

**PROTECTIVE COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
SERENDIPITY SUBDIVISION**

PART A. PREAMBLE

KNOW ALL MEN BY THESE PRESENTS,

WHEREAS, the undersigned is the owner of the following described
real
property:

SERENDIPITY SUBDIVISION, according to **Plat No.**
2001-135 recorded in the Palmer Recording District,
Third Judicial District, State of Alaska; excepting
there from Tract A, Tract A-1-1 and Tract B

And,

WHEREAS, the undersigned desires to assure the continued
development
of SERENDIPITY SUBDIVISION on a high level for the benefit of future
property owners therein:

And,

WHEREAS, the undersigned desires to place on and against certain real
property within SERENDIPITY SUBDIVISION certain protective covenants
regarding the improvements and/or use of said property;

NOW, THEREFORE, the undersigned does hereby establish and
record the following declarations, reservations, protective covenants, limitations,
conditions, restrictions and provisions regarding the use and/or improvements of

the property located in SERENDIPITY SUBDIVISION.

PART B. AREA OF APPLICATION.

B-1. FULLY PROTECTED AREA. These covenants shall apply to all lots in the Subdivision. "Lot" shall mean and refer to any of the numbered plots or tracts of land shown upon any recorded plat of SERENDIPITY SUBDIVISION.

B-2. SPECIAL EXCEPTIONS TO THE PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS. Nothing contained in this document shall prevent the undersigned or its designees from maintaining sales offices on a lot or lots in Serendipity Subdivision for the purpose of conducting sales or resale's of lots and/or residential units in Serendipity Subdivision. The undersigned or its designees shall have an unqualified right to maintain such office or offices until such time as all lots in Serendipity Subdivision are sold.

B-3. WATER SUPPLY. Each improved lot shall have its own water supply system located on the lot to be served thereby. No individual water supply system shall be permitted on any lot unless such a system is located, constructed and equipped in accordance with the requirements, standards and recommendations of the Alaska Department of Environmental Conservation. Approval of such a system as installed shall be the responsibility of the individual owner.

B-4. SANITARY WASTE DISPOSAL. Each improved lot shall have its own sanitary waste disposal system. No individual system shall be permitted on any lot unless such a system is located, constructed and equipped in accordance with the requirements, standards and recommendations of the Alaska Department of Environmental Conservation, 18 AAC 72, or such other regulations which may be promulgated by state or local authority. Approval of such a system as installed shall be the responsibility of the individual owner.

PART C. PROPERTY RESTRICTIONS.

C-1. SINGLE FAMILY RESIDENCES. Lots may be used for single- family residential purposes only. Temporary buildings may not be placed on any lot for any purpose. No group homes, commercial activities nor natural resource

extraction shall be allowed on any lot; **except, that a homeowner may engage in a business which does not require ostensible business activity including, but not limited to, visits to the lots by members of the public. The intent of this section is to allow professional or business uses which are incidental to the use of the dwelling for residential purposes and which do not detract from the residential character of the neighborhood. The operation of a daycare facility, even incidental to residential use, is specifically prohibited.**

C-2. COMPLETION OF CONSTRUCTION. All residential dwellings must have a finished exterior with six (6) months from groundbreaking and be fully completed within one (1) year from groundbreaking.

C-3. OFF-SITE PREFABRICATION. No mobile homes, modular homes, homes prefabricated off-site, tents or travel trailers shall be utilized within the subdivision.

C-4. STORAGE OF RECREATIONAL ITEMS. Travel trailers, motor homes, boats, snow machines and other similar recreational vehicles, including trailers for such items, shall be stored while not in actual usage only so long as such on-site storage is within an enclosed or fenced-in area so that said items are not visible from the street. It is the intent of these restrictions that no recreational vehicles or items may be seen from any street during such time as such items are not actually being used and that a fence or similar structure is used to accomplish this purpose. **The purpose of these provisions to keep unsightly equipment, whether frequently used or unused, out of sight to the greatest extent possible.**

C-5. DWELLING COSTS, QUALITY AND SIZE.

(a) No single family dwelling structure shall be permitted on any lot which has an appraised value of less than \$130,000, excluding land and outbuildings, based upon 2001 costs. The minimum finished gross area of the dwelling in square feet, exclusive of open porches and garages, shall be as follows:

(1) If the dwelling is a single level, one-story building: 1200 square feet;

(2) If the dwelling is a two-story building: 1300 square feet, of which at least 700 square feet must be on the ground floor; and,

(3) If the dwelling is a split entry or two-level building: 1300 square feet of which at least 700 square feet must be on the ground floor.

