to time may be duly amended.

Section 7. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, being shown on the Plat and described as follows:

- 10' wide non-motorized trails
- All roads (including rights of way)
- Tract "B" (between lots 40 & 41)
- Signs, gates and landscaping at entrance to subdivision
- The Declarant reserves the right to dedicate additional Common Areas

Section 8. "Covered Property" shall mean and refer to all the real estate described as:

Kashwitna River Estates Subdivision, Palmer
Recording District, State of Alaska filed as Plat
No. 2000-37.

Declarant reserves the right, within twenty five (25) years from date of recordation hereof, to add or delete any and all, but need not add, any of the property described as follows:

All that part of the NE1/4 of Section 35, NE of Kashwitna River, located in Section 35, Township 22 North, Range 4 West, Seward Meridian, Alaska. More particularly described as follows: Beginning at the NE Section Corner of Section 35, T22N, R4W, S.M. AK being THE TRUE POINT of BEGINNING of this description; Thence S0°41'20"W 1675.68' along the easterly line of said Section 35 to the north bank of the Kashwitna River; Thence along the right bank of the Kashwitna River having the following courses, S62°51'59"W 60.27'; S86°24'51"W 149.10'; N70°33'59"W 65.03'; N55°47'13"W 209.24'; N40°57'39"W 183.05'; N24°46'14"W 78.96'; N54°31'13"W 356.44'; N42°41'33"W 75.67'; N37°09'00"W 131.87'; N31°13'53"W 119.81'; N16°40'13"W 48.96'; N38°47'16"W 87.99; N49°16'40"W 56.15'; N24°57'04"W 70.03'; N12°57'27"W 55.20'; N22°35'57"W 170.12'; N44°31'59"W 35.74'; N20°54'06"W 82.07'; N46°26'33"W 26.58'; N14°29'42"W 325.53'; N5°55'30"W 26.19'; to the northerly line of said Section 35; Thence N89°48'25"E 1470.16' along the northerly line of said Section 35, to THE TRUE POINT of BEGINNING and located in the Palmer Recording District, Third Judicial District, State of Alaska

A portion of the Northeast one-quarter (NE 1/4) of Section 35 (S35), South of the Kashwitna River, Township Twenty-two North (T22N), Range Four West (R4W), Seward Meridian, State of Alaska. Containing approximately 113.45 Acres

Beginning at the Center One Quarter Corner (C1/4) Section 26, Township 22 North, Range 4 West, Seward Meridian, Alaska, being the True Point of Beginning of this description; Thence N0°08'21"W 100.00', along the N-S Center line of said Section 26; Thence S89°48'06" 983.92'; Thence S0°08'21"W 756.37'; Thence N89°48'06"E 125.12', to the north meander line of the Kashwitna River; Thence along the meander line of the Kashwitna River having the following courses, Thence N01°35'05"W 95.23', Thence N14°45'50"E 50.10', Thence N46°25'23"E 123.68', Thence N39°13'24"E 158.83', Thence N60°18'55"E 221.94', Thence S47°39'11"E 79.45', Thence S78°55'03"E 121.96', Thence N84°03'54"E 177.34', Thence S71°18'09"E 120.17' to the N-S center line of said Section 26; Thence N0°08'33"W 294.63' along the N-S center line and to the C1/4 Corner of said Section 26, Being the True Point of Beginning.

Containing 9.98 acres more or less.

Section 9. "Declaration" shall refer to this instrument with all exhibits hereto as amended or supplemented from time to time.

Section 10. "Dwelling" shall mean a single family residential dwelling unit together with garage, guest house, and other structures on the same Lot as permitted by this Declaration in Article VI, Section (1)(g).

Section 11. "General Expenses" shall mean and refer to the expenses of administration and management of the Association; the cost of and expenses incurred for maintenance, repair and replacement of personal property owned by the Association; the expenses of administration (including management, security, and professional services), maintenance, operation, repair, and improvement of the Common Area (or portion thereof); the cost of insurance, real estate taxes, reserves and assessments, snow removal and any other expenses lawfully incurred by the Association in connection with the Covered Property.

Section 12. "Lot" shall mean and refer to each of the lots in Covered Area.

Section 13. "Member" shall mean and refer to every person or entity who is a member of the Association, pursuant to this Declaration.

Section 14. "Mortgage, Mortgagee, Mortgagor." Reference in this Declaration to a mortgage shall be deemed to include a deed of trust; reference to a mortgagee shall be deemed to include the beneficiary of a deed of trust; reference to a mortgagor shall be deemed to include the trustor of a deed of trust.

Section 15. "Owner" shall mean and refer to one or more persons or entities who alone or collectively are the record owners of a fee simple title to a Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 16. "Plat" shall mean and refer to the plat described in Article I, Section 8, above.

Section 17. "Subdivision Assessment" shall mean and refer to the amounts which the Association shall assess and collect from the Owners to pay the general expenses, to pay the expenses of administration, maintenance, repair, and operation of the Association; the amounts which the Association shall recommend to be assessed and collected from the owners of Lots in Covered Property to pay the expenses of operation and maintenance of the Common Areas and to accumulate reserves for such expenses and to promote the general welfare of all Lot Owners in the Covered Property

ARTICLE II SCOPE OF DECLARATION

Section 1. Property Subject to Declaration. The real property which is and shall be held, transferred, sold, conveyed, leased, or occupied subject to this Declaration, is identified in Article I, Section 8 above.

Section 2. Conveyances Subject to Declaration. All covenants, conditions, restrictions, easements, reservations, liens, charges, rights, benefits, and privileges, which are granted, created, reserved, or declared by this Declaration shall be deemed to be covenants appurtenant, running with the land and shall at all times inure to the benefit of and be binding on any person having at any time any interest or estate in

any part of the Covered Property. Reference in a deed of conveyance, lease, mortgage, trust deed, other evidence of obligation, or other instrument to the provisions of this Declaration shall be sufficient to create and reserve all of the covenants, conditions, restrictions, easements, reservations, liens, charges, rights, benefits and privileges, which are granted, created, reserved, or declared by this Declaration, as fully and completely as though they were set forth in their entirety in any such document.

ARTICLE III THE SUBDIVISION ASSOCIATION

Section 1. In General. The Association is to be incorporated as a nonprofit corporation under the laws of the State of Alaska. The Association shall be the governing body for the administration and enforcement of this Declaration, including all architectural control regulations, and the administration and operation of all Common Areas.

Section 2. Membership. Every Owner shall be a Member of the Association. The terms and provisions set forth in this Declaration which are binding upon all Owners are not exclusive; Owners shall, in addition, be subject to the terms and provisions of the Bylaws of the Association to the extent the provisions thereof are not in conflict with this Declaration. In the event of conflict between the terms and provisions of this Declaration, and the terms and provisions of the Bylaws of the Association, the terms of this Declaration shall prevail. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership of an Owner shall be appurtenant to and may not be separated from the fee ownership of any Lot which is subject to assessment by the Association. Ownership of a Lot shall be the sole qualification for membership. There shall be one (1) vote in the Association per Lot.

Section 3. Transfer of Membership. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the conveyance or incumbrance of such Lot and then only to the purchaser or deed of trust holder of such Lot. The Association shall be given written notice of the change of ownership of the Lot within ten (10) days after such change.

Section 4. Voting rights. A Member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership. When more than one person owns a portion of the interest required for membership, the vote for such Lot shall be exercised as they among themselves determine but in no event shall more than one (1)

vote be cast with respect to any Lot. All voting rights shall be subject to the restrictions and limitations provided herein and in the Bylaws of the Association.

Section 5. General Duties and Powers of the Association. In addition to the duties and powers enumerated in its Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Enforce the provisions of this Declaration by appropriate means, including, without limitation, the expenditure of funds of the Association, the employment of legal counsel, the commencement of actions, and the promulgation of Association Rules, as provided in the Bylaws, which shall include the establishment of a system of fines or penalties enforceable as Special Assessments or as otherwise provided in the Bylaws;

(b) Maintain such policy or policies of insurance as the Board of Directors of the Association deems necessary or desirable in furthering the purpose and protecting the interest of the Association and its Members;

(c) Contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;

(d) Establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors of the Association;

(e) Own, maintain and otherwise manage all of the Common Area and all facilities, improvements and landscaping thereon.

(f) Assess Members for the necessary expenses of maintaining operating, repairing and improving the Association and the Common Area.

Section 6. Association Rules. The Association shall also have the power to adopt, amend, and repeal such rules and regulations as it deems reasonable. The Association Rules shall cover such matters in furtherance of the purposes of the Association; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration or the Bylaws of the Association.

ARTICLE IV ALLOCATED INTERESTS

Section 1. Allocated Interests. The Common Expense liability and votes in the Association allocated to each Lot are equal. Each Lot shall have one (1) vote and each Lot shall have an equal obligation for assessments except for fines levied against specific Lot(s).

ARTICLE V COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot and each subsequent Owner of any Lot, by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the following assessments to the Association:

- (a) The Subdivision Assessments;
- (b) All Special Assessments; and
- (c) Any other charges payable to the Association under this Declaration or the Bylaws of the Association.

Each assessment, together with interest thereon and costs of collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The Association may enforce and foreclose any lien which it has or which may exist for its benefit or, without electing its remedy, may bring an action against the Owner personally obligated to pay the assessment to recover the assessment (together with interest, all actual costs and reasonable actual attorneys' fees for any such action, which shall be added to the assessment and included in any judgment rendered in such action).

Section 2. Assessment Allocation. Except as provided in Section 3 hereof, any Common Expenses shall be assessed against all Lots in accordance with Article IV commencing 30 days after the first conveyance of a Lot to a Purchaser other than the Declarant. The exact amount of the Subdivision Assessment for each Lot shall

be confirmed by the Board of Directors and approved by a majority of the Lot Owners per AS 34.08.330(c).

Section 3. Apportionment of Common Expenses to Less Than All Units.

(a) Any Common Expenses for services provided by the Association for the benefit of an individual Lot at the request of the individual Lot Owner shall be assessed against said Lot.

(b) An assessment to pay a judgment against the Association may be made only against the Lots Owners in the Planned Community at the time judgment was entered, in proportion to their percentage of the obligation for Common Expenses at the time judgment was entered.

(c) Any fees, charges, late charges, fines, collection costs, and interest charged against a Lot Owner pursuant to this Declaration and the Act are enforceable as Common Expense Assessments.

Section 4. Liability of Mortgagee or Purchaser. Subject to the Act, where the mortgagee of a first mortgage of record or a trustee of a recorded first deed of trust or other purchaser of a Lot obtains possession of the Lot as the result of foreclosure of the first mortgage or first deed of trust, or by deed in lieu of foreclosure thereof, such possessor, his successors and assigns, shall not be liable for the share of the assessments by the Association chargeable to such Lot which became due prior to such possession. Such unpaid share of assessments shall be deemed to be expenses collectible from all of the Owners including such possessor, his successors and assigns.

Section 5. Conveyance - Liability of Grantor and Grantee for Unpaid Common Expenses. In a voluntary conveyance the grantee of a Lot shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his share of the expenses up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any such grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the grantor and such grantee shall not be liable for, nor shall the Lot conveyed be subject to, a lien for any unpaid assessments against the grantor in excess of the amount therein set forth.

Section 6. Lien for Assessment. The Association shall have a lien, according AS 34.08.470, on a Lot for any assessment levied against the Lot and/or for

any fines, fees, charges, late charges, collection costs, and/or interest imposed against the Lot Owner from the time any such assessment or fines, fees, charges, late charges, collection costs, and/or interest become due.

ARTICLE VI ARCHITECTURAL CONTROL

Section 1. Conformity of Plans. No dwelling or out building shall be commenced, erected or maintained upon the Covered Property, nor shall any exterior addition to or change or alteration in any such structure, be made which is not in conformance with the provisions of this Declaration, rules adopted by the Association Board of Directors and approved by the Architectural Control Committee. This prior approval requirement shall also apply to driveways.

