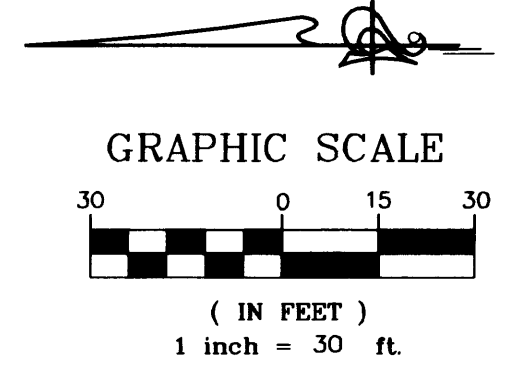


KNOLL CREEK 4TH ADDITION



I HEREBY CERTIFY THAT THE CURRENT AND DELINQUENT TAXES ON THE LANDS DESCRIBED WITHIN ARE PAID AND THE TRANSFER IS ENTERED. Dec 19, 2002
 MAUREEN J. DEVINE
 PROPERTY TAX ADMINISTRATOR
 BY S. Culver
 DEPUTY PROPERTY TAX ADMINISTRATOR

KNOW ALL MEN BY THESE PRESENTS: That Pilot Land Development Company, a Minnesota Corporation, owner and proprietor of the following described property situated in the County of Anoka, State of Minnesota, to wit:
 LOT 1, BLOCK 1, KNOLL CREEK, Anoka County, Minnesota.

Has caused the same to be surveyed and platted as KNOLL CREEK 4TH ADDITION and does hereby donate and dedicate to the public for public user forever the easements for drainage and utility purposes only. Also dedicating to the County of Anoka the right of access onto County State Aid Highway No. 12, as designated on this plat. In witness whereof said Pilot Land Development Company, a Minnesota Corporation, has caused these presents to be signed by its proper officer this 12th day of November, 2002.

PILOT LAND DEVELOPMENT COMPANY
Lee Powell
 as President

STATE OF MINNESOTA
 COUNTY OF Anoka
 The foregoing instrument was acknowledged before me this 12th day of November, 2002, by Lee Powell as President of Pilot Land Development Company, a Minnesota Corporation, on behalf of said corporation.

PATRICIA PRATT
 NOTARY PUBLIC - MINNESOTA
 My Comm. Exp. Jan. 31, 2005

Patricia Pratt
 Notary Public, Anoka County, Minnesota
 My Commission Expires January 31, 2005

I hereby certify that I have surveyed and platted the property described on this plat as KNOLL CREEK 4TH ADDITION, that this plat is a correct representation of the survey, that all distances are correctly shown on the plat in feet and hundredths of a foot; that all monuments have been correctly placed in the ground as shown or will be correctly placed as required by the local governmental unit; that the outside boundary lines are correctly designated on the plat, and that there are no wetlands, in accordance with section 505.02 Subdivision 1, or public highways to be designated other than as shown.

Terrence E. Rothenbacher
 Terrence E. Rothenbacher, Land Surveyor
 Minnesota License No. 20595

STATE OF MINNESOTA
 COUNTY OF Anoka
 The foregoing Surveyor's Certificate was acknowledged before me this 12th day of NOVEMBER, 2002 by Terrence E. Rothenbacher, Land Surveyor, Minnesota License No. 20595.

CHRISTOPHER E SHARP
 NOTARY PUBLIC
 MY COMM. EXP. 01/31/2005

Christopher E Sharp
 Notary Public, Anoka County, Minnesota
 My Commission Expires January 31, 2005

BLAINE, MINNESOTA
 The plot of KNOLL CREEK 4TH ADDITION was approved and accepted by the City Council of the City of Blaine, Minnesota, at a regular meeting thereof held this 3rd day of October, 2002. If applicable, the written comments and recommendations of the Commissioner of Transportation and the County Highway Engineer have been received by the City or the prescribed 30 day period has elapsed without receipt of such comments and recommendations, as provided by Minnesota Statutes Section 505.03, Section 2.

By: Tom Ryan Mayor

By: Gene M. Hall Clerk

Checked and approved this 19th day of DECEMBER, 2002.

By: Terry D. Nien
 Anoka County Surveyor

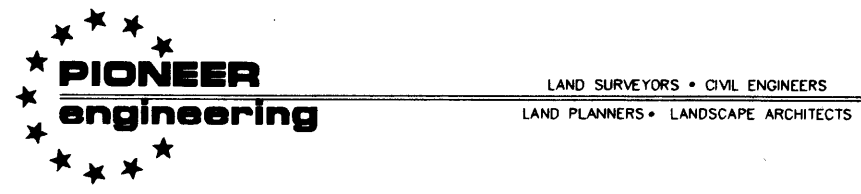
2002151177 \$580.00

For the purposes of this plat, the East line of the LOT 1, BLOCK 1, KNOLL CREEK is assumed to have a bearing of S01°03'18"W.