Construction of all residential structures contemplated herein shall be at least equal to the present FHA minimum building standards. The minimum cost figure is based upon cost levels obtained on the date these covenants are recorded, it being the intention and purpose of the covenants to assure that all dwellings shall be of a quality of workmanship and materials substantially the same or better than that which can be produced on the date these covenants are recorded at the minimum cost stated herein.

Each dwelling shall have at least a two-car garage. All structures shall have a full-width driveway that is paved from the building or garage entrance to the street. Block 4 driveways shall be paved or surfaced with DI.

No building shall exceed 42 feet in height from ground level on the front of the building.

All siding shall be of finish quality and shall be painted wood, pre-finished metal or vinyl. No metal roofing products may be used as siding.

Following formation of the Homeowner's Association, an Architectural Control Committee may be appointed by the Board of Directors and operate under such terms and conditions as the membership may approve. Any plans approved by the Architectural Control Committee must also comply with these covenants in all respects.

(d) Exterior Appearance, Colors, and Materials. To ensure the development of the Subdivision as a subdivision of high standards, owners shall be responsible for utilizing exterior colors to promote a pleasing and compatible neighborhood appearance. Overly vibrant colors are disallowed, as are color schemes which clash with the neighborhood's overall appearance. Clear lacquer or varnish is discouraged as it does not withstand the harsh elements and tends to fade rapidly. Residents who elect such exterior finishes will be required to keep their properties in a high state of repair. (Note: this usually requires refinishing approximately every 2-3 years.) No owner of any lot or living unit shall alter the exterior color of any structure situated within or forming part of such lots or living unit unless such alteration otherwise complies with the terms of this section. Exterior finishes shall be natural wood siding, OSB, real brick; real stone, cultured stone, designer block, vinyl, metal, stucco or any approved equal finish. The application of stucco is to be used only as an accent treatment

and is limited to not more than ten percent (10%) of the exterior surface area of any dwelling. Exterior colors shall be restricted to soft “earth tones”. Siding materials, known as T- 111 will not be approved on the side of any structure visible from the street. (T- 111 may be utilized on the rear side of a structure if it is not visible from the street.)

C-6. ARCHITECTURAL CONTROL COMMITTEE.. An Architectural Control Committee (ACC) may be appointed by the Board of Directors and operate under such terms and conditions as the membership may approve. Any plans approved by the Architectural Control Committee must also comply with these covenants in all respects. The ACC may refuse to grant approval, and make such exceptions to the choices it deems appropriate without adversely affecting the overall appearance of the neighborhood. No alterations to the exterior of any living unit, including color alteration, may be made unless written application is submitted to and approved by written endorsement of the Architectural Control Committee. Exterior colors must be approved by the ACC prior to application of the paint.

C-7. OUTBUILDINGS. Outbuildings are defined as buildings not used as dwellings, including detached garages, utility sheds, greenhouses, barns and shops. Outbuildings may not be used for commercial or rental purposes. All outbuildings shall be constructed utilizing proper foundations, siding and roofing materials and be finished so that they will be equal to the primary structure’s appearance. All outbuildings must be completed within three (3) months from start of construction and are subject to the oversight of the Architectural Control Committee.

C-8. FENCES. No fence of any kind may be installed in violation of state statute or ordinance of a political subdivision as presently enacted or as may be hereafter enacted or amended. Additionally, no fence of any kind may be installed unless built in a professional manner and properly maintained. Wood fences must be built of finished lumber, which must be painted or stained, or cedar split rail. No electric fence is allowed unless it is installed on the interior of a wood or chain link fence. Neither barbed wire fencing nor welded wire fencing is permitted.

C-9. EASEMENTS. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat or as indicated by the public records for the recording district where the property is located. Within these easements, no structure, planting 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 the drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible. **Said maintenance shall include the ditch line and to the edge of pavement.**

C-10. MAIL AND NEWSPAPER DELIVERY RECEPTACLES. All mail and/or newspaper delivery receptacles must be factory manufactured or professionally built. Each lot will be allowed to install one box for the delivery of newspapers and one mailbox. Newspaper delivery boxes must be provided by the newspaper publisher, and must not detract from the appearance of the subdivision.