Written approval by the Architectural Control Committee as described below is required for the plans and specifications showing the nature, kind, shape, height, materials, exterior color and surface, location of structures, and manner of construction of driveways including elevation and amount of gravel fill. Before granting such approval, the Architectural Control Committee shall have in its reasonable judgment, determined that the plans and specifications conform to such architectural standards as may from time to time be adopted either by the Association or Board ("Architectural Standards"), and provide for a structure which is in harmony as to external design and location with surrounding structures and topography

Such plans and specifications are not approved for engineering design. By approving such plans and specifications, neither the Architectural Control Committee, the Members thereof, nor the Association assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

Architectural Standards include the following:

(a) The owner of each Lot shall install a culvert under the Lot driveway at the ditch, which culvert shall be a minimum of eighteen (18) inches in diameter. The elevation of the driveway must not be lower than that which existed prior to construction. Thus, for example, if eighteen (18) inches of topsoil are removed, at least eighteen (18) inches of gravel fill will be required. This section also requires that driveway permit be obtained from the Matanuska-Susitna Borough Public Works Department and that the driveway be constructed in conformity with that permit.

(b) It is the intention and purpose of these covenants that all improvements be of a high quality of workmanship and materials. Out buildings shall be of the same construction and appearance equal to the Dwelling's standard, utilizing proper foundation and siding. Nothing other than wood or log siding is permitted.

(c) All Dwellings, exclusive of out buildings, must have a finished exterior within one (1) year from the start of construction. All out buildings must be fully completed within six (6) months from the commencement of construction.

(d) No building shall be located on any Lot nearer to any lot line than twenty-five (25) feet or nearer than seventy-five (75) feet from the ordinary high water mark of the Kashwitna River or any other location prohibited by the Plat.

(e) No more than twenty (20) percent of standing trees shall be cleared from any Lot. No owner shall be permitted to completely clear a Lot or remove standing trees which are larger than six (6) inches in diameter as measured three (3) feet above the ground without approval of the Architectural Control Committee, except to the extent reasonably necessary for the construction of the principal Dwelling, outbuildings, and driveway; to facilitate proper drainage; to prevent the spread of tree kill by insects; or that affect the safe installation of utilities. No clearing shall be allowed within twenty-five (25) feet of side property lines. Trees may be thinned so long as maximum natural beauty and the aesthetic value of trees are retained. The natural vegetation mat within a band seventy-five (75) feet wide from the ordinary Kashwitna River high water mark upland shall not be disturbed or removed except for installation of utilities, permitted walkways, decks, and screen porches. All such decks, walkways and porches shall be light penetrating and shall not exceed a total of three hundred (300) square feet per Lot. Disturbance within seventy-five (75) feet of the ordinary high water mark should minimize adverse impact to water quality and fish and wildlife habitat. All stumps and vegetation located elsewhere on the Lot which are excavated for any reason (e.g., the installation of driveways, septic systems, foundations) shall be buried or removed from the Lot and the disturbed area shall be seeded or covered with an appropriate finish.

(f) No fence or wall shall be erected until the plans are approved in writing by the Architectural Control Committee as to location, quality of workmanship and materials. No fence of any kind may be installed in violation of any federal or state statute, or ordinance of the Matanuska-Susitna Borough as presently enacted or as may be hereafter enacted or amended.

(g) The following structures shall be permitted:

(i) No more than one main single family dwelling which must have a main ground floor size of at least three hundred twenty (320) square feet. The height shall not exceed two (2) (above ground) stories. Duplexes and other multi-family dwellings are prohibited.

(ii) No more than one (1) detached garage not to exceed six hundred (600) square feet.

(iii) No more than one (1) guest house which shall not exceed five hundred (500) square feet.

(iv) Generator shed

(v) Subject to all laws, ordinances and regulations of the Matanuska-Susitna Borough and the State of Alaska, no more than one (1) detached screen porch/gazebo which shall not exceed three hundred (300) square feet.

(vi) No more than one (1) open-sided wood shed.

(vii) No more than one (1) sauna/steam structure not to which shall not exceed one hundred fifty (150) square feet.

(viii) No more than one (1) outhouse

(h) Docks on the river are prohibited.

Section 2. Appointment of Architectural Control Committee. The Board of Directors of the Association shall appoint the members of the Architectural Control Committee. It shall consist of three (3) members. In the event of death or resignation of a Committee member, the Board of Directors shall appoint a replacement. The members of the Committee shall serve without any compensation.

Section 3. Appeal. Decisions of the Architectural Control Committee shall be appealable to the Board of Directors. Appeals may be taken to the Board by written notice to the Board not more than thirty (30) days following the final decision of the Architectural Control Committee. Within thirty (30) days following the receipt of such notice of appeal, the Board may reverse the decision by a positive vote of sixty-

seven percent (67%) of the members of the Board present to hear the testimony. The Board may then recommend an alternative to the decision of the Architectural Committee.

Section 4. General Provisions.

(a) The Architectural Control Committee may establish reasonable rules, subject to adoption by the Board in connection with its review of specifications and plans, including, without limitation, the number of sets to be submitted, and the payment of a fee to cover costs incurred by the Committee in reviewing the plans (e.g. architect's fees). Unless such rules are complied with, such plans and specifications shall be deemed not submitted.

(b) The initial address of the Committee is 3940 Arctic Blvd., Suite 101, Anchorage, Alaska 99503 or such other place as may from time to time be designated by the Architectural Control Committee. Such address shall be the place for the submittal of plans and specifications and the place for requesting the current architectural standards.

(c) In the event the Committee 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 construction has been commenced prior to completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

ARTICLE VII
OWNERS MAINTENANCE OBLIGATIONS

Section 1. Maintenance. Every Owner of improved Lots shall:

(a) maintain the Dwelling and other permitted structures and improvements on the Lot in good condition and repair. No discarded or inoperable appliances, furniture or other similar items of personal property shall be kept out of doors on any Lot.

(b) maintain an attractive and viable condition of landscaping on the Lot.

Section 2. Standards for Maintenance. Maintenance of the exterior of the Dwellings, walls, roofs, shall be accomplished in accordance with the architectural standards for the Covered Property.

ARTICLE VIII USE RESTRICTIONS

Section 1. General Provisions.

(a) All restrictive covenants listed and/or contained herein are subject in all instances to compliance with all applicable laws (including ordinances, regulations and restrictions) of the United States, State of Alaska and the Matanuska-Susitna Borough together with the provisions of the Plat for the Plat.

(b) Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any of the Declarations, the Plat and any law applicable to the use of any Lot; either to restrain such violation(s), to recover damages, or levy fines, assessments, charges or interest.

Section 2. Business or Commercial Activity. No business or commercial activity shall be maintained or conducted on any Lot; provided, however, that professional and administrative occupations may be carried on within residences on Lots so long as there exists no external evidence thereof, including increased traffic. Camps (such as Boy Scout camps) are also prohibited.

Section 3. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be, or may become, a nuisance, or cause unreasonable embarrassment, disturbances or annoyance to other Owners in the enjoyment of their Lots or the neighborhood. No person within the Covered Property shall use any equipment of any kind, including, but not limited to sound reproduction equipment, chain saws, lawn mowers or any type of internal combustion engine during the times of 10:00 p.m. to 7:00 a.m. Unreasonably loud sounds from any source shall be considered a nuisance under this paragraph, and shall be prohibited.

Section 4. Temporary Structures. No structure of a temporary nature, tent, shack or Quonset hut, residential trailer, pre-fabricated or mobile homes shall be used on any Lot at any time. Travel trailers, campers and motor homes may be used by Lot Owners as recreational housing on a temporary basis (not to exceed an aggregate of one hundred eighty (180) days) from the commencement of any improvement to the Lot

until a permanent Dwelling has been constructed. Travel trailers and motor homes may not at any time be skirted or attached to the land.

Section 5. Pets, Livestock and Poultry. No animals, sled dogs, livestock, or poultry of any kind shall be raised, bred or kept on any Lot for commercial purposes. A total of not more than three (3) dogs and cats or other household pets may be kept on each Lot provided that they are not kept, bred, or maintained for any commercial purpose. Poultry and livestock are strictly prohibited. No vicious dogs as defined by any ordinance of the Matanuska-Susitna Borough shall be kept on any Lot. No pet shall be allowed to leave the Lot at any time unless that pet is accompanied by and under effective voice or leash control of a person. All kennels shall be located near the Dwelling in a place that conceals its visibility from the street or the river.

Section 6. Garbage Disposal. No trash cans, garbage cans, trash barrels, boxes or other refuse containers shall be placed or maintained on or along the side or front of any Lot adjacent to a street. All garbage shall be stored either inside the Dwelling or garage or within a bear-proof container. No burning of trash, garbage refuse or other waste shall be permitted at any time. No Lot shall be used or maintained as a dumping ground for rubbish. All permitted trash containers shall be screened from view from any public right-of-way or the river.

Section 7. Water and Sewer. No community water or sewage treatment system shall be installed on the Covered Property by the Declarant. All dwellings shall be serviced by either on-site water and sewage disposal systems or outhouses which must comply with specifications of the Matanuska-Susitna Borough and/or the State of Alaska Department of Environmental Conservation and the Alaska Department of Health, if appropriate.

Section 8. Vehicle Restrictions and Storage. No vehicle may be parked upon any street or Common Area except in designated parking areas. The presence of vehicles, trailers and equipment on Lots shall be in compliance with the following provisions:

(a) Service vehicles and equipment for the construction or repair of improvements to the Lot are permitted for those purposes only and only for so long as necessary to promptly complete such activities. Moving vans are also permitted for the purpose of moving to or from the Lot.

(b) Except as provided above and in subsection (c) hereof, all vehicles larger than a one ton pickup are prohibited. Except as provided above, all equipment (such as tractors, backhoes, front-end loaders, semi tractors, semi trailers and the like) are prohibited.

(c) Except vehicles of bona fide visitors permitted by subsection (e), no more than three (3) motor vehicles may be kept on a Lot. No such permitted vehicle shall be larger than a one-ton pickup. In addition one (1) travel trailer, camper or motor home may be kept on a Lot. Except as provided in Section 4 of this Article VIII no such vehicle may be used for occupancy on site. In addition, no more than two (2) boat, snowmachine, ATV or utility trailers may be kept at a Lot. All vehicles as above described must be in operating condition, currently licensed and owned or leased by the owner(s) or lessee(s) of the Lot or members of their immediate family who currently reside on the Lot.

(d) Except as permitted by subsection (a), commercial vehicles are prohibited except that one of the motor vehicles permitted by subsection (c) may be a commercial vehicle which is used to drive to and from employment.

(e) Non-commercial motor vehicles of bona fide visitors are permitted. Except for motor homes or travel trailers, none may be larger than a one ton pickup. No camper, motor home or travel trailer of a bona fide visitor may be used for occupancy while on site. No more than two (2) such vehicles may be on a Lot at any given time.

(f) All campers, motor homes, travel trailers, and trailers permitted per subsections (c) and (d) must be parked at least twenty-five (25) feet from the lot line, fifty (50) feet from the street and seventy-five (75) feet from the high water mark of the Kashwitna River.

Section 9. Snowmobiles and Other All Terrain Vehicles. Snowmobiles, three-wheelers, four-wheelers, all terrain vehicles or other similar recreational vehicles shall not be operated on the trails (except for maintenance), utility easements, or trail easements dedicated to the public located in the Covered Property.

Section 10. Signs. No sign of any kind shall be displayed to the public view on any Lot except for one Lot Owner/Address identification sign, "private property" signs of not more than one and one-half (1½) square feet placed not less than fifty (50) feet apart, or one sign of not more than five (5) square feet advertising the property for

sale or rent, or signs used by the Developer to advertise the property during the sales period. Political signs are prohibited.

Section 11. Petroleum Provisions. No oil drilling, tunneling, oil development operations, refining, quarrying, or mining or mineral excavation operations of any kind shall be permitted upon or under any Lot. No derrick, oil well, shaft, or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

All Lots will be permitted fuel storage tanks for home heating/cooking use. All on-site fuel storage tanks must be approved by the State of Alaska Department of Environmental Conservation and/or any other entity that has jurisdiction over the installation of fuel storage facilities. Fuel storage facilities shall be screened from visibility from the streets and/or the Kashwitna River.

