

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
DeLONG LAKE VILLAS

THIS DECLARATION, made on the date hereinafter set forth by MONARCH, INC., an Alaska Corporation, having a principal place of business at 5909 Old Seward Highway, Anchorage, Alaska, 99502, hereinafter referred to as "Declarant."

WITNESSETH:

Whereas, Declarant is the owner of certain property in the Anchorage Recording District, Third Judicial District, State of Alaska, which is more particularly described as:

DeLONG LAKE VILLAS, according to Plat 77-147, Records of the Anchorage Recording District, Third Judicial District, State of Alaska, which consists of Blocks one through seven inclusive and Tract A-2 in accordance with said Plat (hereinafter entire property).

WHEREAS, Declarant is developing such property under the auspices of the Anchorage Municipality Planning and Zoning Department and the Anchorage Municipality Planning and Zoning Commission pursuant to resolutions duly passed by the latter; and

WHEREAS, Declarant desires that the entire property be developed, if at all, in accordance with the conditions of approval reflected in the above referred to resolutions, or as they may be duly modified from time to time, and in a manner such that the improvements constructed thereon be harmonious in style, use, appearance and function; and

WHEREAS, Declarant is developing such real property in phases and desires that each phase as it is completed may be annexed to prior phases in order that a single homeowners association (hereinafter Association) shall have jurisdiction and control over each future phase in common with prior phases, as and when it is annexed to prior phases, for the purposes and in the manner set forth below; and

WHEREAS, the first phase of the development of the entire property is complete or will in the immediate future be completed; and

WHEREAS, Declarant desires to make provision for the use and enjoyment of the entire property in the manner hereinbelow provided; and

WHEREAS, Declarant desires further to establish certain covenants, conditions, easements and restrictions for the purpose of enhancing and maintaining the value of the entire property as well as additional covenants, conditions, easements and restrictions for those portions or the entire property that become part of the Planned Unit Development provided for below;

NOW, THEREFORE, Declarant, for the purposes and reasons stated above, hereby declares that the entire property described above shall be held, sold, conveyed, developed or improved subject to the easements, restrictions, covenants and conditions (if any) set forth in Article X below or referred to therein or reasonably implied therefrom which shall run with such real property and be binding on and inure to the benefit of all persons or entities having any right, title or interest in the entire property or any part thereof, and the heirs, successors and assigns thereof.

Declarant, for the purposes and reasons stated above, further hereby declares that all of the Phase One property described below and all other portions of the entire property in the future annexed to the Phase One property in accordance with this Declaration, shall be held, sold and conveyed subject to all of the easements, restrictions, covenants and conditions set forth below, which shall run with such real

property and be binding upon, and inure to the benefit of all persons or entities having any right, title or interest in such real property.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to DeLONG LAKE VILLAS OWNERS ASSOCIATION, INC., an Alaska nonprofit corporation, its successors and assigns.

Section 2. "Owner" with respect to the Planned Unit Development defined herein shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as defined in Section 3 below, excluding those having such interest merely as security for the performance of an obligation. With respect to those portions of the entire property not a part of the Planned Unit Development as herein defined, "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any portion of the "entire property" except those portions that are a part of the Planned Unit Development, as herein defined, and as to such persons or entities, only the following Articles shall apply: X, XI, XV, XVI and XIX.

Section 3. "Property" or "Properties" shall mean and refer to that certain real property herein below described as Phase One property and such additions as may hereinbelow described as brought within the jurisdiction of the Association by annexation by Declarant or the Association under Article X and/or XI of this Declaration. Nothing herein contained shall obligate Declarant or others to make any such additions or annexations.

Section 4. "Common Area" shall mean all real property including the improvements thereto, owned by the Association and each "Owner" shall have a nonexclusive easement for the use and enjoyment of such "Common Area" without further words of conveyance of same. The Common Area for each phase of this development shall be conveyed to the "Association" within ten days following the conveyance of a lot in such phase to an owner. Except as noted in XV below, title to the Common Area shall be conveyed free and clear of all liens and encumbrances except easements and restrictions of record which will not interfere with its intended use and enjoyment. The Phase One Common Area to be owned by the Association is described as follows:

A. Blocks 2 and 5 except Lots 6, 7, 8, and 9 of Block 2; and further except Lots 21, 22, 23, 24 and 25, Block 5 of DeLONG LAKE VILLAS, according to Plat 77-147, Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

B. Tract A-2 of DeLONG LAKE VILLAS, according to Plat 77-147, Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

C. The "access easements" as shown on the above referred to Plat 77-147, save and except those portions of such access easements located between Blocks 2 and 3, between Blocks 3 and 4, and on Block 7.

Section 5. "Lots".

"Lot", with respect to an "Owner", shall mean and refer to a parcel of land that is part of the Properties, which has been conveyed to such "Owner."

"Lot", with respect to Declarant, shall mean and refer to a parcel of land that is part of the "Properties" not conveyed to an Owner, but excluding "Common Area." Those lots not conveyed to an Owner shall be deemed to be owned by the Declarant, and each shall be a Class B member lot.

"Lot", includes the improvements thereon. "Lot" does not refer to the Common Areas, nor does it refer to a parcel of land not part of the "Properties" as herein defined.