C-11. PLACEMENT OF STRUCTURES. Placement of structures, setbacks, and the location of any and all man-made structures is subject to the approval of the ACC. No dwelling, deck, porch, or overhang or other portion of any structure may encroach into the area defined in the setback requirements. No permanent improvements, including but not limited to basketball hoops, volleyball or swing sets are allowed within a setback area without written approval by the ACC. The minimum setback requirements are as follows:

Front lot line Fifty (50) feet

Side lot line: Fifteen (15) feet

Rear lot line: Fifteen (15) feet

The ACC will generally not approve building setbacks which are the same as the building setback on adjacent lots.

C-12. SIGNS. No sign of any kind shall be displayed to the public view on any residence except one professional sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by the builder to advertise property during construction and sales period.

C-13. NUISANCES. No noxious, unsightly, illegal, or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, including, but not limited to, barking dogs.

The owner of each residential unit or lot shall maintain said residential unit in a neat, clean and presentable condition.

C-14. OIL AND MINING OPERATIONS. No oil drilling, oil development operations, oil refining, quarrying, gravel extracting, or mining operations of any kind shall be permitted upon or in any lot, nor shall oil well, tanks, tunnels, mineral excavations, or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any lot.

C-15. ANIMALS. No animals that are normally wild in their natural state, or have been bred with animals that are normally wild, including without limitation “wolf hybrids”, shall be kept on any lot. No animals, poultry, or livestock of any kind, shall be raised, bred or kept on any lot for any commercial purpose, including, but not limited to, use for sporting purposes such as dogsled competition. Each living unit shall be allowed a maximum of two dogs and two cats. However, pit bulls shall not be allowed at all in the subdivision. A maximum of two (2) horses shall be allowed on each lot in Block 4 of the subdivision. All animals shall be kept in runs or in a fenced yard. Under no circumstances may animals be kept on chains, tethers or leashes unless held and under the control of an individual person.

C-16. 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 end of any lot fronting upon, or adjacent to, a street, with the exception that patrons of a garbage pick-up service may place such containers bearing trash or garbage for pick-up upon the end or side of the lot fronting upon the street on which the garbage is picked up on the day designated by ordinance, resolution, or contract for the pick-up of garbage at such lot. No burning of trash, garbage, refuse, or other waste, shall be permitted upon the street front and/or side of any lot at any time, and such burning on the rear of lots shall be permitted only in accordance with the appropriate health and safety laws or ordinance of the political subdivision in which the lot is located. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste, shall not be kept except in a sanitary condition.

C-17. INOPERABLE VEHICLES. No inoperable vehicle or vehicle body shall be permitted upon any lot or within any street or easement adjacent to any lot in the subdivision. A vehicle temporarily inoperative and held for repair by the owner for a period not to exceed thirty (30) days (subject to the availability of parts) shall not be considered a violation of this provision. A vehicle which is otherwise operable but is not used or moved for more than forty-five days shall be considered an inoperable vehicle for purposes of this provision.

Extra vehicles, inoperable or otherwise, including but not limited to automobiles, or trucks not used at least twice weekly, campers, boats, recreational vehicles,

snow-machines or other machinery shall be kept in a garage or other structure suitable for such purpose. Proposals to store operational motor homes and boats, y alongside garages or other structures will be evaluated by the ACC on a case-by-case basis provided that such proposals contain, at a minimum, the construction of a suitable pad which shall either be paved or similarly improved, or contain at least 4 inches of gravel fill. The purpose of this provision is to keep unsightly equipment, whether frequently used or unused, out of sight to the greatest extent possible.

No repairing, dismantling, or assembling of any vehicle, boat, snowmobile or any other power driven machines will be permitted on any lot in view of any other lot or street.

C-18. COMMERCIAL VEHICLES. No commercial vehicles, trailers other than utility trailers, or motorized construction equipment may be placed on any lot for any purpose except during the construction period.

C-19. STORAGE TANKS. No storage tanks are permitted on or beneath any lot at any time, except for one (1) water tank, or (2) water pressure tank which shall be installed in the garage or crawl space. (omitted in june 6, 2003 version)

C-20. SNOWMOBILES. Snowmobiles and ATVs shall not be operated anywhere within the subdivision including private property, easements, or rights of way.

C-21. WINDOWS AND FACADES. No garments, rugs, sheets, foil or other objects shall be hung from in windows of the improvements to a lot. Only customary curtains or shades or draperies, or some combination thereof, visible from the exterior of the improvements to a lot shall be used. (omitted in june 6, 2003 version)

C-22. LANDSCAPING. Each lot owner shall landscape any portion of the lot disturbed during the construction process within ten (10) months after the start of construction. Lots that are not wooded shall be maintained so as not to become overgrown with weeds, brush or trees, other than trees utilized for landscaping purposes. Right of ways and utility easements shall be kept clear of trees, shrubs, and any rocks including landscape rocks.