All monuments required by Minnesota Statute, and not shown on this plat, will be set within one year of the recording date of this plat, and shall be evidenced by a 1/2 inch by 14 inch iron pipe marked by RLS 20595.

- △— Denotes Right of Way Access dedicated to Anoka County
- Denotes 1/2 inch by 14 inch iron monument set and marked with license number 20595

Office of REGISTRAR OF TITLES
 STATE OF MINNESOTA
 COUNTY OF ANOKA 415828.0
 I hereby certify that the within instrument was filed in this office on December 19, 2002
 at 10:20 o'clock A.M.
 Maureen J. Devine, Registrar of Titles
 By: JMD
 Deputy Registrar of Titles



415828

THIS DOCUMENT NUMBER REPRESENTS A PLAT

ALL PLATS ARE MAINTAINED ON A SEPARATE MICROFICHE IN A SEPARATE SECTION RESERVED FOR PLATS. FULL SIZE COPIES OF PLATS ARE STILL AVAILABLE FOR VIEWING.

MUNICIPALITY: Blaine CERTIFIED BY: Ju ON 12-19-02

MAP # 2805 PLAT BOOK: 18 OF TORNS PAGE 27

DOC. DATE: 11-12-02 NO. OF PAGES: _____ TRACT BOOK: _____ PAGE _____

PLAT SHORT NAME: Knoll Creek 4th Add.

LONG NAME: Knoll Creek 4th Addition

A/T	PARENT PINS	KEY	RES?	GRANTORS (Fees, C/Ps, Mortgagees)	Marital Status
T	19-31-23-11-0002	1444869	N	Pilot Land Development (fee) Co.	

FILED BY: Donald Jensen PHONE: 763-772-1012

TAXPAYER NAME: Pilot Land Dev.

ADDRESS: 13736 Johnson St NE

CITY: Wan Lake STATE: Mn ZIP: 55304

NEW PARCELS

LOT	BLOCK	LOT	BLOCK	LOT	BLOCK
1-16	1				
					(16)

DELO & CURRENT TAXES ARE PAID: INITIALS: gmd DATE: 12/19/02

DIV. NO.: _____

DIV. FEE: \$520

TORRENS

Receipt # <u>151177/580.00</u>	<input type="checkbox"/> Certified Copy Date Mailed _____
Date/Time: <u>12/19/02, 10:20</u>	<input type="checkbox"/> Tax Liens / Releases
Doc. Order <u>1</u> of <u>1</u>	<input type="checkbox"/> Multi-Co Doc Tax Pd
✓ by: Recordability <u>90</u>	<input type="checkbox"/> Transfer <input type="checkbox"/> New Desc.
Filing Fee: <u>\$60 + 520 DIV</u>	<input checked="" type="checkbox"/> Division <input type="checkbox"/> GAC
Well Certificate Received this Date: _____	<input type="checkbox"/> Status <input type="checkbox"/> Def. Spec
Refund Rec'l # _____	<input type="checkbox"/> Other <input type="checkbox"/> No Change
Notes: _____	
From <u>96758 A</u> # of <u>0</u>	Comp. Entry _____
Cert. # <u>96758</u> New Certs.: <u>0</u>	Comp. Complete _____
Tract Updated: _____ / _____	

DOCUMENT NO. 415828.0 TORRENS

ANOKA COUNTY MINNESOTA

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WAS FILED IN THIS OFFICE
 FOR RECORD ON **DEC 19 2002**
 AT **10:20 AM** AND WAS DULY RECORDED.
 FEES AND TAXES IN THE AMOUNT OF **\$580.00** PAID.

RECEIPT NO. 2002151177

MAUREEN J. DEVINE

ANOKA COUNTY PROPERTY TAX ADMINISTRATOR/RECORDER/REGISTRAR OF TITLES

BY JMD

DEPUTY PROPERTY TAX ADMINISTRATOR/RECORDER/REGISTRAR OF TITLES

BK 266 PG 96758 NO 96758

415828.0 TORRENS
 DONALD V JENSEN
 TANYA J HEMPHILL
 3322 CLEVELAND ST NE
 MINNEPOLIS, MN 55410

DECLARATION FOR NEW CIC

THIS PAGE IS NOT PART OF THE ORIGINAL DOCUMENT PRESENTED FOR RECORDING

Added by Anoka County Recorder for posting only.