There are nine (9) lots in Phase One of this Planned Unit Development. The Phase One lots are Lots 6, 7, 8 and 9, Block 2, and Lots 21, 22, 23, 24 and 25, Block 5, of DeLONG LAKE VILLAS, according to Plat 77-147, Records of the Anchorage Recording District, Third Judicial District, State of Alaska.

Section 6. "Declarant" shall mean and refer to MONARCH, INC., an Alaska Corporation, and the successors and assigns thereof, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. Mortgage Defined. Mortgage as used throughout this Declaration shall mean a real property security interest in one or more lots contained in the project and may be nominally a mortgage or a deed of trust. "Mortgagor," "mortgagee" and "holder" shall be deemed the equivalent of trustor, beneficiary and holder of the beneficial interest under a deed of trust, respectively. Where this Declaration requires affirmative actions towards or by "holders," first mortgagees, etc., such terms shall be deemed to apply only to "institutional" holders of first mortgages (any bank, savings and loan association, corporation, mortgage company, insurance company, or federal or state agency.)

Section 8. "Entire Property" shall mean all of the real estate described in the above referred to Plat 77-147.

Section 9. "Phase One Property" shall mean and refer to that portion of the entire property first becoming a part of the Properties as defined in Section 3 above and is more particularly defined as Tract A-2, and Blocks 2 and 5 of DeLONG LAKE VILLAS, according to Plat 77-147 referred to above.

Section 10. "Future Phases" shall mean all other portions of the entire property save and except the Phase One property.

Section 11. "Planned Unit Development" as used in this Declaration and the Bylaws of the Association shall refer to the Association and the "Properties" subject to its jurisdiction (the Phase One real property and future phases as annexed to the Phase One property pursuant to Article XI below).

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every lot owner shall have a right and easement of use, benefit and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to such Lot, subject to the following provisions:

A. the right of the Association to suspend the voting rights and right to use of the facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations adopted in accordance with the Bylaws of the Association.

B. the right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by those members entitled to cast seventy five percent (75%) of the votes of the entire Class A membership, and those members entitled to cast seventy five percent (75%) of the entire Class B membership, if any, agreeing to such dedication or transfer has been recorded, together with the written approval required under Article VI below.

Section 2. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on his lot. Such Owner shall notify the Secretary of the Association in writing of the name of such delegate, and the rights and privileges of such delegate are subject to suspension to the same extent as those of an

"Owner". No such notice shall be necessary for members of an Owner's family residing on the property. Anything to the contrary herein or elsewhere notwithstanding, the entitlement to the use and enjoyment of the "common area" shall not be severable from any "Lot."

Section 3. Leases. Any lease agreement between the owner of a lot or the Declarant and lessee shall provide that the lease and the terms thereof shall be subject in all respects to this Declaration, the Articles of Incorporation for the "Association" and the Bylaws, and any failure by the Lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing. Other than the foregoing, there is no restriction on the leasing of a lot. As used herein, "Lease" shall include any agreement for the leasing or rental or use of a lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Transfer of a lot automatically transfers membership in the "Association" and all rights of the Transferor, with respect to the "Common Area" to which ownership of such lot relates.

Section 2. The Declarant shall be a member of the Association in accordance with Section 3 below.

Section 3. The Association shall have two classes of voting membership for Phase One:

Class A. Class A members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to two (2) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

A. Upon the closing of a sale (conveyance) of a Class B membership lot to an Owner (but only as to the particular lot), or

B. June 10, 1978; or

C. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or

D. In the event of annexation by Declarant pursuant to Article X and/or XI below, there shall be but one class of voting membership for lots in such annexed properties, namely Class A above, which in the event of such annexation shall specifically include Declarant.

Section 4. Anything herein or elsewhere notwithstanding, control of the "Association" shall vest in the owners of Phase One lots within not more than 120 days after completion of transfer to purchasers of title to lots representing seventy percent (70%) of said Phase One lots or 365 days after conveyance of a lot to an owner, whichever shall earlier occur.

Section 5. The internal affairs of the "Association" shall be controlled by its "Bylaws" and as they may from time to time be amended. A copy of the Bylaws in effect at the time of recording of this Declaration is attached hereto as Exhibit "A" and incorporated by reference herein as if fully set forth.

ARTICLE IV

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, except as hereinbelow provided, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to the Association a pro rata portion of the common expense of administration of the properties by the payment of annual and special assessments which the Association, acting through its Board of Directors, shall levy and collect in the manner set forth in the Bylaws of the Association or this Declaration or as reasonably implied from either. "Common expense" as used herein shall mean expenditures for or liabilities incurred by or on behalf of the Association, together with any assessments for the creation and maintenance of reserves within the scope of this Declaration or reasonably implied therefrom and in this regard the decision of the Board of Directors of the Association shall be determinative. Said common expenses shall be allocated and assessed against each lot and owner thereof according to the ratio of one divided by the total number of lots that are part of the properties at the time of the assessment (pro rata portion). The assessment(s) against any lot, with interest, costs and reasonable attorneys fees, shall be a continuing lien upon any such lot until paid. Each such assessment, together with interest, costs and reasonable attorneys fees, shall also be the personal obligation of the owner(s) of each lot at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to successors in title or interest to a lot unless expressly assumed by the same. The lien for such assessment(s) against a particular lot shall not, however, be affected by any sale or transfer of same, except that a sale or transfer pursuant to a first deed of trust or mortgage foreclosure by an "institutional holder" (including deed in lieu thereof) shall extinguish such lien for assessments which became due and payable prior to transfer pursuant to foreclosure but shall not relieve the purchaser or transferee from liability for, nor the lot so sold or transferred from the assessment lien for assessments becoming due after such transfer or sale. In the case of regular assessments determined annually and collected monthly, said purchaser or transferee and lot of sale or transfer regardless of any attempted acceleration against the prior owner.

