

**SECOND AMENDED
RESTRICTIVE COVENANTS
VICTORIA ESTATES SUBDIVISION
PHASE I & II**

BOOK 0813 PAGE 088

RESTRICTIONS ON REAL PROPERTY

VICTORIA ESTATES, Located in Matanuska-Susitna Borough, Alaska, known as: A Subdivision of the Northwest 1/4 of Section 34, Township 17 North; Range 2 West; Seward Meridian; Alaska. More specifically known as Lot 1 (one) through Lot 10 (ten) inclusive Block 1 (one) and Lot 1 (one) through Lot 38 (thirty-eight) inclusive Block 2 (two), and Lot 1 (one) through Lot 25 (twenty-five) inclusive Block 4 (four), and Lot 1 (one) through Lot 28 (twenty-eight) inclusive Block 5 (five) and Lot 1 (one) through Lot 23 (twenty-three) inclusive, Block 6 (six), and Lot 1 (one) through Lot 28 (twenty-eight) inclusive Block 7 (seven), and Lot 1 (one) through Lot 17 (seventeen) inclusive Block 8 (eight), Victoria Estates Subdivision, Matanuska-Susitna Borough, Alaska.

LAND USE AND BUILDING TYPE

No lot shall be used except for residential purposes, however, the lots at the front of the Subdivision (shown on Plat as Lots 18 through 26, Block 8; Tract A, B-1, and C), may be considered for single family residential usage, multiple family usage and/or for commercial usage. Usage determination of Lots 18 through 26, Block 8; Tract A, B-1 and C shall be made by Homeowners' Association Board of Directors.

ARCHITECTURAL CONTROL

No building shall be erected, placed, or altered on any lot until the construction plans and specifications and a plot plan is approved by a majority of the Architectural Control Committee, as to the quality of workmanship and materials, harmony of exterior design and existing structures, and as to the location with respect to topography and finish grade elevation. The Architectural Control Committee shall consist of Homeowners' Association Board of Directors.

DWELLING COST, QUALITY AND SIZE

No dwelling shall be permitted on any lot which has an appraisal value of less than \$45,000 not inclusive of lot value, and dwellings shall be of a quality of workmanship and materials to enhance the Subdivision. The living area square footage of the main structure exclusive of carports, porches, or garages, shall be not less than 900 square feet. No dwelling exterior will be left unfinished. Finished siding shall be installed prior to occupancy. The exterior of all buildings shall be finished within twelve (12) months from beginning of construction.

BUILDING LOCATION

No building shall be located on any lot nearer to the front line than 30 feet nor nearer to the side line than 10 feet or nearer to the rear lot line than 20 feet.

TREES

No owner shall be permitted to totally clear a lot on which standing trees of size and beauty exist. Space may be cleared to provide for construction and view, and trees may be thinned so long as maximum natural beauty and aesthetic value of trees are retained.

SEWAGE SYSTEMS

All sewage disposal systems shall meet FHA requirements and be accepted by the Department of Environmental Conservation.

EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as designated on plat.

REFUSE

Refuse will be kept in sanitary, covered containers, and will be disposed of on a regular basis.

NUISANCE

No noxious or offensive activity shall be carried on or upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the subdivision. No trade or business of any nature shall be permitted upon any residential lot.

LIVESTOCK AND POULTRY

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except the dogs, cats or other normal household pets provided they are not kept, bred, or maintained for commercial purposes, and provided that no more than two dogs or cats may be maintained per dwelling. All dogs shall be restrained as necessary to prevent becoming a nuisance.

TEMPORARY STRUCTURES

No structure of a temporary nature, trailer, tent, shack, Quonset hut, will be used on any lot at any time as a residence Or storage, or be premitted in the Subdivision.

INOPERABLE VEHICLES

No inoperable vehicles shall be parked or maintained upon any lot or easement or adjacent to any lot or easement time or be permitted in the Subdivision.

HOMEOWNERS' ASSOCIATION**A. CREATION**

The FDIC, as successor in interest to the actual developer, has incorporated a Homeowners' Association under the laws of the State of Alaska as of March 23, 1992. The initial Board of Directors consist of three (3) FDIC employees and two (2) of the present resident owners.

B. ASSOCIATION MEMBERSHIP

Every owner of a lot in the Victoria Estate Subdivision, shall automatically become a member of the Homeowners' Association immediately upon obtaining title to one or more lots in the Subdivision. There shall be one owner/member per lot.

C. VOTING

Every member of the Homeowners' Association shall have one vote per owned lot in all Association, and Association Corporation, activities. If the title to one or more lots is held by multiple owners, they shall jointly have one vote per lot.

D. DUTIES

The Homeowners' Association shall assume responsibility for maintaining and operating the subdivision water system, roadway, and architectural control, and establish and collect assessments for the financing thereof, until control is assumed by a governmental entity, at which time the Association shall terminate and dissolve.