All walkways, driveways, and parking areas shall be paved or similarly improved with blacktop or brick. Lawn andJor shrubbery shall be maintained to the edge of

all such walkways, driveways, and parking areas.

Vegetable gardens in the front yard of a lot require approval of the ACC. No owner shall be permitted to completely clear a lot where standing trees of size and beauty exist. Space may be cleared for construction and trees may be thinned, so long as maximum natural beauty and esthetic value of such trees are retained. Any trees requiring removal shall be removed by hand to keep damages to surrounding trees at a minimal, and the stumps may then be removed by power equipment.

C-23. EXTERNAL ANTENNA RESTRICTIONS. No television antenna, disk or other type of television or radio antenna or electronic device which has as its purpose the sending or receiving of signals from or to any external source of any kind shall be situated on any lot subject to these protective covenants, conditions and restrictions; EXCEPT, HOWEVER, each lot owner may install on the exterior of the dwelling located on the lot one (1) standard television antenna, which shall not exceed a total height of ten (10) feet from base to top of mast and one (1) satellite dish with no greater than a four foot diameter..

C-24. DRIVEWAYS. Each lot owner shall, at the time of driveway construction, obtain a driveway permit from the Matanuska-Susitna Borough. Driveway and culvert installation shall comply with Matanuska-Susitna Borough regulations.

C-25. PAVED ROADS. The undersigned is under no obligation to pave roads in Block 4 of the subdivision. (omitted in june 6, 2003 version)

C-26. RE-SUBDIVISION. No lot or lots may be re-subdivided so as to create any lot with less area than shown on the original subdivision plat for the lot or lots involved in the re-subdivision. Lot lines may be eliminated so as to create larger lots.

C-27. ENTRY. The ACC, and its duly authorized designees, shall have the right upon reasonable notice, to reasonably inspect and enter upon any lot for the purposes of examining landscaping, lot usage, and the exterior of any structure, and such activity by them or any of them shall not give rise to any legal or equitable remedy against them or any of them, including but not limited to an action for trespass. (omitted in june 6, 2003 version)

PART D. HOMEOWNERS' ASSOCIATION.

D-1. MANDATORY MEMBERSHIP. A Homeowners' Association is to be established within the Subdivision to provide for the operation and maintenance of the subdivision as may be appropriate. Said Association shall be responsible to enforce the Covenants for the benefit of all property owners herein. Every purchaser, their heirs, assigns and successors in the ownership of lots in this subdivision agree as a condition of such ownership that they are automatically a member of the Homeowners' Association. All lot owners shall abide by the policies now set and as later amended by a majority decision of the membership of the Association. They agree to such policies and will pay such assessments as may from time to time be levied.

D-2. BOARD OF DIRECTORS. The Homeowners' Association shall be operated by the undersigned until such time as the undersigned chooses to relinquish control to the membership, or until finished residences occupy at least 50% of the lots, whichever first occurs, at which time the Association shall be activated and there will be an election of directors and officers, and dues will be established and levied as determined by the Board of Directors. Activation of the Association shall be accomplished by the undersigned's selection of an initial Board of Directors consisting of not less than three members. All Board members shall be members of the Association. Selection of the initial Board of Directors shall be at the sole discretion of the undersigned or its assignees; however, every effort will be made to select only lot owners willing to serve in this capacity.

D-3. ANNUAL MEETINGS. The Association will meet at least once annually in accordance with the bylaws of the Homeowners' Association and undertake all duties and actions prescribed thereby.

D-4. VOTING RIGHTS. The Association shall have one class of voting rights. Each lot owner, whether such owner is an entity, person or more than one person, shall be entitled to one vote for each lot owned, regardless of the number of

D-5. ANNUAL ASSESSMENTS. Annual assessments may be levied as provided by the Bylaws of the Homeowners' Association.

D-6. EMERGENCY ASSESSMENTS. The undersigned, its designees or the Board of Directors, if activated, by a two-thirds (2/3) majority vote of the entire membership of the Board, may fix an emergency assessment, not in excess of FIFTY DOLLARS (\$50) per lot. No more than four (4) such assessments may be levied in any 12 month period. The undersigned, its designees or the Board of Directors shall have sole discretion as to what constitutes an emergency so long as

such discretion is exercised justly and reasonably. Such assessment shall only be fixed at a duly constituted meeting of the Board.