Such annual and special assessments shall be due and payable in monthly installments in advance and the provisions of this section shall apply to each such installment as well as the total annual or the particular special assessment. Where there is a delinquency in the payment of such installment for a period of thirty (30) days after a written notice of such delinquency has been mailed to the owner at the address appearing on the Association records, by registered or certified mail, return receipt requested, the Board of Directors of the Association may, at the sole option of the Board, declare the total assessment at once due and payable.

"Unimproved Lot" for the purpose of this Article shall mean a lot upon which no residence has been constructed and also a lot upon which a residence has been constructed but such residence has not been occupied. Unimproved lots shall be assessed at 75% of the assessment rate on improved lots.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the properties by the improvement, repair and maintenance of the individual lots, the exterior of the dwellings thereon erected, and the Common Areas as provided for in this Declaration, including as examples and not by way of limitation, payment of insurance, taxes, utilities or other services payment of insurance, taxes, utilities or other services billed to the Association or otherwise payable by it, administrative expenses, and for such other purposes as are in this Declaration set forth, or reasonably implied therefrom.

Section 3. Regular (Annual) Assessments. Each year, on or before thirty (30) days after the annual meeting of the Association, the Board of Directors of the Association shall estimate the annual budget of common expenses (the "annual budget") including the total amount required for the cost of wages, taxes, materials, insurance, services and supplies which will be required during the ensuing fiscal year for the rendering of all services, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, and such other expenses as the Board may

deem proper, and shall on or before fifteen (15) days thereafter, notify each lot owner in writing as to the amount of such estimate with reasonable itemization thereof. Said annual budget shall be assessed to each lot and owner thereof according to the ratio such lot bears to the total number of lots located within the "properties," which said assessment shall be deemed a "Regular Assessment." The Regular Assessment against each lot and owner shall be due and payable one-twelfth (1/12) monthly, except as provided in Section 1 above. As collected, the funds shall be allocated and segregated into a Capital Improvement Reserve Trust Fund, sometimes hereinafter called "reserve fund" and a "working capital fund." The Capital Improvement Reserve Fund shall be used for the periodic maintenance, repair and replacement of the common areas and facilities, shall be maintained out of the regular assessments herein provided for, and shall be adequate for the purposes set forth. The "working capital fund" shall be used to cover the routine operating expenses of the properties.

The "working capital fund" shall initially be established in an amount equal to at least a two month's estimated regular assessment charge for each lot. For this purpose a first purchaser of a lot from Declarant shall be required to deposit with the Association such amount or reimburse Declarant such amount where Declarant has initially made such deposit. No interest shall be due or payable to owners on account of such deposits or other accounts or reserves of the Association. Conveyance of a lot shall be deemed to transfer all right, title and interest to such reserves and deposits.

The initial maximum annual assessment rate for the Phase One properties is \$ 50.00 per lot plus a pro rata share of the actual utility charges paid by the Association, and a pro rata share of the actual real property taxes for the common area paid by the Association, which maximum annual assessment shall apply through December 31, 1977.

The annual assessment may be reduced in the event Declarant elects to accept responsibility for all or part of the maintenance provided for in this Declaration for a period of time.

In the event a utility elects to bill some of the individual owners directly for a particular service and bill the Association for the same service supplied to other owners, the annual assessment that would otherwise be due and payable by the individual owners paying directly to the utility shall be reduced by the amount that they are paying directly for such utility service.

The Association will be initially responsible (as between the Association and the particular utility or lot owner) in the same manner as any customer for maintenance of utility service connections and extensions, and initial assumption of responsibility for sewer backups as a result of a malfunction along the sewer line connection or extension. The responsibility of the Association for such common service lines shall be up to the junction of the common lines with the lines providing individual household service to the individual residences. Maintenance and repair of the individual household service lines are the responsibility of each lot owner.

Should for any reason the Association cease to do business (which can only be with the consent of the Anchorage Municipality and 100% of the institutional holders of first mortgages on one or more lots), the individual lot owners will be billed and will pay their pro rata share of water and sewer charges for water and/or sewer service supplied through common lines to one or more lots. Similarly, in such case, the individual lot owners will be responsible for and pay their pro rata share of repair and maintenance expenses for repair and maintenance of water and sewer lines that the Association is to be responsible for as provided above.

A. From and after January 1, 1978, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership by an amount up to 5% of the maximum annual assessment for the preceding year.

B. From and after January 1, 1978, the maximum permissible annual assessment under A. above for a particular year may be increased by an amount greater than 5% of the maximum permissible annual assessment for the preceding year by a vote of the members for each succeeding period of one year from the effective date of such increase, provided that any such change shall have the

assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

C. The Board of Directors of the Association may fix the annual assessment at any amount not in excess of the maximum.

Section 4. Special Assessments.

A. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, and general landscaping, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast at a meeting duly called for this purpose.