Section 12. Easements. Easements for installation and maintenance of utilities and drainage facilities and trails are reserved as shown on the recorded plat or as indicated by the public records for the Matanuska-Susitna Borough. Within these easements, no structure, plants or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of the flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements or interfere with the construction, use or maintenance of trails.

Section 13. Resubdivision. The Lots herein described shall not be reduced in size by resubdivision, except Owners of three (3) contiguous Lots may divide the inner or middle Lot, thus increasing the size of the two (2) remaining Lots which shall then be created for all purposes pertinent to these Covenants as enlarged single Lots. Lots may be combined to create larger Lots. See also Article IX, Section 1(f).

Section 14. Mailboxes and Newspaper Tubes. Lot owners shall use the 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. Newspaper receptacles are permitted on Lots as long as they are maintained in a neat and serviceable condition.

Section 15. Miscellaneous Equipment. Lawn furniture, and toys that are visible from the river shall be kept in an orderly manner. It is the intent of this provision to keep the natural beauty of the Kashwitna River front from being cluttered by personal

items left out after use along the shoreline and visible to river or trail users. Subject to the Ordinances of the Matanuska-Susitna Borough and the provisions of the Plat, owners of Lots abutting on water shall have exclusive use of all land up to the water's edge (except for dedicated easements).

Section 16. Hunting and Firearms. Hunting and the discharge of firearms are strictly prohibited.

Section 17. Exterior Lighting. Any exterior lighting erected on any Lot shall be shaded so as to not create a nuisance to the Owners of adjacent Lots or to users of the roadways and Common Area.

Section 18. Generators. Generators shall be kept in detached and soundproof sheds which shall be within fifty (50) feet of the Dwelling.

ARTICLE IX DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 1. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights:

- (a) the right to complete or make improvements indicated on the Plats and Plans;
- (b) the right to maintain a sales office or management office on any of the Common Areas or any Lot, but only in a manner which does not unreasonably disturb Lot Owners;
- (c) the right to maintain signs in the Covered Property to advertise the Lots;
- (d) the right to use, and to permit others to use, easements through the Common Areas as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration;
- (e) the right to appoint or remove officers and members of the Executive Board/Board of Directors during the Declarant Control Period consistent with the Act;

(f) the right to exercise any Development Right including the rights to:

(i) add real estate presently outside of the Covered Property per Article I, Section 8, above; and

(ii) create Lots or Common Areas within the Covered Property. Declarant may, at the time it adds any additional Lots and/or Common Areas to the Covered Property, specify changes to the restrictions on use, occupancy, and alienation, as well as standards for architectural control for the additional Lots and/or Common Areas; and

(iii) withdraw real estate from the Covered Property; and

(g) convey utility and drainage easements to utility companies and the Matanuska-Susitna Borough, respectively, in Declarant's own name and on behalf of the Association; and convey public use easements in any Common Areas or Lots.

Section 2. Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant for twenty-five (25) years.

Section 3. Personal Property of Declarant. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, and maintenance of the Covered Property that Declarant has not explicitly represented as property of the Association. The Declarant reserves the right to remove from the Covered Property any and all goods, models, and Improvements used in development and marketing, whether or not they have become fixtures.

Section 4. Lot Ownership by Declarant. Until Declarant no longer owns any Lots in the Covered Property, the Declarant and his duly authorized agents, representatives, and/or employees may maintain any Lot owned by the Declarant or any portion of the Common Areas as a model Lot, sales office or management office.

ARTICLE X GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the

right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants, and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment hereto, including the right to prevent the violation of any such restrictions, conditions, covenants or reservations and the right to recover damages or other dues for such violation. Failure by the Association or by any Member to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. These covenants and restrictions are severable. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 3. Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the subdivision property, the parties hereto, and all persons claiming under them and shall inure to the benefit of and be enforceable by the Association or any Member, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by sixty-six and two-thirds percent (66 2/3%) of the then Members has been recorded, agreeing to change said covenants, conditions and restrictions in whole or in part. The purchase of any Lot in the Covered Property shall constitute an agreement on the part of such purchaser to be bound by these protective covenants in their entirety and to abide by them.

Section 4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the administration of a residential community and for the maintenance of the Covered Property. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions or interpretation or construction.

Section 5. Amendments. Except for termination, this Declaration of Covenants, Conditions and Restrictions may be amended at any time by an affirmative vote of sixty-six and two-thirds (66 2/3%) percent of the Lot Owners. Upon vote of sixty-six and two-thirds (66 2/3%) percent of said Lot Owners, the Members may make such further exceptions, amendments and additions to these covenants, conditions, and restrictions as they deem appropriate and shall cause to be recorded in the Palmer

Recording District a written instrument amending this Declaration.

Section 6. Singular Includes Plural. Whenever the context of this Declaration requires the same, the singular shall include the plural and the masculine shall include the feminine.

Section 7. Notices. All Lot Owners shall furnish a notice address to the Association and obtain a written acknowledgment from the Association of receipt of that notice address. If an Owner fails to furnish the required notice address, the notice address for all Owners of that Lot shall be that set forth on the bottom of the Warranty Deed by which the Owners acquired title to the Lot. In each instance in which notice is to be given to a Lot Owner, the same shall be in writing and may be delivered personally, in which case personal delivery of such notice shall be to one or two or more co-owners, or such notice may be delivered by United States mail, postage prepaid, to the Owner(s) at the most recent address furnished by such Owner(s) in writing to the Association for the purpose of giving notice. Any notice so deposited in the mail within Alaska shall be deemed delivered forty-eight (48) hours after such deposit.

Section 8. Non-liability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Control Committee, or any other committees of the Association, nor any member thereof shall be liable to any member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval, or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be within the scope of their duties.

Section 9. Failure of Owner or Occupant to Comply. The failure of any Lot Owner or occupant of a Lot to comply with provisions of the Declaration and the Bylaws will give rise to a cause of action in the Association and any aggrieved Owner for the recovery of damages, or for injunctive relief, or both.

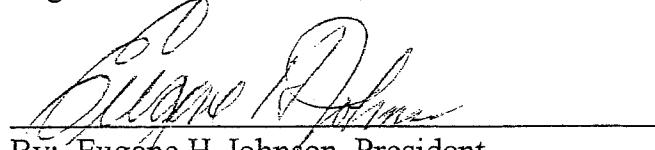
Section 10. Arbitration. Any dispute, controversy, or claim arising out of, in connection with, or in relation to this Declaration shall be submitted and determined by arbitration. This includes, but is not limited to any dispute related to the Bylaws or operation of the Association (including the Board and all committees). Except as otherwise provided herein, the arbitration shall be in accordance with the Uniform Arbitration Act as codified in Alaska Statutes (AS 09.43.010 *et. seq.*). All disputes shall be resolved by a one arbitrator who must be an attorney licensed to practice in Alaska for at least five (5) years. If the parties cannot agree to an arbitrator within seven (7) days

from service of a written demand for arbitration upon all parties, the Superior Court at Anchorage shall make the appointment. All arbitration hearings shall be held in Anchorage. The party initiating arbitration shall pay any deposit reasonably required by the arbitrator. However, the arbitrator shall assess all arbitrator's fees and other costs related to the conduct of the hearing against the non-prevailing parties. The arbitrator shall also assess actual costs and attorneys fees against the non-prevailing parties. Except as provided in AS 09.43.070 there shall be no depositions. However, the arbitrator may compel the parties to produce and/or exchange documents prior to the hearing.

Section 11. Use Restrictions. The Covered Property is subject to all ordinances, regulations, statutes and other laws of the State of Alaska and the Matanuska-Susitna Borough (hereinafter called State and Local Laws). The fact that a use may be permitted by this Declaration shall not be deemed as a representation, authorization or warranty by the Declarant, its agents or successors that such use is permitted by State and Local laws. Each person or entity who acquires any Lot in the Covered property shall be deemed to have knowledge of all State and Local Laws which pertain to the Covered Property.

IN WITNESS WHEREOF, the undersigned Declarant and Lot Owners have executed this instrument, the day and year written below.

Eagles Nest at Kashwitna, LLC



By: Eugene H. Johnson, President
Matanuska Recreational Company,
Manager of Eagles Nest at Kashwitna

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 21st day of Aug., 2000, before me, the undersigned, appeared Eugene H. Johnson, who acknowledged being the

President of Matanuska Recreation Company, Inc., an Alaska corporation, the Manager of Eagles Nest at Kashwitna, LLC, and voluntarily signing and sealing the foregoing instrument on behalf of said Company, and being authorized so to do.



Elaine H. Pedersen
 Notary Public in and for Alaska
 My Commission Expires: 8/9/2004

ACCEPTANCE AND APPROVAL

The undersigned owners of Lots within the Covered Property hereby accept and approve the foregoing.

James H. Juliussen

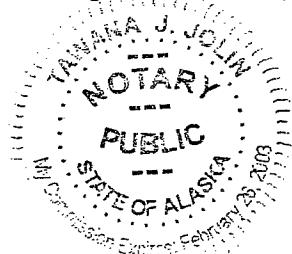
By: James H. Juliussen
 Co-Owner of Lot 38, Block 1, Eagle's
 Nest at Kashwitna

Patti J. Juliussen

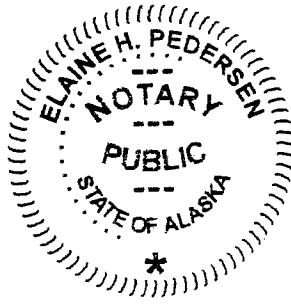
By: Patti J. Juliussen
 Co-Owner of Lot 38, Block 1, Eagle's
 Nest at Kashwitna

STATE OF ALASKA)
 THIRD JUDICIAL DISTRICT)
) SS.
)

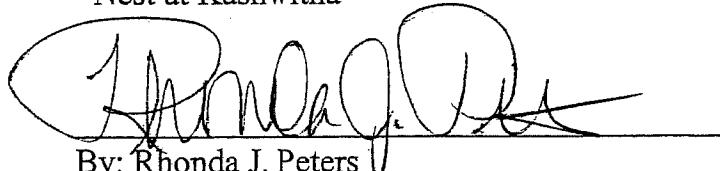
THIS IS TO CERTIFY that on this 17th day of August, 2000, before me appeared James H. Juliussen and Patti J. Juliussen, to me known and known to me to be the individuals named in and who executed the foregoing instrument, and acknowledged voluntarily signing and sealing the same.



Levaria J. Tolin
 Notary Public in and for Alaska
 My Commission Expires: 2/26/03



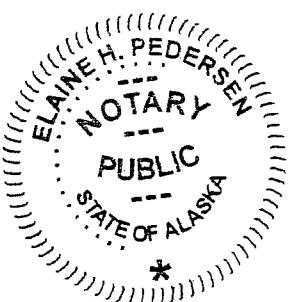
Bill J. Peters
By: Bill J. Peters
Co-Owner of Lot 37, Block 1, Eagle's
Nest at Kashwitna



By: Rhonda J. Peters
Co-Owner of Lot 37, Block 1, Eagle's
Nest at Kashwitna

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 23rd day of August, 2000, before
me appeared Bill J. Peters and Rhonda J. Peters, to me known and known to me to be the
individuals named in and who executed the foregoing instrument, and acknowledged
voluntarily signing and sealing the same.



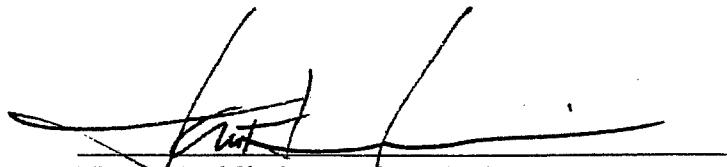
Elaine H. Pedersen
Notary Public in and for Alaska
My Commission Expires: 8/9/2004

Robert K. Stewart
By: Robert K. Stewart
Owner of Lot 36, Block 1, Eagle's
Nest at Kashwitna

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 26th day of July, 2000, before
me appeared Robert K. Stewart, to me known and known to me to be the individual

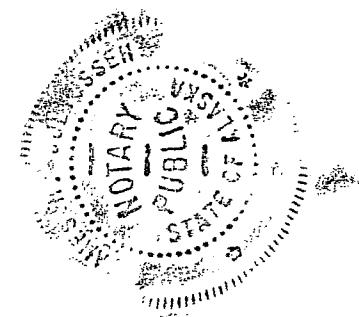
named in and who executed the foregoing instrument, and acknowledged voluntarily signing and sealing the same.