UTILITIES ASSESSMENT**A. INITIAL DEVELOPER ASSESSMENT**

The Developer failed to uniformly collect the initial utility assessment, and there is not residual fund for maintenance or repair of utilities.

B. PRE-1992 ASSESSMENTS

The Developer, lending bank, and FDIC failed to assess and collect utility assessments from resident owners prior to 1992, and there is no residual fund for maintenance or repair of utilities. FDIC has maintained the water system since its takeover until June 1992. FDIC will bring the water system into compliance with the 1992 codes and standards before turning management over to the Homeowners' Association.

C. ASSESSMENTS

Effective July 1, 1992, a one (1) time six (6) month assessment of \$120 shall be assessed against each lot in the subdivision on which a dwelling has been constructed or placed. Said assessment shall be payable by August 1, 1992. This fund shall be used by the Homeowners' Association to maintain and repair the water system after July 1, 1992. Any owner holding title to 5 or more unbuilt lots for the expressed purpose of reselling those lots so held shall be considered as members of the Association and shall exercise full voting rights in direct proportion to the total number of lots owned, one vote per lot. However, no regular or special assessments shall be made upon such owners or purchasers for those lots so held. In the event of the resale of any such lot to a new owner for the purpose of building a home, the new owner shall be subject to any or all regular or special assessments as defined by the Amended Restrictive Covenants or By-Laws. Any owner holding title to less than 5 unbuilt lots shall be subject to any or all regular or special assessments as defined by the Amended Restrictive Covenants.

D. SPECIAL ASSESSMENTS

The Homeowners' Association Board of Directors shall set annual and special assessments to be paid by the owners of lots on which dwellings have been constructed or placed. The assessments shall be sufficient to operate and maintain the subdivision utilities under the control of the association, and to build a reserve fund for unforeseen problems. The annual assessment period shall be January 1 through December 31 of each year. Each annual assessment shall be established by November 30 of the prior year. Special assessments will be based on special emergency needs and shall be voted on and passed by a majority vote of the Board of Directors.

E. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

The lot owners for each lot owned within the Subdivision hereby covenant, and each owner of any lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to personally pay the Association: (1) Annual assessments or charges, and (2) Special assessments for capital improvements. Such assessments to be established and collected by the Homeowners' Association Board of Directors. Any unpaid assessment shall constitute a lien against the owners' lots in the Subdivision.

F. CONVEYANCE AND SUBORDINATION

The Association shall have the power to assess fees to the lot owners to achieve the objectives of the Homeowners' Association. The lien of the assessments provided for herein shall be subordinate to the assessments provided for herein. The sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

G. ANNUAL ASSESSMENTS

The fiscal year for assessments shall be from January 1st through December 31st.

H. UNIFORM RATE OF ASSESSMENT

Annual assessments must be fixed at a uniform rate for all lots on which a dwelling has been constructed or placed and may be collected on a semi-annual, or annual basis by the Association.

I. NOTICE

Written notice of the annual assessment shall be sent to every owner subject thereto. The Association shall upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

J. EFFECT OF NONPAYMENT ASSESSMENTS: REMEDIES OF THE ASSOCIATION

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate established by the Board of Directors. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability of the assessments provided herein by non-use of the Common Area or abandonment of his lot.

K. UTILITIES

Should relocation of any utilities become necessary, the cost of this relocation shall be borne by all the lot owners in proportion to their votes in the Association.

ROAD AND WATER SYSTEM MAINTENANCE**A. DUTIES**

That all lot owners shall be responsible for maintaining the road and water system within the Subdivision, until such time as said road and water system are maintained by the sovereignty having jurisdiction and responsibility for that service. Owners of lots on which dwellings have been constructed or placed shall contribute, in proportion to their votes in the Association, to the cost of maintaining said road and water system, including snow removal, the repair of interior roads, thawing of the water system, and replacement of any mechanical or electrical deficiencies associated with the well. The Board of Directors shall implement the actions contained herein.

B. WATER CONNECTION

Any structure on the following lots must be equipped with an in-line pressure reducing valve in order to avoid excess line pressure within the structure. The pressure reducing valve must be capable of operation with an inlet pressure of between 40 psi and 100 psi, and discharge pressure of 40 psi and 50 psi.

The affected lots are as follows:

Tract A and Tract B-1 -

Lots 1 - 20,	Block 2
Lots 15 - 36	Block 3
Lots 1 - 25,	Block 4
Lots 7 - 28,	Block 5
Lots 6 - 13,	Block 6
Lots 1 - 18,	Block 7
Lots 3 - 26,	Block 8

C. WATER SUPPLY AND APPORTIONMENTS

The following limits and restrictions shall apply to the Potential commercial lots listed below in order to insure adequate water supply to the residential lots on an equivalent demand basis.