B. Special Assessments for Improvements or Repairs to Buildings and/or lots. In addition to the annual assessments and special assessments for capital improvements authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair, replacement, beautification or landscaping of or to any assessable building and/or lot, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast at a meeting duly called for this purpose. Such a special assessment accrues solely against the lot(s) assessed for such special assessment.

Section 5. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all lots within a particular phase on the first day following the conveyance of the Common Area of such phase to the Association. The first annual assessment shall be adjusted according to the number of days remaining in the fiscal year.

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. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

Section 6. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment (or installment thereof) not paid within fifteen (15) days after the due date shall bear interest from the due date at the maximum lawful rate of interest until paid. In the case of lots financed under FHA/VA loans, the interest rate shall not exceed, however, the prevailing rate of interest on FHA insured mortgages. The due date shall be in accordance with Sections 1 and 5 above. The Association may, in addition to other sanctions available to it, 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 for the assessments provided for herein by non-use of the Common Area, or utilities or other services provided by or paid for by the Association, or abandonment of his lot. All assessments are due without demand.

Section 7. Subordination of the Lien to Mortgages. The assessment lien provided for herein shall nevertheless be and hereby is made subordinate to any first mortgage or deed of trust owned or held by an "institutional holder" on or against a lot if the mortgage or deed of trust is recorded prior to the date on which such lien in favor of the Association arose, and assessments, liens and charges against a lot in favor of the Anchorage Municipality. If a mortgagee of a recorded first mortgage or a trustee of a recorded first deed of trust or other purchaser of a lot obtains possession of same as a result of foreclosure of either, or by deed or assignment in lieu of foreclosure, the possessor, the successors and assigns thereof are not liable for the share of the common expenses or assessments chargeable to the lot which became due prior to such possession. This unpaid share of common expenses or assessments is a common

expense collectable from all of the lot owners, including the possessor, his successors and assigns, pro rata, in accordance with the above ratio.

Section 8. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

ARTICLE V

ARCHITECTURAL CONTROL

Except as provided in Article XVIII below, no building or structure shall be erected, altered, placed or permitted to remain on the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and/or specifications, showing the nature, kind, height, materials and location of same shall have been submitted to, and approved in writing by the Board of Directors of the Association as to quality or workmanship and materials, harmony of exterior design with existing buildings and structures, and as to location with respect to topography and finished grade elevation. The Board may appoint an Architectural Control Committee and delegate such responsibility to it. The Architectural Committee shall be composed of three representatives appointed by the Board. In the event said Board, or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this section will be deemed to have been fully complied with. The Board of Directors and its duly appointed Architectural Control Committee is expressly vested with the authority to select colors for exterior surfaces of improvements within the properties in accordance with the foregoing and shall establish reasonable criteria and procedures for selection and approval.

Anything hereinabove to the contrary notwithstanding, the Anchorage Municipality Planning and Zoning Commission shall have overall architectural control over this Municipality approved Planned Unit Development; and neither the Committee nor the Board shall make any decisions which are not in accord with the Ordinances of the Municipality and the rules and regulations of such commission.

ARTICLE VI

PROTECTION OF MORTGAGEES

Section 1. Prior Written Approval. Anything in this Declaration or the Bylaws of the Association provided for herein, or the Articles of Incorporation for the Association to the contrary notwithstanding, prior written approval of all institutional holders of first mortgages or deeds of trust covering any portion of the properties shall be a condition precedent to the effectiveness of any of the following actions:

A. Conveyance, alienation, release, transfer, abandonment, subdivision, hypothecation or other encumbrance of the common areas or any part thereof, except for the right of the Declarant and Association to grant easements for utilities and similar related purposes provided for in this Declaration.

B. Abandonment or termination of the Planned Unit Development by action or non-action.

C. Any material amendment to this Declaration, the Bylaws of the Association or the Articles of Incorporation of the Association.

D. The effectuation of any decision by the Association to terminate professional management and assume self-management of the properties, where such professional management has been required by a holder of a first mortgage or otherwise required by this Declaration or the Bylaws of the Association.

Section 2. Written Notice to Mortgagees. A holder or insurer (or designee) of a first mortgage on one or more lots, upon written request to the Association (such request to state the name and address of such holder or insurer or designee and a legal description of the lot or lots) and the filing of a true copy of the mortgage with the Association, will be entitled to timely written notice of:

A. Any default in a lot mortgagor's obligations under these Declarations, the Bylaws of the Owners Association or Articles of Incorporation thereof, not cured within thirty (30) days of the date of default and the mortgagee, at its option, may pay any delinquent expenses.

B. Any damage to the common areas and related facilities that exceeds \$2,000.00 and any damage to a lot covered by a first mortgage which damages exceeds \$1,000.00.

C. All meetings of the Association and such mortgagees may designate a representative to attend all such meetings.

D. Any condemnation proceedings or proposed acquisition by eminent domain effecting the properties.

Section 3. Information Available to Lien Holders. The holders of first mortgages on one or more lots shall have the right to examine the books and records of the Association and may, upon written request, require the submission of annual reports and other reasonably pertinent financial data to it and such holders shall determine what information is "reasonably pertinent;" provided, however, that any inspection of such books and records shall be during normal business hours. In any event, such holders of first mortgages shall receive an annual financial statement for the Association within 90 to 120 days following the end of any fiscal year of the Association, and are entitled to require audited financial statements.