Notary Public in and for Alaska
My Commission Expires: 12-25-00

After recording, return to:

Eugene Johnson
3940 Arctic Blvd., Suite 101
Anchorage, Alaska 99503

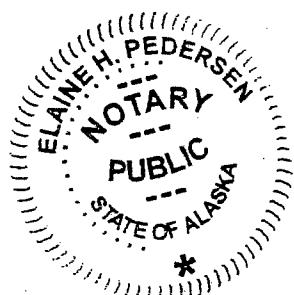


Jeffery A. Johnson
By: Jeffery A. Johnson

Owner of Lot 39, Block 1, Eagle's Nest at Kashwitna &
Owner of Lot 3, Block 1, Eagle's Nest at Kashwitna &
Owner of Lot 5, Block 4, Eagle's Nest at Kashwitna

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT)
)ss
)

THIS IS TO CERTIFY that on this 24th day of August, 2000, before me appeared Jeffery A. Johnson, to be known and known to me to be the individual named in and who executed the foregoing instrument, and acknowledged voluntarily signing and sealing the same.



Elaine H. Pedersen
Notary Public in and for the
State of Alaska
My commission expires 8/9/2004

016543
PALMER
RECORDING DISTRICT

REC 2000 AU 25 PM 12:15
REQUESTED BY
Eugene Johnson

**CORRECTION OF REVISED
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
EAGLE'S NEST AT KASHWITNA**

This is a correction of an error in the Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna recorded in Book 1086 beginning at Page 957, Records of the Palmer Recording District, Third Judicial District, State of Alaska.

Article I, Section 8 describes the "Covered Property" as follows:

Kashwitna River Estates Subdivision, Palmer Recording District, State of Alaska filed as Plat No. 2007-37.

The name of the plated property as set forth on the plat is Eagle's Nest at Kashwitna, Phase I. Accordingly, the correct name of the "Covered Property" in Article I, Section 8 should be as follows:

Eagle's Nest at Kashwitna, Phase I, Palmer Recording District, State of Alaska, Filed as Plat No. 2007-37.

IN WITNESS WHEREOF, the undersigned Declarant has executed this instrument on the day and year written below.

EAGLE'S NEST AT KASHWITNA, LLC

By:



Eugene H. Johnson
Matanuska Recreational Company,
Manager of Eagles Nest at Kashwitna

After Recording Return to:
 Eugene H. Johnson
 3940 Arctic Boulevard, Suite 101
 Anchorage, AK 99503

STATE OF ALASKA)
)
) SS.
 THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 31st day of Aug., 2000, before me, the undersigned, appeared Eugene H. Johnson, who acknowledged being the President of Matanuska Recreation Company, Inc., an Alaska corporation, the Manager of Eagles Nest at Kashwitna, LLC, and voluntarily signing and sealing the foregoing instrument on behalf of said Company, and being authorized so to do.



Eugene H. Johnson
 Notary Public in and for Alaska
 My Commission Expires: 8/9/04

After recording, return to:

Eugene Johnson
 3940 Arctic Blvd., Suite 101
 Anchorage, Alaska 99503

PALMER
 RECORDING DISTRICT

017169 18 CC

2000 SP-5 PM 1:17

REQUISITED BY
J. Johnson

State of Alaska
Department of Community and Economic Development
Division of Banking, Securities and Corporations

CERTIFICATE
OF
INCORPORATION
Nonprofit Corporation

The undersigned, as Commissioner of Community and Economic Development of the State of Alaska, hereby certifies that Articles of Incorporation of

EAGLE'S NEST AT KASHWITNA OWNERS ASSOCIATION

have been received in this office and have been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Community and Economic Development, and by virtue of the authority vested in me by law, hereby issues this Certificate of Incorporation and attaches hereto the original copy of the Articles of Incorporation.

IN TESTIMONY WHEREOF, I execute this certificate and affix the Great Seal of the State of Alaska on
APRIL 26, 2000

Deborah B. Sedwick

Deborah B. Sedwick
Commissioner of Community
and Economic Developm

Exhibit "C"

Revised Public Offering Stmt.
Eagle's Nest at Kashwitna

ARTICLES OF INCORPORATION

of

EAGLE'S NEST AT KASHWITNA OWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, all being natural persons of lawful age, do hereby associate and unite ourselves together for the purpose of forming a nonprofit corporation, within the meaning of AS 10.20.005 et. seq., and other applicable laws of the State of Alaska, and for that purpose adopt the following Articles of Incorporation.

ARTICLE I

Name

The name of the corporation shall be Eagle's Nest at Kashwitna Owners Association.

ARTICLE II

Duration

The duration of the corporation shall be perpetual.

ARTICLE III

Purpose

The purposes for which the corporation is organized are: *51C. 840*

(a) To act as a nonprofit corporation to manage and operate the Association and to maintain certain facilities, collect assessments, and enforce the covenants, conditions, and restrictions contained in the Declaration for Eagle's Nest at Kashwitna Owners Association and the Bylaws of the Association, as they are amended from time to time.

(b) Generally to do all things and transact all business which any person or individual may lawfully do, not inconsistent with the foregoing purposes or with the rights and purposes of a nonprofit organization under the Alaska nonprofit corporation law.

ARTICLE IV
Powers

This corporation shall have all the powers specified in AS 10.20.011. No part of the net earnings of the corporation shall inure to the benefit of any private shareholder or individual. No substantial part of the activities of the corporation shall involve carrying on propaganda, or otherwise attempting to influence legislation [except as allowed in I.R.C. §501(h)]. The corporation will not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

ARTICLE V
Amendment

These Articles of Incorporation may be amended by the affirmative vote of seventy-five (75%) of the members of the Association.

ARTICLE VI
Liquidation

Upon liquidation of the corporation, the assets of the corporation will be first used to pay any and all outstanding debts, liabilities, and contract obligations. Any amounts remaining on hand after the payment of corporate debts and obligations shall be distributed equally among the members of the Association.

ARTICLE VII
Registered Agent and Office

The name of the initial registered agent of the corporation is Eugene H. Johnson. The address of the initial registered office of the corporation is 3940 Arctic Blvd., Suite 101, Anchorage, Alaska 99503-5711.

ARTICLE VIII
Incorporators

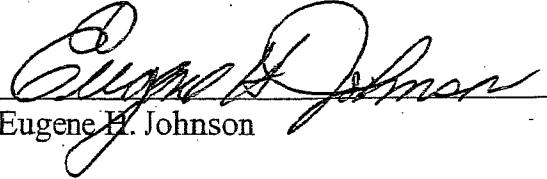
The names and addresses of the incorporators are as follows:

Eugene H. Johnson, Elaine Pedersen and Jeffery A. Johnson
3940 Arctic Blvd., Suite 101
Anchorage, Alaska 99503-5711

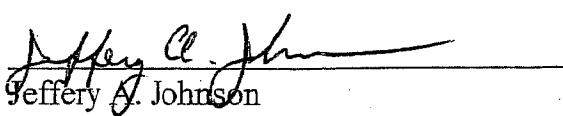
ARTICLE IX
Initial Directors

The number of directors constituting the initial board of directors shall be three (3), but may be increased to no more than five (5) or decreased to no less than three (3). The names and addresses of the persons who shall serve as initial directors until their successors are elected and qualified are the above named incorporators.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Incorporation at Anchorage, Alaska, on this 26th day of April 1, 2000.


Eugene H. Johnson

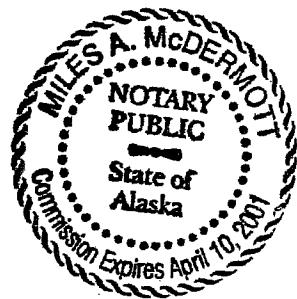

Elaine Pedersen


Jeffery A. Johnson

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 26th day of April 1, 2000, before me appeared Eugene H. Johnson, Elaine Pedersen and Jeffery A. Johnson to me known and

known to me to be the individuals named in and who executed the foregoing instrument,
and acknowledged voluntarily signing and sealing the same.



Melissa McDermett
Notary Public in and for Alaska
My Commission Expires: April 10, 2001

**BYLAWS
OF
EAGLE'S NEST AT KASHWITNA OWNERS ASSOCIATION**

**ARTICLE I
CONDOMINIUM OWNERSHIP**

Section 1. Creation. The name of the corporation shall be the Eagle's Nest at Kashwitna Owners Association, Inc., (the "Association") consisting of those lots, and all improvements situate thereon, situated in the Palmer Recording District, Third Judicial District, State of Alaska, and more particularly described below:

Eagle's Nest at Kashwitna, Palmer Recording District, Third Judicial District, State of Alaska filed as Plat No. 2000-37, together with all property that the Declarant reserves the right to add pursuant to the Revised Declaration of Covenants, Conditions and Restrictions for the Eagle's Nest at Kashwitna Owners Association, Inc. (hereinafter the "Declaration"), which was recorded on August 25, 2000, in Book 1086 at Page 957, Palmer Recording District.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Covered Property which include all the structures and improvements located thereon. All present and future Owners, tenants and occupants of any Lots in the Covered Property, are subject to these Bylaws. Acquisition, lease, rental or occupancy of any of the Lots in the Covered Property shall signify that these Bylaws are accepted and ratified and shall be complied with by the occupant.

Section 3. Definitions. Unless otherwise specified, the following terms shall have the same meaning in these Bylaws as such terms have in the Declaration: Lot, Covered Property, Owner, Common Area, Mortgage, Mortgagee, Mortgagor, Association, Board, Bylaws and Declarant. The terms Owner and Member as used herein shall be synonymous.

Exhibit "D"

ARTICLE II ASSOCIATION OF LOT OWNERS

Section 1. Membership. All Owners of a Lot in the Covered Property shall constitute the Association. The Owner upon acquiring title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Lot ceases for any reason; provided, however, that to such extent and for such purposes, including the exercise of voting rights, as shall be provided by agreement of sale or by lease of any Lot filed with the Board of Directors of the Association, the purchaser or the lessee of such Lot shall be deemed to be the Owner thereof. There shall be one vote per Lot.

Section 2. Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Members of the Association who sell or convey their interest in a Lot shall within ten (10) days of the change, report to the Board of Directors the name and address of their successor in interest. A member of the Association, shall upon request, furnish the Board with a copy of any document under which he obtained ownership of a Lot, or any interest therein, and any documents creating a security interest in such Lot.

Section 3. Responsibilities. The Association shall have the responsibility of administering the Covered Property through the Board of Directors.

Section 4. Place of Meetings. Meetings of the Association shall be held in such suitable place convenient to the Owners as may be designated by the Board of Directors by written notice to the members.

Section 5. Annual Meetings. The first annual meeting of Owners shall be held as soon as practicable, but not later than 120 days, after the conveyance by Declarant of Lots representing seventy-five percent (75%) of the votes of all the Owners.

Thereafter, the annual meeting of the Association shall be held within three (3) months after the end of each accounting year of the Association. At such meetings the Owners shall elect by ballot a Board of Directors in accordance with the provisions of Section 5 of Article III of these Bylaws and may also transact such other business of the Association as may properly come before them.

Section 6. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President or upon the call of twenty-five percent (25%) of the Owners.

Section 7. Notice of Meetings. The Secretary shall at least ten (10) days nor more than sixty (60) days before the date set for each annual and special meeting give written notice thereof to each Owner according to the Association's record of ownership, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting and the purpose therefor, in any of the following ways: (a) by leaving the same with him personally or (b) by leaving the same at his residence or usual place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the record of ownership of the Association. If notice is given pursuant to the provisions of this section, the failure of any Owner to receive actual notice of such meeting shall in no way invalidate the meeting or any proceedings thereof. The presence of any Owner in person or by proxy at any meeting shall be deemed a waiver of any required notice as to such Owner unless such Owner shall at the opening thereof object to the holding of such meeting for noncompliance with the provisions of this section.