D-7. UNIFORM RATE OF ASSESSMENT. All assessments shall be fixed at a uniform rate for all lots and may be collected on a monthly, quarterly, semi-annual basis by the Association.

D-8. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The Board of Directors shall fix the present amount of the annual assessments against each lot at least thirty (30) days on advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. November 1st shall be the date annual assessments are due. 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.

D-9. EFFECT OF NON-PAYMENT OF ASSESSMENT; VIOLATION OF RESTRICTIONS; REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date as established by the Board of Directors shall bear interest from the due date at the rate of eight (8) percent per annum. In addition, after notice and hearing, the Board may levy reasonable fines for violation of these covenants, including, but not limited to, restrictions contained herein notify the lot owner of the violation, including a general statement of the proposed action to be taken, and the date, time and place of the hearing. The notice shall be given not less than five (5) days before the hearing date. At the hearing, the lot owner shall have the right, personally or by representative, to have testimony orally, in writing, or both, subject to reasonable rules of procedure established by the Board of Directors to ensure a prompt and orderly resolution of the issues. The lot owner shall be notified of the Board's decision in the same manner in which notice of the hearing was given.

Assessments, fines, collection costs and interest become a continuing lien upon the subject lot. The lien may be foreclosed as a lien is foreclosed under AS 34.35.005, as it may be amended from time to time. The Association may also bring an action at law against the person personally obligated to pay same. And may seek injunctive relief in order to remedy any violation.

No one may waive or otherwise escape liability for assessments or fines provided for herein by non-use of the lot, abandonment or rental of the lot. Sale or transfer of any lot shall not affect the lien. No sale or transfer shall relieve the owner of the lot at the time of the assessment from personal liability for any assessment or installment thereof, nor shall sale or transfer of any lot disencumber the lien attached to the lot.

D-10. FORM OF ASSOXIATION. The Homeowners' Association may be a corporation formed pursuant to Title 10 of the Alaska Statutes.

D-11. APPLICABILITY OF SECTIONS D-1 THROUGH D-12. The provisions contained in these sections shall be applicable to only those lots specifically described in Section B-i herein. The undersigned do not intend that the Homeowners' Association created herein have any applicability to future tracts, phases or lots developed later as a new addition or part of the Serendipity Subdivision. At the option of the undersigned, or its designee(s), any or all of the provisions contained herein may become applicable in whole or in part to any new additions to the Serendipity III.

All references herein to the powers of the Board of Directors will apply with equal force and effect to the undersigned until it has transferred responsibility to the Board of Directors.

PART E. MISCELLANEOUS PROVISIONS.

E-1. TERM. These covenants are to run with the land and shall be binding on all parties and persons claiming under them for a period of thirty-five (35) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the owners of a majority of the lots has been recorded agreeing to change said covenants in whole or part.

E-2. ENFORCEMENT. Enforcement of these covenants, conditions and restrictions shall be by proceedings at law or in equity against any person or entities violating or attempting to violate any such provisions, either to restrain a violation thereof, or to recover damages for a violation thereof, or both. Suit to enforce these provisions may be brought by any homeowners' association established under these covenants or by any individual lot owner aggrieved by a violation of these provisions.

E-3. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which

shall remain in full force and effect.

E-4. AMENDMENT. This Declaration may be amended by recorded instrument at any time by the undersigned until 75% of the lots have been sold. After such time, an affirmative vote of 2/3 of the lot owners in the subdivision may amend this document, such amendment to be consummated by a written instrument recorded in the Palmer Recording District.

DATED this 4 day of June, 2004

H AND M, LLC

BY:

HOWARD NUGENT,

Managing Partner

STATE OF ALASKA)

) SS.

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 4 day of June, 2003, before me, the undersigned Notary Public, in and for Alaska, duly commissioned and sworn as such, personally appeared HOWARD NUGENT, who is known to me and to me know to be the individual named in and who executed the above and forgoing PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR SERENDIPITY SUBDIVISION as Managing Partner of H AND M, LLC, in the name of and for and on behalf of said partnership, and acknowledged to me the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year hereinabove first written.

NOTY PUBIC in and for Alaska
My Commission Expires:., ALSL

Jenny i4ugOfIt

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PLEASE RETURN TO:

H and M, LLC

4237 E. Meridian Loop

Wasilla, Alaska 99654

Page 13 of 13 2003-011407-0