Section 4. Priority on Damage or Destruction to Lot or Common Area. Anything herein or elsewhere to the contrary notwithstanding, no owner of a lot or other party will be entitled to any priority over a holder of a first mortgage on a lot with respect to any distribution of any insurance proceeds, as a result of or interpretation of this Declaration or the Articles of Incorporation or Bylaws of the Association.

Section 5. Priority on Condemnation Proceeding. If any lot or portion thereof or the common area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, no provision of this Declaration nor of the Bylaws of the Association nor of the Articles of Incorporation of the Association shall be deemed to entitle the owner of a lot or any other party to priority over a holder of a first mortgage on a lot with respect to distribution of any award or settlement of such proceedings.

ARTICLE VII

RESIDENCE AND USE RESTRICTIONS

Section 1. Land Use. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than single family residences not exceeding three (3) stories in height.

Section 2. Single Family Residences. Lots shall be used exclusively for single family residential purposes. As used herein, "single family" shall mean one or more persons living as a single housekeeping unit, as distinguished from a group occupying a rooming house, club, fraternity house or hotel.

Section 3. Nuisances. No noxious or offensive activities (including, but not limited to, the repair of automobiles) shall be carried on upon the properties. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a residence and its contents, shall be placed or used in any such residence. No loud noises shall be permitted on the properties, and the Board of Directors of the Association shall have the right to determine if any noise or activity producing noise constitutes a nuisance. No owner shall permit or cause anything to be done or kept upon the Properties which will increase the rate of insurance thereon or which will obstruct or interfere with the rights of other owners, nor will he commit or permit any nuisance on the premises. Each owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a residence.

Section 4. No Signs. No signs, posters, displays, or other advertising devices of any character shall be erected or maintained on, or shown or displayed from, the residences without prior written approval having been obtained from the Board of Directors of the Association; provided, however, that the restrictions of this paragraph shall not apply to any sign or notice of customary and reasonable dimension which states that the premises are for rent or sale. Address, identification signs and mail boxes shall be maintained by the Association, at the expense of the owner. The Board of Directors may summarily cause all unauthorized signs to be removed and destroyed. This section shall not apply to any signs used by Declarant or its agents in connection with the original construction and sale of the lots. The type, size, and design of all signs to be used in conjunction with this Planned Unit Development, including temporary construction, real estate and "for sale" signs shall be approved by the Anchorage Municipality Planning Department prior to obtaining sign permits before erecting or posting said signs.

Section 5. Outside Installations. No fences or basketball standards or fixed sports apparatus shall be attached to any residence or placed on any lot without the prior written approval of the Board of Directors or Architectural Control Committee (if any). No wiring for telephone or electrical purposes, nor television antennas, nor machines or air conditioning units, nor other equipment or appurtenances whatsoever shall be installed on the exterior of any residence (including, as example and not by way of limitation, protruding through walls, windows or roofs); nor on any lot without prior written approval of the Architectural Control Committee or the Board of Directors. The Board or Committee shall be entitled to be arbitrary and capricious in the withholding of such written approval.

Section 6. Pet Regulations. No animals, livestock, or poultry shall be kept on any lot except that domestic dogs, cats, fish and birds in inside bird cages may be kept as household pets within any residence provided they are not kept, bred or raised therein for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the number of dogs, cats and birds to two (2) each. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Directors of the Association, a nuisance to any other owner. Dogs and cats belonging to owners, occupants or their licensees or invitees within the property must be either kept within an approved enclosure, an enclosed balcony, or on a leash being held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Board of Directors of the Association. Should any dog or cat belonging to an owner be found unattended out of the enclosure and not being held on a leash by a person capable of controlling the animal, such animal may be removed by Declarant (or other occupant or owner within the properties), or a person designated by them so to do, to a pound under the jurisdiction of the local municipality in when the property is situated and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any owner shall be absolutely liable to each and all remaining owners, their families, guests and invitees, for any damage to person or property caused by any pet brought or kept upon the property by an owner or by members of his family, guests, licensees or invitees.

Section 7. Business or Commercial Activity. No business or commercial activity shall be maintained or conducted on any lot except that Declarant or a person designated by the Association as the Agent of the Association for purposes of managing the property may maintain management offices and facilities on a lot or in a temporary structure constructed on the project, but only for such uses as

permitted by the Anchorage Municipality. Professional and administrative occupations may be carried on within residences on lots so long as there exists no external evidence thereof.

Section 8. Temporary Structures. No temporary structure, boat, truck, trailer, camper or recreation vehicle of any kind shall be used as a living area while located on the properties; however, trailers or temporary structures for use incidental to the initial construction of the improvements on the property may be maintained thereon but shall be removed within a reasonable time upon completion of construction on the project. Such temporary structures shall only be for uses permitted by the Anchorage Municipality.

Section 9. Rubbish Removal. Trash, garbage or other waste shall be disposed of only by depositing same, wrapped in a secure package, into designated trash containers. No owners shall permit or cause any trash or refuse to be disposed of on any portion of the property subject to this Declaration, except for such designated trash containers. In this regard, all garbage/trash cans shall be removed from the pick-up area by 6:10 P.M. on collection day and returned to their storage space. No garbage/trash cans shall be stored in such manner so as to be visible from a road or from the common area. No portion of the property shall be used for the storage of building materials, refuse or any other materials other than in connection with approved construction. There shall be no exterior fires whatsoever except barbeque fires contained within receptacles therefor.