Any Mortgagee of a first mortgage on a Lot will, upon request, be entitled to written notice of all meetings and is entitled to attend (by agent, employee, or other designee) all such meetings.

Section 8. Quorum. The presence at any meeting in person or by proxy of one-third (1/3) of the Owners (each with one vote per Lot) as herein defined shall constitute a quorum. The vote of a majority of the quorum present at any meeting shall be binding upon the Association except as otherwise provided herein.

Section 9. Voting. Voting shall be on the basis of one vote for each Lot. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association the vote for any Lot owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Association's record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such Lot in such capacity. In the event the Lot is owned by more than one person, firm, corporation, trustor, or combination thereof, they must act unanimously to cast the vote allocated to the Lot. Anything herein to the contrary notwithstanding, an Owner owning more than one Lot in the Covered Property shall be entitled to a vote for each of the Lots.

Section 10. Proxies. Votes may be cast in person or by proxy of the Owner as shown by the record of ownership of the Association. The authority given by any Owner to another person to represent him at meetings of the Association shall be in writing, signed by such Owner and filed with the Secretary, and unless limited by its terms shall continue until revoked by a writing filed with the Secretary or by the death or incapacity of such Owner.

Section 11. Adjournment. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the Owners present, whether or not a quorum be present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 12. Action Without Meeting. Any action, which under the provisions of the Alaska Statutes may be taken at a meeting of the Owners, may be taken without a meeting if authorized by a writing signed by all of the Owners who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

Section 13. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of Officer.
- (e) Report of committees.
- (f) Election of Directors.
- (g) Unfinished business.
- (h) New business.

Section 14. Books and Records. Any Owner or Mortgagee of a first mortgage on a Lot in the Covered Property shall, upon request, be entitled to inspect the books and records of the Association during the normal business hours.

Section 15. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Roberts Rules of Order, Revised.

Section 16. Complaints and Official Business. Any complaints and all official business shall be transmitted in writing, emergencies excepted, and such written business shall be submitted to the Board through the President if available, and the Secretary if the President is not available. The Board of Directors shall answer all official matters submitted to it in writing after it has acted upon it at the next regular meeting of the Board. Similarly, the Committees appointed by the Board or required by the Declaration shall answer all official matters in writing.

ARTICLE III BOARD OF DIRECTORS

Section 1. Number and Qualifications. The direction and administration of the Project and the affairs of the Association shall be vested in a Board of Directors (hereinafter "Board") composed of three (3) persons, who shall be elected as hereinafter provided. Each member of the Board shall be one of the Owners, except for those elected and serving on the initial Board of Directors; provided, however, that, in the event an Owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any officer, shareholder or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board.

Section 2. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not by law, by the Declaration or by these Bylaws, directed to be exercised and done only by the Owners. In addition to powers and duties conferred by these Bylaws, the Declaration or resolutions of the Association, the Board shall be responsible for, but not limited to, the following:

- (a) Management and operation of the Covered Property.
- (b) Establishment and collection of annual assessments and special assessments against the Owners for common expenses; and
- (c) Appointment and dismissal of any personnel necessary for operation and maintenance of the Covered Property.
- (d) Execution of contracts within the scope of their duties and powers.

- (e) Administration, interpretation and enforcement of the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and Bylaws, including the right to levy fines for violations of rules and regulations.
- (f) Establishment, and enforcement of such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Covered Property with the right to amend same from time to time.
- (g) Purchase, maintenance and replacement of any equipment and utility services required for the Common Areas.
- (h) Protection and defense of the entire Covered Property from loss and damage by suit or otherwise.
- (i) Purchase and maintenance at all times of all policies of casualty and liability insurance with respect to the Covered Property required by the Declaration or this Bylaw and such other insurance and bonds as may be provided by the Declaration or by this Bylaw or authorized by the Board.
- (j) Custody of all funds of the Association, and maintenance of full and accurate books of account and records of said funds, including the right to assign future income of the Association.
- (k) Arbitration of disputes between Owners relating to the Covered Property.
- (l) In general to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the communal aspects of the Covered Property.

Section 3. Managing Agent. The Board of Directors may employ professional management in the form of a responsible Alaska firm to manage and control the Association at such compensation and with such administrative powers and duties as the Board may establish and delegate.

Section 4. Representation. The President or Managing Agent, subject to the direction of the Board of Directors, shall represent the Association or any two or more Owners, similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the Common Areas, and one or more Owners. On behalf of the Association or Owners, they may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings, without prejudice to the rights of any Owners individually to appear, sue or be sued.

Section 5. Election and Term. At each annual meeting of the Owners, the Owners shall, by a vote of a majority of the Owners present at such meeting, elect the Board of Directors or Director for the ensuing term. The vote shall not be cumulative. The directors, except as otherwise in these Bylaws provided, shall hold office for a period of three (3) years and until their respective successors shall have been elected, except that at the first election of directors, one (1) of the directors shall be elected for one (1) year, one (1) for two (2) years and one (1) for three (3) years.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by the Association shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next annual meeting of the Association. Death, incapacity or resignation of any director, or his ceasing to be the sole Owner or Co-Owner of a Lot or condominium unit shall cause his office to become vacant.

Section 7. Removal of Directors. At any regular meeting or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by vote of a majority of Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting.

Section 8. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken. A director may not be an employee of the Association.

Section 9. Regular Meetings. A regular annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of the Owners.

Other meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may, from time to time, adopt.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least three (3) days notice to each director, given personally or by mail, telephone or facsimile, which notice shall state the time, place and purpose of such meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on the written request of at least two directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors any director may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice to him of such meeting. If all the directors are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

Section 12. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these Bylaws shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers, employees and agents of the Association handling or responsible for its funds, furnish adequate fidelity bonds, if the bonds are reasonably available. The premiums on such bonds shall be paid by the Association.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by, and in the case of the President, from the Board of Directors. The Board may appoint an assistant treasurer, and assistant secretary, and such other officers as in its judgment may be necessary. One person may hold two offices, except that the offices of President

and Secretary shall be filled by different persons.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at its annual meeting and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or any special meeting called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable affects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 7. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board of Directors or of the Association; shall give all notices as provided by these Bylaws, and shall have other powers and duties as may be incidental to the office of Secretary, given by him by these Bylaws or assigned to him from time to time by the directors. If the Secretary shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore, who shall keep the minutes of such meeting and record them in the books provided for that purpose.

Section 8. Auditor. The Association may, at any meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association, and to perform such audits and fiscal duties as may be required by Alaska Common Ownership Act or requested of him by the Association.

Section 9. Execution of Instruments. All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Association by such person or persons as shall be provided by general or special resolution of the Board of Directors or, in the absence of any such resolution applicable to such instrument, by the President or Vice President and by the Treasurer or Secretary.

ARTICLE V COMMITTEES

Section 1. Committees of Directors. The Board of Directors may designate one or more committees, each of which shall consist of one or more directors. Such committees, if composed entirely of Board members, shall have and exercise to the extent provided in the resolution establishing the committee, the authority of the Board of Directors in the management of the Association, but the designation of such committee shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

Section 2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or the directors, and such committees may be composed of one or more members of the Association other than Board members, but each shall have one Board member as a member or chairman.

ARTICLE VI ASSESSMENTS

Section 1. Obligation. All Owners shall be obligated to pay the estimated assessments imposed by the Board of Directors to meet the common expenses of maintenance, operation and management of the Covered Property as set forth in the Declaration.

Section 2. Initial Obligation of Purchaser of a Lot. A first purchaser of a Lot from the Declarant shall be required at the closing of the acquisition of such Lot or unit to deposit with the Association an amount equal to one-sixth of the particular Lot or unit's allocation of the annual budget. This sum shall be placed in a working capital account for initial operation of the Covered Property.

ARTICLE VII HANDLING OF FUNDS

Section 1. Accounts. The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the Covered Property. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. The Treasurer shall administer the various accounts in such a way that the funds are secure and that signature cards at the various institutions

containing the funds are up to date.

ARTICLE VIII AMENDMENTS OF BYLAWS

Section 1. Procedure. These Bylaws may be amended in any respect not inconsistent with any provisions of law or the Declaration by vote of sixty-seven percent (67%) of the members at any meeting of the Association duly called for such purpose.

ARTICLE IX FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Association shall be such as may from time to time be established by the Association.

ARTICLE X COMPLIANCE

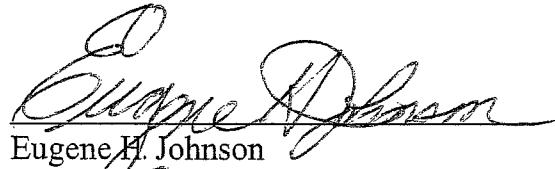
Section 1. Subordination. These Bylaws are subordinate and subject to the provisions of the Declaration and all amendments thereto. They are also intended to comply with the requirements of the Alaska Common Ownership Act. If any of these Bylaws conflict with the provisions of the statute, the provisions of the statute will apply.

Section 2. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provisions hereof which can be given effect.

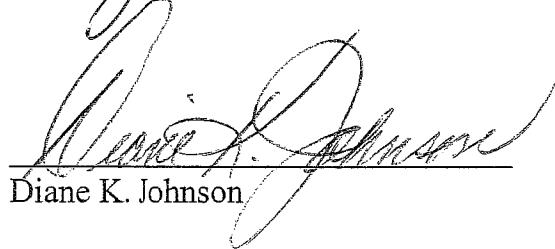
Section 3. Nonprofit Corporation. This Association is not organized for profit. Nothing in these Bylaws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any active business for profit on behalf of any or all of the Owners.

ADOPTION OF BYLAWS

We, the undersigned, being the first Board of Directors of Eagle's Nest at Kashwitna Owners Association, Inc., as set forth in the Articles of Incorporation for such corporation hereby adopt the foregoing Bylaws as the Bylaws of such corporation.



Eugene H. Johnson



Diane K. Johnson



Jeffery A. Johnson

EARNEST MONEY AGREEMENT

_____, Alaska Date _____, 19 _____

BUYER: Received of _____

Address _____

Social Security No.(s) _____

EARNEST MONEY: The sum of _____ (\$ _____) as part payment for the purchase of the following described property.

PROPERTY: _____

records of the _____ Judicial District, State of Alaska.

SALES PRICE: Seller agrees to sell and buyer agrees to buy the above-described property for the sum of _____ (\$ _____)

DOWN PAYMENT: The buyer is to make a total down payment of _____ (\$ _____), including the above mentioned earnest money deposit to the seller or the seller's agent on or before the close of this sale.

DEED OF TRUST AND NOTE: Buyer is to execute an all-inclusive Deed of Trust and Note in favor of the sellers in the amount of _____ (\$ _____) payable in monthly installments of _____ (\$ _____) or more, including interest at the rate of _____ % per annum, on the unpaid balance, until the unpaid balance of principal and interest have been fully paid.

INTEREST TO BE COMPUTED FROM CLOSING DATE OF SALE, THE FIRST PRINCIPAL PAYMENT (INCLUDING INTEREST) TO COMMENCE ON _____ (date).

DEED: Title to the property shall be conveyed by a good and sufficient deed to the buyer, showing the property free and clear of all liens and encumbrances except: deeds of trust of record, taxes, assessments, easements, rights and rights of way, building restrictions and reservations (if any).

POSSESSION: Possession of the above-described property shall be delivered to the buyer on or before the close of escrow. Time is of the essence and this agreement shall be binding upon the heirs and assigns of the buyer and seller. The buyer(s) rights are not assignable without the written consent of the sellers. In the event the seller has complied with the terms of this agreement and the buyer has not complied with the terms as provided herein, the earnest money deposit shall be forfeited to seller as liquidated damages.

ESCROW: All documents resulting from this transaction shall be escrowed at the FIRST NATIONAL BANK OF ANCHORAGE for collection of the monthly payments to be made by the buyers on the above-mentioned deed of trust and note.