1. The quantity of water supply to each lot and tract will not be exceeded at any time unless otherwise approved by a vote of the Homeowners' Association or as provided in subsection 2, 4, or 5 below. Action by the Association will require a simple majority vote.
2. The water allotment to the commercial lots and tracts may be adjusted among the owners of any two (2) or more lots or tracts provided that their cumulative allotment does not exceed the amount provided below.
3. The cost of measurement for verification of any commercial water allotment will be paid for by the Association.
4. Tract A, B-1, and Lot 26 may drill a well on their lot or tract for additional water to their respective lot or tract provided that state and local regulations are not violated. Any well so drilled must pay the cost of a pump test, perform the test in accordance with the ten State standards and log the association drawdown in all wells owned by the Association. Copies of the pump test and associated well drawdowns must be submitted to the Association prior to operation of the proposed new well. Any new well with an affect of greater than 10 gpm on the existing wells in operation by the Association will not be allowed to be placed into operation.
5. The two (2) 8 - inch wells placed into original service are capable of producing 558 gpm and 544 gpm. The supply for the Subdivision, including the commercial lots and tracts is based on 450 gpm from each 8 - inch well. The cost of any upgrade of the pumps and equipment from 450 gpm must be paid by the commercial lot or tract owner requesting additional allotment. Plans and specifications for this upgrade must be submitted to all state and local authorities prior to any construction.
6. Should an owner of any commercial lot or tract elect to pursue the options for additional water allotment in subsections 2, 4, or 5, above, the owner must give the Association seven (7) days written notice before commencing construction or drilling. The owner must also submit plans to D.E.C. before commencing work.

The following limits will apply:

Lot 18, Block 8 - 15,000 gallons per day (gpd)

Lot 19, Block 8 - 25,000 gpd

Lot 20, Block 8 - 25,000 gpd

Lot 21, Block 8 - 25,000 gpd
Lot 22, Block 8 - 20,000 gpd
Lot 23, Block 8 - 15,000 gpd
Lot 24, Block 8 - 15,000 gpd
Lot 25, Block 8 - 15,000 gpd
Lot 26, Block 8 - 45,000 gpd
Tract A, Block 8 - 75,000 gpd
Tract B, Block 8 - 170,000 gpd

TERM AND AMENDMENT

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty-five years, unless an instrument signed by a majority of the Victoria Estates Homeowners' Association is recorded, agreeing to change said covenants in whole or in part. Thereafter these covenants shall be extended for ten- year periods with the approval of all concerned.

WAIVER

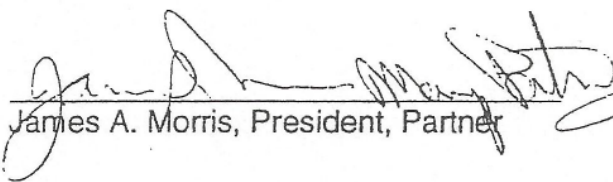
That the failure by any lot owner or the developer or the Architectural Committee to enforce any restriction and covenant herein contained shall, in no event, be deemed as a waiver of the right to do so thereafter, as to the same breach, or as to one occurring prior to, or subsequent to , said breach, nor shall such failure give rise to any claim or cause of action against any lot owner, the developer or the Architectural Committee.


ENFORCEMENT

Enforcement shall be by proceedings of law or in equity against any person or persons violating or attempting to violate any covenant either by restrain violation or to recover damages.

SEVERABILITY

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


James A. Morris, President, Partner


Frank E. Morris, Partner

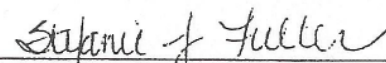
STATE OF WASHINGTON)

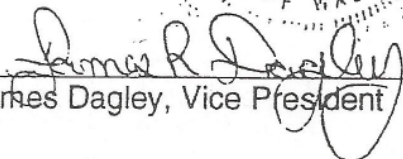
County of Thurston) ss.

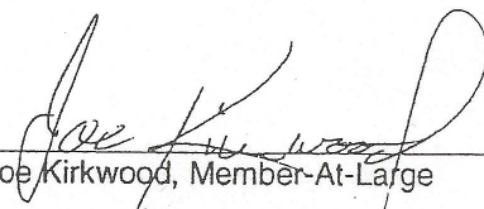
This is to certify that on this 19th day of July, 1995, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared James A. Morris and Frank E. Morris to me known and known to me to be partners, and they acknowledged to me that they had, in their official capacity aforesaid, executed the foregoing instrument as the free act and deed of the said general partnership for the uses and purposes therein stated.

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




NOTARY PUBLIC in and for Washington
My Commission Expires 7-1-97


James Dagley, Vice President


Joe Kirkwood, Member-At-Large

STATE OF ALASKA)
COUNTY OF) ss.

This is to certify that on this 19th day of July, 1995, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared James Dagley and Joe Kirkwood to me known. In their official capacity aforesaid, executed the foregoing instrument as the free act and deed of the said Homeowners Association for the uses and purposes therein stated.

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

Paulette M. Bolduc

NOTARY PUBLIC in and for the State of Alaska

My Commission Expires 04-26-99