Section 10. Trees. No trees may be removed from any lot, except those lots or that area owned by Declarant or except to comply with the approved landscaping plan of the Anchorage Municipality. It is the intent of this provision that all owners shall do their utmost to maintain the trees and the natural surroundings of their respective lots.

Section 11. Prohibited Work. No owner may do any work which will jeopardize the soundness or safety of the property, reduce its value, or impair any easement or hereditament, without the unanimous written consent of all of the other owners being first obtained.

Section 12. Modifications or Additions to Common Areas. No structures, additions, buildings, fences or any other items shall be placed upon the spaces designated as common areas, without the prior written consent of the Board of Directors or the Architectural Control Committee of the Association, and any such consent shall be revocable at any time, with or without cause.

Section 13. Access Easements. The Association may from time to time specify portions of the "access easements" as shown on the above referred to Plat 77-147, which are part of the "Common Area," for the parking of vehicles belonging to guests of owners of lots so long as access to a lot or other portion of the entire property is not thereby interfered with. No vehicle shall exceed a speed of 15 mph on such access easements.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use.

without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE IX

EXTERIOR MAINTENANCE

In addition to maintenance upon the common area, the Association shall provide exterior maintenance upon each lot which is subject to assessment hereunder, as follows:

Grounds maintenance on individual lots and common areas, including lawn care and snow removal; paint, repair, replace and care for roofs, gutters, downspouts, and exterior building surfaces (but such exterior maintenance shall not include glass surfaces); maintain the exterior surfaces of fences on lots where installed by Declarant, or subsequently replaced or added to by the Association; and maintenance, repair, replacement and snow removal on any access easements which are for the benefit of the owners or appurtenant to any of the real property described herein. Except as hereinabove expressly set forth, all other maintenance or repairs on a lot shall be the sole responsibility of the owner thereof.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such lot is subject.

In the event an owner of any lot in the properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such lot is subject.

ARTICLE X

DEVELOPMENT OF ADJACENT OR CONTIGUOUS LAND

Declarant owns all of the real property known as "DeLONG LAKE VILLAS" in accordance with Plat 77-147, Records of the Anchorage Recording District, Third Judicial District, State of Alaska (herein elsewhere referred to as "entire property"). Declarant intends to develop the entire property in four phases as part of the Planned Unit Development approved by the Municipality of Anchorage Planning and Zoning Resolution 15-76 (as amended and as may be further amended) and to annex each phase to the properties, but shall not, by this Declaration, be obligated to do so. Development of the entire property shall be in accordance with such approved plan and as amended from time to time, and the following:

A. There shall be no greater number of buildings than seven, including the two buildings in Phase One.

B. No building shall contain more than six residences nor less than four residences.

C. There shall be no more than a total of 35 residences, including the nine located on the Phase One property.

D. All easements shown on such plat or described herein are for the mutual, non-exclusive use, benefit and enjoyment of all owners of real property described on such plat (entire property), subject to payment of a pro rata portion of the expense of maintenance and ownership of same herein elsewhere provided for.

E. No building or residence shall be constructed that is not compatible and harmonious in design, quality, exterior appearance, size and value with the buildings and residences constructed on the Phase One real property.

ARTICLES XI

ANNEXATION OF ADDITIONAL PHASES

The entire property is being developed in four phases in accordance with the Planned Unit Development approved by the Municipality of Anchorage in Planning and Zoning Commission Resolution 15-76 (as amended). Any one or more of the remaining three phases of the Planned Unit Development may be annexed to the Association by the Declarant. Annexation shall be deemed to have occurred when: (i) a certificate of occupancy has been issued for a phase in accordance with Condition No. 10 of Resolution 15-76 as set forth in the amendment to that Resolution dated April 13, 1977, (ii) an amendment to this Declaration identifying the real property which is annexed to the Association has been recorded, and (iii) an appropriate conveyance conveying the common areas contained within the real property to the Association has been recorded. Declarant will cause appropriate documents to be recorded within 10 days after issuance of a certificate of occupancy for a phase. Upon the recording of such documents, the owners of lots located within the real property annexed to the Association (some or all of whom may be the Declarant) will have the voting rights and assessment responsibilities hereinabove set forth, provided that no annexation shall divest the owners of lots in prior phases, together with owners of lots in the phase being annexed, from control of the Association once such control has vested in accordance with Article III, Section 4 of this Declaration.

There shall be no annexation to the Association nor expansion of the Planned Unit Development beyond the phases contemplated by Resolution 15-76 (as amended) without the express written consent of 100% of the institutional holders of first mortgages on lots contained within the Planned Unit Development and the written consent of 65% of the owners of lots within the Planned Unit Development and the approval of the Municipality of Anchorage Planning and Zoning Commission.

ARTICLE XII

CONTRACT PURCHASERS

Anything to the contrary herein or elsewhere notwithstanding, there shall be no substantial changes or amendments to this Declaration, the Bylaws of the Association or the Articles of Incorporation of the Association between the time of a binding written agreement between the Declarant and purchaser for the purchase and sale of a lot and the time of closing of the purchase without the prior written consent of the purchaser, or upon providing such purchaser the right to rescind such purchaser's obligation to purchase and have returned any earnest money or deposits previously placed on a lot.

ARTICLE XIII

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the common area shall have the assent of seventy five percent (75%) of the votes of each class eligible to be cast, and the consent of one hundred percent (100%) of the institutional holders of first mortgages on lots in this Planned Unit Development.