CLOSING: The closing of this sale shall be on or before thirty (30) days from date of this agreement, or as soon thereafter as possible. Closing shall take place at the offices of JB INVESTMENTS, 100 West International Airport Road, Suite 104, Anchorage, Alaska 99518, (907) 561-2257.

COSTS AND CHARGES: Buyer is to pay all costs and charges of this transaction, including escrow fee, recording costs and preparation of closing documents in the TOTAL amount of \$ _____. Buyer to pay title insurance (if any). Buyer further understands and agrees to assume and pay for any and all bonds or assessments which have been or may become alien against the property for public utilities.

INSPECTION: Buyer has entered into this Agreement relying solely upon information and knowledge obtained from his/her own investigation and/or inspection of the property. Buyer agrees that he/she has been given an ample opportunity to fully investigate and inspect the property before close of escrow including, but not limited to, the following:

- 1) Size of lot and location of lot lines and corners.
- 2) Suitability of the property for septic system(s) and well(s).
- 3) Existence, quantity, depth or condition of subsurface water or any other subsurface conditions.
- 4) Existence, location, condition and recorded provisions for maintenance of roads.
- 5) Flood risks.
- 6) Utilities.

AS-IS: Buyer agrees that Seller has made absolutely no warranties, promises or statements about the property including, but not limited to, the items listed above under "INSPECTION." Buyer will purchase the property "AS-IS-WHERE-IS" WITHOUT WARRANTY, except for those warranties included in this Earnest Money Agreement.

Exhibit "E"

Revised Public Offering Stmt.
Eagle's Nest at Kashwitna

WAIVER OF DISCLOSURES: The parties hereby waive the requirement that the Seller provide written disclosures pursuant to Alaska Statutes 34.70.010–200.

(Buyer)

(Buyer)

AGENCY: _____, is acting solely as the agent of Seller and not as the agent of Buyer for any purpose.

PROFESSIONAL ASSISTANCE: Buyer agrees that he/she/they has been given an ample opportunity to obtain professional assistance to inspect the property and to review this Earnest Money Agreement prior to signing. This right of inspection includes the right to conduct reasonable soils tests.

CONTINGENT CONDITIONS: The sale and purchase of this property is contingent upon and subject to the following conditions (only).

ENTIRE AGREEMENT: Upon signing of this agreement, the buyer(s) unconditionally agrees to buy, and the seller agrees to sell the property described for the terms and under the conditions provided, and that no other agreement, either written or oral, have been or are a part of this agreement.

(Seller)

(Buyer)

(Seller)

(Buyer)

(Address)

(Address)

(Phone)

(Phone)

**EAGLE'S NEST AT KASHWITNA
OWNERS ASSOCIATION
OPERATING BUDGET**

Landscape Maintenance	\$ 1,000.00
Gate Maintenance	500.00
Road Maintenance	4,000.00
Liability Insurance	1,000.00
Management	1,000.00
Gazebo – Tract B, Private River Access, Sign & Miscellaneous	<u>3,000.00</u>
Total	<u>\$10,500.00</u>

Exhibit "F"

Revised Public Offering Stmt.
Eagle's Nest at Kashwitna

**MAT-SU TITLE
INSURANCE AGENCY, INC**

P.O. BOX 871810
951 E. BOGARD, SUITE 100
WASILLA, AK 99687
(907) 376-5294
In State Toll Free: 1-877-377-5294
Fax: 376-1237

Amended Certificate to Plat

March 23, 2000

Charge: \$255.00

J. B. Investments
3940 Arctic Blvd, Ste. 101
Anchorage, AK 99503
Attn: Elaine Pedersen
Fax: 561-3135

CC: Matanuska-Susitna Borough
Attn: Platting Department

Re: Our Order No. MS-47250

Dear Sirs:

This is a Certificate as of March 22, 2000 at 9:06 A.M. for a plat of the following described property.

PARCEL I:

The Northwest one-quarter of the Northeast one-quarter (NW1/4 NE1/4), of Section 26, Township 22 North, Range 4 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.

PARCEL II:

The South one-half of the Northeast one-quarter (S1/2 NE1/4) AND the Southeast one-quarter (SE1/4), of Section 26, Township 22 North, Range 4 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.

PARCEL III:

The Southwest one-quarter of the Northwest one-quarter (SW1/4 NW1/4) AND the West one-half of the Southwest one-quarter (W1/2 SW1/4), of Section 25, Township 22 North, Range 4 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.

PARCEL IV:

All that part of the Northeast quarter (NW1/4), of Section 35, Northeast of the Kashwitna River, located in Section 35, Township 22 North, Range 4 West, Seward Meridian, Alaska. More particularly described as follows:

Beginning at the Northeast Section Corner of Section 35, Township 22 North, Range 4 West, Seward Meridian, Alaska being the TRUE POINT OF BEGINNING of this description:

Continued...

Exhibit "G"

Revised Public Offering Stmt.
Eagle's Nest st Kashwitna

Legal Description continued...

Thence S $0^{\circ}41'20''W$ 1675.68' along the Easterly line of said Section 35 to the North bank of the Kashwitna River; thence along the right bank of Kashwitna River having the following courses, S $62^{\circ}51'59''W$ 62.27'; S $86^{\circ}24'51''W$ 149.10'; N $70^{\circ}33'59''W$ 65.03'; N $55^{\circ}47'13''W$ 209.24'; N $40^{\circ}57'39''W$ 183.05'; N $24^{\circ}46'14''W$ 78.96'; N $54^{\circ}31'13''W$ 356.44'; N $42^{\circ}41'33''W$ 75.67'; N $37^{\circ}09'00''W$ 131.87'; N $31^{\circ}13'53''W$ 119.81'; N $16^{\circ}40'13''W$ 48.96'; N $38^{\circ}47'16''W$ 87.99'; N $49^{\circ}16'40''W$ 56.15'; N $24^{\circ}57'04''W$ 70.03'; N $12^{\circ}57'27''W$ 55.20'; N $22^{\circ}35'57''W$ 170.12'; N $44^{\circ}31'59''W$ 35.74'; N $20^{\circ}54'06''W$ 82.07'; N $46^{\circ}26'33''W$ 26.58'; N $14^{\circ}29'42''W$ 325.53'; N $5^{\circ}55'30''W$ 26.19'; to the Northerly line of said Section 35; thence N $89^{\circ}48'25''E$ 1470.16' along the Northerly line of said Section 35, to THE TRUE POINT OF BEGINNING, located in the Palmer Recording District, Third Judicial District, State of Alaska.

MAT-SU TITLE INSURANCE AGENCY, INC., certifies that record title is vested in:

EAGLE'S NEST AT KASHWITNA, LLC as to Parcels I, II, and III, and IV

free from all liens, encumbrances and objections, EXCEPT AS FOLLOWS:

1. Reservations and exceptions as contained in the United States Patent.
2. Taxes and/or assessments, if any, due the Matanuska-Susitna Borough.
(See printout attached)

Note: Taxes or local improvement district liens may be subject to further charges for penalty and interest. To confirm balance owing, contact the Mat-Su Borough Tax Department at 745-9610 prior to closing any transaction.

3. Taxes due the Matanuska-Susitna Borough for the year 2000, are a lien but levy therefore has not yet been made.

THE FOLLOWING MATTERS AFFECTS PARCEL I, II, AND III

4. Reservations and exceptions as contained in State of Alaska Patent, including but not limited to the reservation of all oil, gases, coal, ores, minerals, fissionable materials and fossils together with the right of entry for opening, developing and working mines, etc., provided that no right shall be exercised until provision has been made for full payment of all damages sustained by reason of such entry:

Recorded: October 7, 1966
Book/Page: 63D/167

5. EASEMENT

Granted to: Adjoining property owners' and public in general
Recorded: April 21, 1981
Book/Page: 231/782
For: Access, ingress and egress
Affects: All parcels; See document

6. Reservation contained in Quit Claim Deed
Executed by: Matanuska-Susitna Borough
Recorded: April 27, 1973
Book/Page: 71/472
For: Pedestrian easement 10 feet in width along the banks of the Kaswitna River
7. Easement
Granted To: MATANUSKA TELEPHONE ASSOCIATION, INC
Recorded: September 17, 1986
Book/Page: 485/240
Affects: South 15 feet of the North 65 feet and the West 15 feet of the East 40 feet of East half of Section 26
8. EASEMENT
Granted To: MATANUSKA ELECTRIC ASSOCIATION, INC
Recorded: March 11, 1987
Book/Page: 506/124
Affects: South 15 feet of the North 65 feet and the West 15 feet of the East 40 feet of the East half of Section 26
9. Rights of the public and/or governmental agencies in and to any portion of said premises lying below the mean high water line of Kashwitna River and Un-Named Water Bodies.

THE FOLLOWING MATTERS AFFECT PARCEL IV:

10. Reservations and exceptions as contained in State of Alaska Patent, including but not limited to the reservation of all oil, gases, coal, ores, minerals, fissionable materials and fossils together with the right of entry for opening, developing and working mines, etc., provided that no right shall be exercised until provision has been made for full payment of all damages sustained by reason of such entry:
Recorded: June 28, 1980
Book/Page: 216/744
11. Easement Reserved, in instrument:
In Favor Of: State of Alaska
Recorded: June 28, 1980
Book/Page: 216/744
For: Public easement
Affects: 50 feet along the ordinary high water mark of the Kashwitna River
For: Public access to Kashwitna River
Affects: Unidentified
12. Deed of Trust including the terms and provisions therein to secure an indebtedness of \$21,840.00 and any interest, advances or other obligations therein:
Dated: December 15, 1998
Trustor: Eugene H. Johnson, a married man
Trustee: McKinley Title & Trust, Inc.
Beneficiary: Matanuska-Susitna Borough
Recorded: December 16, 1998
Book/Page: 989/596

THE FOLLOWING MATTERS AFFECT ALL PARCELS:

13. Rights of the public and/or governmental agencies in and to any portion of said premises lying within the right-of-way of Walker Drive and Un-named Roads.
14. Section line easements, if any, as may be established by Federal and/or State Patent(s).

This report is restricted to the use of the addressee and does not cover any liens or rights existing as a result of filing a financing statement concerning personal property which may become a fixture or part of the real estate concerned. This report is not to be utilized as a basis to convey, mortgage or otherwise hypothecate any interest in real property. Liability herein is specifically limited to compensation received therefor.

MAT-SU TITLE INSURANCE AGENCY, INC

DENISE CROGHAN

DEED OF TRUST NOTE

\$ _____, 2000

FOR VALUE RECEIVED, the undersigned promise(s) to pay to the order of EAGLE'S NEST AT KASHWITNA, LLC, the principal sum of Dollars and 00/100

Dollars, (\$), with interest at the rate of Nine and one-half per cent, (9.50%), per month of the balance remaining from time to time unpaid. The said principal and interest shall be payable at The First National Bank of Anchorage, South Center Branch, Anchorage, Alaska, or at any such other place as the holder hereof may designate, in writing, in monthly installments of

Dollars and 00/100 Dollars, (\$), or more, including interest from the day of , 2000, the first payment commencing on the day of , 2000, and shall continue on the day of day of each and every month thereafter until the principal and interest are paid in full.

IF DEFAULT be made in the payment of any installment under this note the entire principal sum and accrued interest shall at once become due and payable at the option of the holder of this note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in event of any subsequent default. If any suit or action is instituted to collect this note or any part thereof, the undersigned promise(s) and agree(s) to pay in addition to the costs and disbursements provided by statute, a reasonable sum as attorney's fees in such suit or action. IF SUCH DEFAULT SHOULD OCCUR THIS NOTE WILL THEN DRAW INTEREST AT THE HIGHEST MAXIMUM RATE ALLOWABLE BY LAW. The undersigned further agrees to pay a late charge of \$25.00 per each and every notice of late payment caused to be sent to him at his last known address.

THE HOLDER of this note may declare the entire sum of principal and accrued interest due and payable in full if the undersigned should transfer his interest in said property for any reason without the express consent of the Holder.

