

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

(pertaining to FLYING BEAR III SHEEP CREEK SUBDIVISION)

This declaration is made this 22nd day of October, 1999
by the Flying Bear III - Sheep Creek partnership, an Alaska general partnership,
comprised of Charles W. Bingham, Jr., Robert Boyd, D. Bailey Calvin, Jr., Travis &
Margaret Calvin, Lyman Hoffman & Robert Herron dba North Star Gas, Connie
Peterson & Ray Johnson, Gary McDonald, George S. Rhyneer Profit Sharing Plan &
Trust, located at 445 East 5th Avenue, Anchorage, AK 99501 or P. O. Box 101422,
Anchorage, AK 99510 herein referred to as "Declarant."

WITNESETH

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

The South one-half and the South one-half of the North one-half Section 17
(S1/2 and S1/2 N1/2) Township 23 North, Range 3 West, Seward Meridian
located in the Palmer Recording District, Third Judicial District, State of
Alaska comprising approximately 480 acres.

herein called "Flying Bear III - Sheep Creek" or "Subject Property"; and

WHEREAS, Declarant desires to subject FLYING BEAR III - SHEEP CREEK to
certain covenants, conditions and restrictions for the benefit of such property and its
present subsequent owners as hereinafter specified.

NOW THEREFORE, Declarant hereby declares that all of the Subject Property
described above shall be held, sold and conveyed subject to the following covenants,
conditions and restrictions, which are for the purpose of protecting the value and
desirability of, and which shall run with, the real property and be binding on and inure
to the benefit of all parties having any right, title or interest in the Subject Property or
any part thereof, including their legal representatives, heirs, successors and assigns.

ARTICLE I

Section 1. "Declarant" means the FLYING BEAR III - SHEEP CREEK
partnership, its successors and assigns (in whole or in part) if such successors or assigns
should acquire more than one undeveloped Lot from the Declarant for the purpose of
development.

Section 2. "Real Property" means the entire land area shown and described by the plat.

Section 3. "Plat" means Plat No. 99-123 on file in the office of the Recorder for the Palmer Recording District and any subsequent official Plat(s) pertaining to FLYING BEAR III - SHEEP CREEK.

Section 4. The word lot includes the word lots and the word tract includes the word tracts.

Section 5. Words used in the present tense include the future tense.

Section 6. The singular number includes the plural.

Section 7. The word person includes a corporation, partnership, joint venture, association, tenants in common, tenants by the entirety and trust.

Section 8. The term "shall" is always mandatory.

ARTICLE II

Building Restrictions

Section 1. Building Line Setbacks. No structure shall be placed within 25 feet from any public right-of-way; nor within 25 feet from any side lot line; nor within 75 feet from any platted meander line.

Section 2. Waste Material. No trash, garbage, rubbish, refuse or other solid waste of any kind, including but not limited to inoperable automobiles, appliance(s) and furniture, shall be thrown, dumped, stored, disposed of or otherwise placed on any part of FLYING BEAR III - SHEEP CREEK. Garbage and similar solid waste shall be kept in secure, sanitary containers well suited for that purpose. The Owner or occupant of each Lot shall be responsible for the disposal outside of FLYING BEAR III - SHEEP CREEK of all such trash, garbage, rubbish, refuse or other solid waste.

Section 3. Drainage. No owner shall change or cause to be changed or interfere in whole or in part with the natural drainage of the Subject Property without the approval of the appropriate governmental agency.

Section 4. Vehicles and Storage.

- a) No recreational vehicles such as but not limited to, travel trailers, boat trailers and campers shall be permitted to remain on public dedicated right-of-way for in excess of 48 hours.

ARTICLE III

Improvement of Access Roads

At the time of this subdivision a portion of the access roads and all of the internal roads are not constructed to Mananuska-Susitna Borough standards. There will be on public maintain, school bus service, and may not be fire or ambulance access until the roads are brought up to standards for public maintenance. If property owners within this subdivision want to have these roads publicly maintained, the access and internal road will need to be constructed or improved to MSB standards currently in effect at the time the roads are to be accepted. This construction will need to be done with private monies or by forming a Local Improvement District (LID) with the Mat-Su Borough to be approved at the time of the request. This Article III shall not be amended or removed from these covenants and restrictions.

ARTICLE IV

General Provisions

Section 1. Enforcement. The Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or thereafter imposed by the provisions of this Declaration. The failure 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. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect. Article III can not be amended or revoked and shall remain in effect.

Section 3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then record owners of Lots is recorded, declaring the subject covenants, conditions and restrictions are amended in whole or in part. This Declaration may be amended during the first twenty (20) year period as follows:

- a) at any time until and through December 31, 2004 the Declarant by a written instrument recorded in the PALMER Recording District may:
 - 1) subject to the approval of the appropriate platting authority, if any, change or lay out a new or discontinue any existing road, street, thoroughfare or way depicted on the Plat, which is not necessary for ingress or egress to or from a Lot Owner's premises; or

b) at any time by written instrument recorded in the Palmer Recording District, sixty-six and two-thirds (66 2/3%) of the Lot Owners, by an affirmative vote of two-thirds (2/3rds) of each class of members, make such further exceptions, amendments, and additions to the covenants, conditions and restrictions as they deem appropriate; provided that Article III shall not be amended without the approval of the Matanuska Susitna Borough.

W. Ben Fortman
Managing Partner

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

: ss

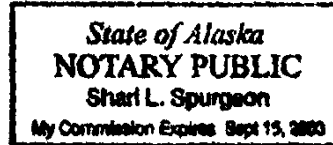
I HEREBY CERTIFY that on this 22nd day of Oct. 1999, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared D. Bailey Calvin Sr. known to me and to me known to be the owners of said property and who executed the foregoing instrument, and who being first duly sworn, acknowledged to me that he did sign and seal the same as his voluntary act and for the uses and purposes therein mentioned.

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

Shari L. Spurgeon
Notary Public in and for Alaska

My commission expires: 9.15.2003

Return to:
D. Bailey Calvin
P.O. Box 101422
Anchorage, AK 99510



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PALMER
RECORDING DISTRICT

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REQUESTED BY FLYING BEAR III