ARTICLE XIV

EVIDENCE OF OWNERSHIP AND REGISTRATION OF MAILING ADDRESS

Section 1. Proof of Ownership. Except for those owners who initially purchase a lot from Declarant, any person or entity on becoming an owner shall furnish to the secretary of the Association and any Managing Agent a machine or a certified copy of the recorded instrument vesting that person or entity with an interest or ownership in the lot, which copy shall remain in the files of the Association.

Section 2. Registration of Mailing Address. The owners or several owners of an individual lot shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address shall be furnished by such owners to the secretary of the Association and any Managing Agent within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the owners of the lot or by such persons as are authorized by law to represent the interest of (all of) the owners thereof.

ARTICLE XV

USE OF COMMON AREA AND ACCESS EASEMENTS RESPONSIBILITY FOR EXPENSES

The "access easements" shown on the above described Plat 77-147 are for the use, benefit and enjoyment of all of the owners of lots within the "Properties," all other persons or entities having a fee title to any portion of the "entire property," the residents of or other lawful occupants of any portion of the "entire property," the guests and invitees of any of the foregoing, and governmental agencies or authorities that would have the right to enter or use a dedicated public street or right-of-way. Except as to Declarant, the use, benefit and enjoyment of the access easements shall be confined to the paved portions thereof. At no time shall such access easements be blocked or restricted by parked vehicles or otherwise so that passage is hindered or obstructed. No vehicle shall exceed a speed of 15 mph on such access easements. Responsibility for maintenance and repair of the "access easements" that are a part of any "common area" hereinabove defined, or as subsequently made a part of the "common area" shall be with the Association. Responsibility for maintenance and repair of portions of the "access easements" not a part of the "common area" shall be that of the Declarant.

Tract A-2, as shown on the above described Plat 77-147, is "common area" owned by the Association for the nonexclusive use, benefit and enjoyment of owners of lots within the "properties," the residents or other lawful occupants of any portion of the properties, and the guests and invitees of any of the foregoing. In the event for any reason a parcel or parcels of the "entire property" is not annexed to the "Properties" (which can only be with the consent of the duly authorized representatives of the Anchorage Municipality), the use, benefit and enjoyment by virtue of or accruing from membership in the Association, but only upon the creation of a good and sufficient assessment lien in favor of the Association for the collection of a pro rata portion of the expenses in connection with the use, benefit and enjoyment of such Tract, which assessment lien shall be similar to or identical to the assessment lien herein elsewhere provided for and cover all portions of the "entire property" not part of the "Properties."

The use, benefit and enjoyment of the "access easements" and Tract A-2 shall only be such as to not unreasonably interfere with the use, benefit and enjoyment of others.

ARTICLE XVI

ANCHORAGE MUNICIPALITY PLANNING DEPARTMENT

This Declaration pertains to real property and a Planned Unit Development under the authority of the Anchorage Municipality Planning Department and the Anchorage Municipality Planning and Zoning Commission pursuant to Planning and Zoning Commission Resolutions duly passes, as amended to date and as may from time to time in the future be duly amended. The "Resolutions" and amendments thereto in effect as of date are attached hereto collectively as Exhibit B in accordance with the "conditions of approval" contained in the original such Resolution.

ARTICLE XVII

PROFESSIONAL MANAGEMENT

The Association may employ an experienced professional management agent or manager with such duties and at such compensation as the Board of Directors of the Association shall authorize in accordance with this Declaration and the Bylaws of the Association. The duties conferred upon the management agent or manager by the Board of Directors may be at any moment revoked, modified or amplified by the majority of owners in a duly constituted meeting, and all employment agreements for such management shall be in writing and shall contain provisions giving effect to the following:

A. The agreement shall be terminable without cause by the giving of a thirty (30) day written notice by the Association and with cause upon five (5) days written notice.

B. The term of any such agreement may not exceed one year, although it may be renewable by the parties for successive one year terms.

ARTICLE XVIII

RESERVED RIGHTS AND EASEMENTS OF DECLARANT

Declarant intends to develop and market the Phase One real property as well as the future phase real property. Development may include both site or land development and construction. From time to time portions of the "entire property" may be a part of the "properties" as herein defined during development, construction other improvement and marketing of lots. In order to assure Declarant's ability and rights to develop and market the Phase One property and the future phase real property without hindrance or interference, in addition to all other rights or easements in favor of Declarant herein established or reasonably implied therefrom, and not by way of limitation, the following shall apply as to Phase One until all Phase One lots are conveyed to an "owner" or December 31, 1979, whichever shall earlier occur; as to future phases when all lots in the particular phase have been conveyed to an owner or 365 days after conveyance of the first lot in a particular phase to an owner, whichever shall earlier occur, but all of the following only in accordance with Municipal and State law:

A. Declarant may maintain sales offices, "model homes," signs and other reasonable marketing facilities for the purpose of selling lots (improved and unimproved) on the Phase One property as well as future phase property.

B. During actual development and construction, Declarant may use and store development and construction equipment and materials (including temporary storage and construction office space) on or about any real property subject to this Declaration except lots owned by an owner. In

the case of lots owned by an owner, there must be specific authorization in this Declaration or the Bylaws of the Association or permission from such owner.