PURCHASERS AGREE to pay their pro rata share of all utilities, including but not limited to electricity and phone service at such time as a then majority of lot owners sign a petition and request service. The majority vote does not mean the entire subdivision or entire street owners, only the portion which is requisition service.

THE UNDERSIGNED, whether principal, surety, guarantor, endorser, or other party hereto, agree(s) to be jointly and severally bound, severally hereby waive any homestead or exemption rights against said debt, waive demand, protest and nonpayment and expressly agree(s) that this note or any payment there under may be extended from time to time and consent to the acceptance of further security, including other types of security, all without in any way affecting the liability of such parties.

Exhibit "H"

The mortgagor or trustor (borrower) or any other person bound by this note is personally obligated and fully liable for the amount due under the note. The mortgagee or beneficiary (lender) has the right to sue on the note and obtain a personal judgment against the undersigned mortgagor or trustor or any other person bound by this note for satisfaction of the amount due under the note either before, after or without a judicial foreclosure of the mortgage or deed of trust under Alaska Stat. 509.45.170 - 509.45.220.

THIS NOTE is secured by a Deed of Trust, of even date to MCKINLEY TITLE AND TRUST COMPANY, as Trustee, on real estate situated in the Palmer Recording District, State of Alaska, which property is described herein below:

LOT(S) BLOCK EAGLE'S NEST AT KASHWITNA

according to the official Plat No. 2000-37 Records of Palmer Recording District, Third Judicial District, State of Alaska.

SUBJECT TO easements, reservations, restrictions, covenants, conditions, encumbrances and rights-of-way of record, if any. Reservations of all oil, gas, and mineral rights.

FURTHER SUBJECT TO any restrictions of record.

THE UNDERSIGNED, also agree(s) that they have received a copy of the recorded covenants of the above mentioned subdivision, that they have read and fully understood the same.

STATE OF ALASKA)
)ss
THIRD JUDICIAL DISTRICT)

On this day personally appeared before me: _____, known to me to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as their free and voluntary act and deed, for the use and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2000.

*Notary Public in and for the
State of Alaska
My commission expires: _____*

THIRD JUDICIAL DISTRICT, PALMER RECORDING DISTRICT

DEED OF TRUST

THIS DEED OF TRUST made this _____ day of _____, 2000,
between: _____, whose
address is: _____, Grantor(s),
and McKinley Title & Trust, as Trustee, whose address is: P. O. Box 872886,
Wasilla, Alaska 99687, and EAGLE'S NEST AT KASHWITNA, LLC,
Beneficiary, whose address is: 3940 Arctic Boulevard, Suite 101, Anchorage, AK
99503.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust,
with power of sale, the following described real property located in Palmer
Recording District, Third Judicial District, State of Alaska.

LOT(S) _____, BLOCK _____, EAGLE'S NEST AT KASHWITNA
according to the official Plat No. 2000-37 Records of Palmer Recording District,
Third Judicial District, State of Alaska.

SUBJECT TO easements, reservations, restrictions, covenants, conditions,
encumbrances and rights-of-way of record, if any. Reservations of all oil, gas,
and mineral rights.

FURTHER SUBJECT TO any restrictions of record.

which real property is not used principally for agricultural or farming purposes,
together with all tenements, hereditaments, and appurtenances now or hereafter
belonging or in any wise appertaining, and the rents, issues and profits thereof.

This Deed is for the purpose of securing performance of each agreement of
Grantor herein contained, and payment of the sum of
Dollars
and 00/100's Dollars, (\$ _____), with interest in accordance with the
terms of a promissory note or even date herewith payable to Beneficiary or order,
and made by Grantor, and all renewal, modifications, and extensions thereof, and
also further sums as may be advanced or loaned by Beneficiary to Grantor, or any
of their successors or assigns, together with interest thereon at such a rate as shall
be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

- 1.) To keep the property in good condition and repair: to permit no waste
thereof: to complete any building, structure or improvement being built or about
to be built thereon: to restore promptly any building, structure or improvement
thereon which may be damaged or destroyed: and to comply with all laws,
ordinances, and regulations, covenants, conditions, and restrictions affecting the
property.

Exhibit "I"

THIRD JUDICIAL DISTRICT, PALMER RECORDING DISTRICT

- 2.) To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of the Deed of Trust.
- 3.) To keep all buildings now and herein after erected on the property described herein continuously insured against loss by fire or other hazards in the amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary and be in such companies Beneficiary may approve and have loss payable first to the Beneficiary as its interests may appear and then to Grantor the amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceeding to foreclosure this Deed of Trust. In the event of foreclosure, all rights of the Grantor in the insurance policies then in force shall pass to the purchaser at the foreclosure sale.
- 4.) To defend any action or proceedings purporting to affect the security here for the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceedings, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
- 5.) To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustees and attorney's fees actually incurred, as provided by statute.
- 6.) Should the Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property herein above described, Beneficiary may pay the same, and the amount so paid with interest at the rate set forth in the note secured hereby, shall be added and become a part of the debt secured in the Deed of Trust.
- 7.) The Grantor shall not be permitted to clear any lot on which standing trees exist. Space may be cleared to provide for construction site only. Clearing must first be approved by the Beneficiary.

IT IS MUTUALLY AGREED THAT:

- 1.) In the event any portion of the property is taken or damaged in an eminent domain proceedings, the entire amount of the award or such portion thereof as may be necessary to fully satisfy the obligation secured hereby shall be paid to the Beneficiary to be applied to said obligation.
- 2.) By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

THIRD JUDICIAL DISTRICT, PALMER RECORDING DISTRICT

3.) The Trustee shall reconvey all or any part of the property covered by the Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled hereto.

4.) Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of the Beneficiary, Trustee shall sell the Trust property, in accordance with the laws of the State of Alaska, at Public Auction to the highest bidder. Any person except Trustee may bid on Trustee Sale. Trustee shall apply the proceeds of the sale as follows: 1.) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee, 2.) to the obligation secured by this Deed of Trust, 3.) the surplus, if any, shall be distributed to the persons entitled thereto.

5.) Trustee shall deliver to the purchaser at the sale, its deed without warranty, which shall convey to the purchaser the interest in the property which the Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's Deed shall recite the facts showing that the sale was conducted in compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

6.) The power of sale covered by this Deed of Trust and by the laws of the State of Alaska is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7.) In the event of the death, incapacity or disability or resignation of Trustee, Beneficiary may appoint in writing a successor Trustee, and upon the recording of such appointment in mortgage records of the borough in which this Deed of Trust is recorded, the successor Trustee shall be vested with all the powers of the original Trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8.) This Deed of Trust applies to, inure to the benefit of, and is binding not only on the parties hereto, but to their heirs, devisees, legatees, administrators, executor, successors and assigns. The term Beneficiary shall mean holder and owner of the note secured hereby, whether named or not named as beneficiary herein.

9.) As additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment or any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such

THIRD JUDICIAL DISTRICT, PALMER RECORDING DISTRICT

After Recording Return to: Beneficiary
3940 Arctic Boulevard, Suite 101
Anchorage, AK 99503

default, Beneficiary may at anytime without notice, either in person, by agent, or by a receiver to be appointed by the Court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof; in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses or operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

WITNESS the hand(s) of the Grantor(s) on the day and year first above written.

GRANTOR agrees not to transfer ownership of property or assign Deed of Trust without the prior written consent of Beneficiary.

STATE OF ALASKA)
)
)ss
THIRD JUDICIAL DISTRICT)

On this day personally appeared before me: _____, known to me to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as their free and voluntary act and deed, for the use and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2000.

*Notary Public in and for the
State of Alaska
My commission expires: _____*

WARRANTY DEED

THE GRANTOR, EAGLE'S NEST AT KASHWITNA, LLC, whose address is:
3940 Arctic Boulevard, Suite 101, Anchorage, Alaska 99503, for and in
consideration of TEN DOLLARS AND OTHER GOOD AND VALUABLE
CONSIDERATION in hand paid, conveys and warrants to:

GRANTEE(S) whose address is:
the Surface Estate of
the following described real property:

LOT(S) _____, BLOCK _____, EAGLE'S NEST AT KASHWITNA

according to the official Plat No. 2000-37 Records of Palmer Recording District,
Third Judicial District, State of Alaska.

SUBJECT TO easements, reservations, restrictions, covenants, conditions,
encumbrances and rights-of-way of record, if any. Reservations of all oil, gas,
and mineral rights.

FURTHER SUBJECT TO any restrictions of record.

DATED this _____ day of _____, 2000.

EAGLE'S NEST AT KASHWITNA, LLC
By: Eugene H. Johnson, President
Matanuska Recreational Company
Manager of Eagle's Nest at Kashwitna, LLC

STATE OF ALASKA)
)
THIRD JUDICIAL DISTRICT)ss
)

THIS IS TO CERTIFY that on this _____ day of _____, 2000, before me the
undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn,
personally appeared Eugene H. Johnson, President of Matanuska Recreational Company, Inc. an
Alaskan Corporation, Manager of Eagle's Nest at Kashwitna, LLC, known to me to be the
individual(s) described in and who executed the within and foregoing instrument, and
acknowledged to me that they signed the same as their free and voluntary act and deed, for the use
and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2000.

Exhibit "J"

Revised Public Offering Stmt.
Eagle's Nest at Kashwitna

*Notary Public in and for the
State of Alaska
My commission expires: _____*

POWER AGREEMENT

This is an agreement by and between Eagle's Nest at Kashwitna, LLC, an Alaska Limited Liability Company (hereinafter called "Seller") and _____, (hereinafter called the "Purchaser") who are purchasing Lot ___, Block ___, of the Eagle's Nest at Kashwitna (hereinafter called "Lot").

The parties agree as follows:

1. Seller shall create an escrow account at the First National Bank or similar institution for the purpose of funding the construction of facilities to bring electricity from MEA to the borders of all lots within Eagle's Nest at Kashwitna. This fund shall be called the Power Escrow and the electrical facilities described in this paragraph shall be called the Electrical Facilities.

2. If the purchase price for the Lot is paid in full at closing, then \$2,000 of the proceeds paid to the Seller shall be placed in the Power Escrow Fund. If the purchase price is to be paid via installment payments to the Seller, then \$40.00 of each payment (after application of interest, late fees and other charges triggered by default or delinquency, if any) shall be placed in the Power Escrow Fund until such time as the sum of \$2,000 has been paid into the Power Escrow Fund for the above-described Lot even if the Electrical Facilities have been completed.

3. Seller shall be entitled to all funds within or payable to the Power Escrow if the Electrical Facilities are completed on or before January 1, 2012. If the Electrical Facilities have not been completed by January 12, 2012, then the Power Escrow Fund shall be liquidated and each Lot owner of record as of that date shall receive a refund of all payments made by that owner or his/her predecessors in title of the Lot to the Power Escrow. No interest shall accrue or be payable to the lot owners. Any interest earned by the Power Escrow shall be the property of Seller. The right to a refund from the Power Escrow shall run with the land and is not otherwise assignable by Purchaser or owner of any Lot. This limitation on the right to assign does not apply to Seller or its successors in interest.

4. If all or any portion of the purchase price for a Lot is paid via a note to the order of Seller and secured by a deed of trust and if there is a default on that note or accompanying deed of trust which results in a foreclosure, then the right to a refund to the Lot owner from the Power Escrow pursuant to Paragraph 3 hereof shall be terminated as

5. This agreement shall not require Seller to bring or fund the Electrical Facilities and no warranty or representations have been made by or on behalf of Seller that the Electrical Facilities will be completed. Also, Seller expressly disclaims any representations or warranties related to the cost of electricity that may be furnished by MEA or other similar electrical utilities for electricity.

6. This document embodies all rights and obligations of the parties hereto with reference to the construction of funding of the Electrical Facilities and Power Escrow. It may not be modified without the express written consent of Seller and Purchaser or their successors in interest. Venue for any disputes arising from this document or the subject matter hereof shall be the trial courts for the State of Alaska at Anchorage.

Eagle's Nest at Kashwitna, LLC

Dated

By: _____
Eugene H. Johnson, President
Matanuska Recreational Company,
Manager of Eagle's Nest at Kashwitna, LLC

Dated

By: _____
Purchaser:

Dated

By: _____
Purchaser:

AMENDMENT TO REVISED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR EAGLE'S NEST AT KASHWITNA

The original Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna was recorded May 15, 2000 in Book 1068 at Pages 183-204, records of the Palmer Recording District, Third Judicial District, State of Alaska. A Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna was recorded August 25, 2000 in Book 1086 at Pages 957-981, records of the Palmer Recording District, Third Judicial District, State of Alaska. The undersigned owners of in excess of sixty-six and two-thirds (66 $\frac{2}{3}$ %) percent of the lots in EAGLE'S NEST AT KASHWITNA SUBDIVISION intend by their signature below to document their affirmative vote to amend, and by these presents do amend, the Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna in the manner hereinafter provided.

NOW, THEREFORE, the Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna is hereby amended as follows:

Article VI. ARCHITECTURAL CONTROL, Section 1(a), provides as follows:

(a) The owner of each Lot shall install a culvert under the Lot driveway at the ditch, which culvert shall be a minimum of eighteen (18) inches in diameter. The elevation of the driveway must not be lower than that which existed prior to construction. Thus, for example, if eighteen (18) inches of topsoil are removed, at least eighteen (18) inches of gravel fill will be required. This section also requires that driveway permit be obtained from the Matanuska-Susitna Borough Public Works Department and that the driveway be constructed in conformity with that permit.

Article VI. ARCHITECTURAL CONTROL, Section 1(a), is amended to provide as follows:

(a) The owner of each Lot shall install a culvert under the Lot driveway at the ditch, which culvert shall be a minimum of twelve (12) inches in diameter. The elevation of the driveway must not be lower than that which existed prior to construction. Thus, for example, if eighteen (18) inches of topsoil are removed, at least eighteen (18) inches of gravel fill will be required. This section also requires that driveway permit be obtained from the Matanuska-Susitna Borough Public Works Department and that the driveway be constructed in conformity with that permit.

Initial _____ Date _____

Initial _____ Date _____

Article VIII..USE RESTRICTIONS, Section 13. Resubdivision, provides as follows:

Section 13. Resubdivision. The Lots herein described shall not be reduced in size by resubdivision, except Owners of three (3) contiguous Lots may divided the inner or middle Lot, thus increasing the size of the two (2) remaining Lots which shall then be created for all purposes pertinent to these Covenants as enlarged single Lots. Lots may be combined to create larger Lots. See Also Article IX, Section 1(f).

Article VIII..USE RESTRICTIONS, Section 13, is amended to provide as follows:

Section 13. Resubdivision. The Lots herein described shall not be reduced in size by resubdivision, except Owners of three (3) contiguous Lots may divided the inner or middle Lot, thus increasing the size of the two (2) remaining Lots which shall then be created for all purposes pertinent to these Covenants as enlarged single Lots. Lots may be combined to create larger Lots. See Also Article IX, Section 1(f). However, nothing herein shall be interpreted as prohibiting the resubdivision of Lots 2, 3 and 4, Block 1, Eagle's Nest at Kashwitna Subdivision reducing the size of the three (3) original lots and creating two (2) new lots for a total of five (5) lots, one of which shall be transferred to the Association for recreational use. In addition, the owner of Lot 18, 19 and 20 of Block 2, Eagle's Nest at Kashwitna Subdivision can replat such Lots in a manner that results in three (3) Lots of different sizes than the Lots which now exist.

All other provisions of the Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna are unmodified by the document and shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned owners of more than two-thirds ($\frac{2}{3}$) of the Lots in EAGLE'S NEST AT KASHWITNA SUBDIVISION have executed this amendment to take effect immediately.

Eagle's Nest at Kashwitna, LLC

By _____
Eugene H. Johnson, President
Matanuska Recreational Company,
Manager of Eagle's Nest at Kashwitna, LLC
Owner of Lots 1, 5-8, 12, 15, 22-24,
26-27, 32, Block 1, and Lots 2-7, 9-10,
12-13, 15-20, 28-30, Block 2, and
Lots 1, 3 and 4, Block 5, EAGLE'S NEST
AT KASHWITNA SUBDIVISION

.....

(Signature)

(Type/Print Name)

(Signature)

(Type/Print Name)

Owners(s) of Lot(s) _____
[Lot(s) No. and Block No.]

STATE OF ALASKA

)

)ss.

THIRD JUDICIAL DISTRICT

)

THIS IS TO CERTIFY that on this _____ day of _____, 200_____, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared: _____, known to me and to me known to be the individual(s) named in and who executed the foregoing instrument, and he/she/they acknowledged to me that he/she/they each signed the same freely and voluntarily for the uses and purposes therein set forth.

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

*Notary Public in and for the
State of Alaska
My commission expires: _____*

This certificate is attached to Amendment to Revised Declaration of Covenants, Conditions and Restrictions for Eagle's Nest at Kashwitna dated June 25, 2001.

2002-017709-0

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Recording Dist: 311 - Palmer
8/23/2002 11:09 AM Pages: 1 of 5



Corrective
AMENDMENT NO. 3 TO DECLARATION
OF
EAGLE'S NEST AT KASHWITNA
(A PLANNED RECREATIONAL AREA)
EXERCISING DEVELOPMENT RIGHTS

Recorded to correct document recorded
August 16, 2002 Serial Number 2002-017709-0

Initial _____ Date _____

Initial _____ Date _____

AFTER RECORDING, RETURN TO:

Eagle's Nest at Kashwitna, LLC
3940 Arctic Boulevard, Suite 101
Anchorage, AK 99503

AMENDMENT NO. 3 TO

DECLARATION

OF

EAGLE'S NEST AT KASHWITNA

EXERCISING DEVELOPMENT RIGHTS

Eagle's Nest at Kashwitna, LLC, an Alaskan Limited Company with an office located at 3940 Arctic Boulevard, Suite 101, Anchorage, AK 99503, "Declarant" under a certain Declaration, Eagle's Nest at Kashwitna, Phase I (A Planned Community), as recorded on the 15th day of May, 2000 in Book 1068, at Pages 183 to 204, as amended by Revised Declaration dated the 21st day of August, 2000 and recorded on the 25th day of August, 2000 in Book 1086, pages 957 to 981, in the Palmer Recording District, Third Judicial District, State of Alaska, and as amended by Correction of Revised Declaration on the 31st day of August, 2000 and recorded on the 5th day of September, 2000 in Book 1088, at Pages 507 to 508, in the Palmer Recording District, Third Judicial District, State of Alaska, ("Declaration") pursuant to Section 34.08.180 of the Alaska Uniform Common Interest Ownership Act, and pursuant to reservations of Development Rights reserved pursuant to Section 34.08.130(a)(8) of the Act and Article IX of the Declaration, does hereby amend the Declaration and does hereby declare:

ARTICLE I. Article I, Section 7 is now restated in its entirety as follows:
Article I, Section 7. Common Area shall mean all real property owned by the Association for the common use and enjoyment of the Owners, being shown on the Plat and described as follows:

10' wide non-motorized trails

All roads (including rights of way)

Tract B, Block 1 (between lots 40 & 40, Block 1)

Signs, gates and landscaping at entrance to subdivision
Lot 3A, Block 1

The Declarant reserves the right to dedicate additional Common Areas.

ARTICLE II. Article 1, Section 8 is now restated in its entirety as follows:
Article I, Section 8. Covered Property shall mean and refer to all the real estate described as follows:

- (i) Lots 1, 2A, 2B, 3A, 4A, 4B, Lots 5 through 43, Tract A, and Tract B of Block 1, Lots 1 through 6, Lots 7A, 8A, Lots 9 through 21, Lots 28 through 30 of Block 2. Lots 1 through 7 of Block 4 and Lots 1, 2, 4 & 5 of Block 5 according to that certain plat Eagle's Nest at Kashwitna, Phase 1, Subdivision, Plat No. 2000-37, recorded, on the 15th day of May, 2000 in the Palmer Recording District, Third Judicial District, State of Alaska.
- (ii) Lots 2A, 2B, 3A, 4A and Lots 4B of Block 1, according to that certain plat Eagle's Nest at Kashwitna, Addition No. 1, Subdivision Plat No. 2001-97, a Subdivision of Block 1, Lot 2, Lot 3 and Lot 4, recorded on the 27th day of September, 2001 in the Palmer Recording District, Third Judicial District, State of Alaska.
- (iii) Lots 7A & 8A of Block 2, according to that certain plat Eagle's Nest at Kashwitna, Addition No. 2, Subdivision Plat No. 2001-144, a subdivision of Lot 7 and Lot 8, Block 2 recorded on the 24th day of December, 2001 in the Palmer Recording District, Third Judicial District, State of Alaska.

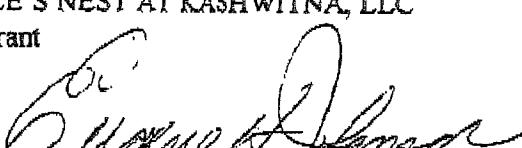


(iv) Lots 1 through 10 of Block 1 and Lots 1 through 6 of Block 2, according to that certain plat Eagle's View at Kashwitna, Subdivision Plat No. 2002-86, recorded on the 9th day of August, 2002 in the Palmer Recording District, Third Judicial District, State of Alaska.

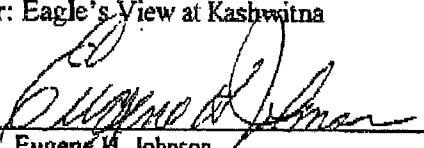
ARTICLE III. Article VIII, Section 4 shall be restated in its entirety as follows:

Article VIII, Section 4. Temporary Structures No structure of a temporary nature, tent, shack or Quonset hut, residential trailer or mobile home shall be used on any Lot at any time. Travel trailers, campers and motor homes may be used by Lot Owners as temporary housing for a period of time beginning on the commencement of construction and continued construction for a period of time not to exceed six (6) calendar months from the commencement of construction on main recreational cabin or home. Travel trailers and motor homes may not at any time be skirted or attached to the land. Commencement of construction shall be deemed to occur when any permanent improvement is started on the property such as installing the foundation for the main recreational cabin or home.

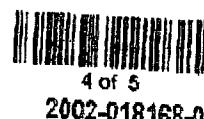
EAGLE'S NEST AT KASHWITNA, LLC
Declarant

By: 
Eugene H. Johnson, President
Matanuska Recreational Company
Manager of Eagle's Nest at Kashwitna, LLC

VALLEY VISIONS, LLC
Owner: Eagle's View at Kashwitna

By: 
Eugene H. Johnson,
Managing Member

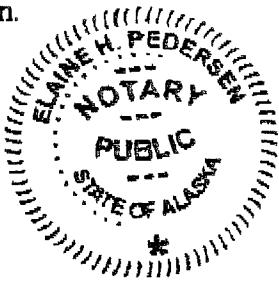
Page 4 of 5



STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.
)

THIS IS TO CERTIFY that on this 21st day of August, 2002, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared EUGENE H. JOHNSON, to me known and known to me to be the person who signed the foregoing instrument, on behalf of said limited liability company, and he acknowledged to me that he signed and sealed the same as a free act and deed of the said limited liability company for the uses and purposes therein expressed pursuant to its articles.

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

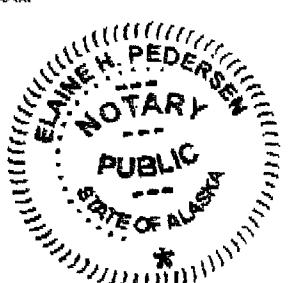


Eugene H. Johnson
Notary Public in and for the
State of Alaska
My commission expires: 3/9/2004

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.
)

THIS IS TO CERTIFY that on this 21st day of August, 2002, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared EUGENE H. JOHNSON, to me known and known to me to be the person who signed the foregoing instrument, on behalf of said limited liability company, and he acknowledged to me that he signed and sealed the same as a free act and deed of the said limited liability company for the uses and purposes therein expressed pursuant to its articles.

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



Eugene H. Johnson
Notary Public in and for the
State of Alaska
My commission expires: 8/9/2007

Page 5 of 5



5 of 5
2002-018168-0

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