C. For the purpose of such development, construction and sales, Declarant and duly authorized designees thereof shall have a continuing easement for use and access to the common area so long as such use does not unreasonably interfere with the use and enjoyment of owners of lots within the "properties."

D. Without limitation to the foregoing, no portion of Articles V or VII above shall be deemed to hinder, restrict or in any way apply to Declarant so far as the development, construction and marketing of the Phase One property or the future phase property.

ARTICLE XIX

GENERAL PROVISIONS

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

Section 2. Amendment. The covenants and restrictions of this Declaration with respect to the "properties" shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration as it applies to the "properties" may be amended during the first thirty (30) year period by an instrument signed by not less than 90 % of the Lot Owners, and thereafter by an instrument signed by not less than 70 % of the lot owners. Any amendment must be recorded. No amendment shall be effective to modify, eliminate or in any way affect Declarant's rights under Article X, XI, XV, XVI or XVIII above, or elsewhere herein or in the Bylaws of the Association contained or to hinder or prevent Declarant from annexing or developing and marketing of any portion of the Phase One or "future phase" real property unless Declarant gives prior consent in writing thereto.

Section 3. Access. For the purpose of performing the maintenance, improvement and repair provided for in this Declaration, and for reasonable inspection in connection therewith, the Declarant, the Association and the duly authorized designees of either shall have the right, at reasonable times and upon reasonable notice, to enter upon any lot or the exterior of any structure or improvement thereon, as well as the common area, and such activity by them or any of them shall give rise to no legal or equitable remedy against them or any of them, including an action for trespass. Each Owner agrees to permit such access within and under any building situated upon the Owner's Lot for inspection, alterations, repair, removal, utility shut-off and maintenance.

Section 4. Binding Effect of Declarations, Bylaws and Articles of Incorporation of Owners' Association. All provisions of this Declaration, the Bylaws of the Owners' Association provided for herein, and the Articles of Incorporation of said Owners' Association provided for herein shall bind and be effective upon the Association, the owners of all "lots" their tenants, employees, contractors, and any and all other persons that may use or be on or about the project, or any part of it, in any manner.

The failure of any "Owner" to comply with the provisions of this Declaration, the Bylaws of the Owners Association provided for herein, or the Articles of Incorporation of the "Association," shall constitute a breach of contract, and shall give rise to a cause of action by the "Association" and any aggrieved lot owner for the recovery of damages or injunctive relief or both. Any such action may be brought by the Board of Directors of the Association in behalf of the Association.

Section 5. Severability. If any provision of this Declaration or the application thereof to any person or circumstance is held invalid by Judgment or Court Order, the remaining provisions and their

application to other persons, or to other circumstances shall not be affected thereby, and shall remain in full force and effect.

Section 6. Conflict. In the case of any conflict between the Articles of Incorporation for the "Association," the Bylaws of the "Association" and these Declarations, the Declarations shall control first, then the Articles of Incorporation and then the Bylaws.

Section 7. Easements. Easements for installation and maintenance of utilities access and drainage facilities are reserved as shown on the recorded plat, and as hereafter amended. Within these easements no structure, planting or other material shall be placed nor permitted to remain, which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage facilities in the easements, or which may obstruct or retard the flow of water through 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, or for those improvements for which the Association is responsible in accordance with this Declaration and as the same may be duly amended.

The "Association" and Declarant has and shall have a non-exclusive easement for the operation, maintenance and repair of all underground utilities including water service lines, storm drain lines, sanitary sewer lines and landscape watering lines (if any) on the project. Each Owner has a non-exclusive easement for and may use the common areas and facilities in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful right of the other Owners, excepting, however, any parts of the Common Area designated "Limited Common Area."

All conveyances of Lots hereafter made, whether by the Declarant, or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give effect to the provisions hereof and of the Bylaws of The Association, even though no specific reference to such easements appears in any such conveyance.

Without limitation to the foregoing, the "Association", its agents, employees and contractors, shall have the right to enter any lot and the residence thereon constructed in case of any emergency originating in or threatening it or other residences, and to effect maintenance and repairs which an owner is required to make but fails to make, and to any present or future encroachment(s) referred to in the paragraph next below.

In the event that any portion of the common area(s) encroaches upon any lot, or any lot or improvement thereon encroaches upon the common area(s), or any lot encroaches upon any other lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the properties, a valid easement for the encroachment or the maintenance of same shall exist so long as the encroachment exists, even though no specific reference to such easement appears in a conveyance instrument. In this regard no Owner shall maintain any action for removal of a party wall or projection or overhang created by construction, reconstruction or settling, nor any action for damages in connection with any of the foregoing.

DATED at Anchorage, Alaska, the 30th day of September, 19 77.

MONARCH, INC., an Alaska
Corporation, Declarant

(Lorne R. Cousineau's signature)
BY: LORNE R. COUSINEAU, President

BY: XXXXXXXXXXXXXXXXXXXXXXXXXXXX

STATE OF ALASKA)
 : ss.:
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 30th day of September, 19 77, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared LORNE R. COUSINEAU known to me to be the President and XXXXXXXXXXXXXXXXXXXXXXXXXXXX known to me to be the XXXXXXXXXXXXXXXXXXXX of MONARCH, INC., the corporation that executed the within instrument, and known to me to be the person(s) who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same pursuant to its bylaws or a resolution of its board of directors.

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

Notary Public in and for Alaska
My Commission expires: 79