MUNICIPALITY Blaine CHECKED BY D ON 7-16-03
3RD - 2923

MAP # 4th-2924 PLAT BOOK TYPE _____

DOC NO OF TRACT
 DATE 7-15-03 PAGES _____ BOOK _____ PAGE _____

CIC SHORT NAME. CIC NO 130 - Knoll Creek 3rd
4th

LONG NAME BY DECLARATION

A/T	PARENT PINS	THRU
T	19.31.23.11.0061	0078
T	20.31.23.22.0100	0122
T	19.31.23.11.0079	0094

A/T	PARENT PINS	THRU

DATE. _____

DIV NO _____

437986

**COMMON INTEREST COMMUNITY NUMBER 130
PLANNED COMMUNITY
KNOLL CREEK 3RD ADDITION AND KNOLL CREEK 4TH ADDITION
DECLARATION**

This Declaration is made in the County of Anoka, State of Minnesota, on this 15th day of July, 2003, by Woodside Knoll Creek, LLC, a Minnesota limited liability company (hereinafter referred to as the "**Declarant**"), pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "**Act**")

WHEREAS, the Declarant is the owner of certain real property located in Anoka County, Minnesota, legally described in Exhibit A attached hereto and Declarant desires to submit said real property and all improvements thereon (collectively the "**Property**") to the Act, and,

WHEREAS, Declarant desires to establish on the Property a plan for a permanent residential community to be owned, occupied and operated for the use, health, safety and welfare of its resident Owners and Occupants, and for the purpose of preserving the value, the structural quality, and the original architectural and aesthetic character, of the Property, and,

WHEREAS, the Property is not subject to an ordinance referred to in Section 515B 1-106 of the Act, governing conversions to common interest ownership, and is not subject to a master association as defined in the Act, and,

WHEREAS, Declarant makes the Declaration and submits the Property to the Act as a planned community under the name of "Knoll Creek Townhomes," initially consisting of the Units referred to in Section 2, declaring that this Declaration shall constitute covenants to run with the Property, and that the Property shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements, charges and liens set forth herein, all of which shall be binding upon all Persons owning or acquiring any right, title or interest therein, and their heirs, personal representatives, successors and assigns

SECTION 1 DEFINITIONS

The following words when used in the Governing Documents shall have the following meanings (unless the context indicates otherwise)

1 1 "Association" shall mean the Knoll Creek Townhome Homeowners Association, a nonprofit corporation which has been created pursuant to Chapter 317A of the laws of the State of Minnesota and Minnesota Statutes Section 515B 3-101, whose members consist of all Owners as defined herein

1 2 "Board" shall mean the Board of Directors of the Association as provided for in the Bylaws

1 3 "Bylaws" shall mean the Bylaws governing the operation of the Association, as amended from time to time

1 4 "Common Elements" shall mean all parts of the Property except the Units, including all improvements thereon, owned by the Association for the common benefit of the Owners and Occupants. The Common Elements are legally described in Exhibit B attached hereto.

1 5 "Common Expenses" shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including without limitation allocations to reserves and those items specifically identified as Common Expenses in the Declaration or Bylaws

1 6 "Dwelling" shall mean a part of a building consisting of one or more floors, designed and intended for occupancy as a single family residence, and located within the boundaries of a Unit. The Dwelling includes any garage attached thereto or otherwise included within the boundaries of the Unit in which the Dwelling is located

1 7 "Eligible Mortgagee" shall mean any Person owning a mortgage on any Unit, which mortgage is first in priority upon foreclosure to all other mortgages that encumber such Unit, and which has requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.

1.8 "Governing Documents" shall mean this Declaration, the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.

1.9 "Member" shall mean all Persons who are members of the Association by virtue of being Owners as defined in this Declaration. The words "Owner" and "Member" may be used interchangeably in the Governing Documents.

1 10 "Occupant" shall mean any Person or Persons, other than an Owner, in possession of or residing in a Unit

1 11 "Owner" shall mean a Person who owns a Unit, but excluding contract for deed vendors, mortgagees and other secured parties within the meaning of Section 515B.1-103(29) of the Act. The term "Owner" includes, without limitation, contract for deed vendees and holders of a life estate.

1 12 "Party Wall" shall mean the shared wall between two Dwellings.

1 13 "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, other or legal entity capable of holding title to real property.

1.14 "Plat" shall mean the recorded plats depicting the Property pursuant to the requirements of Section 515B 2-110(d) of the Act, and satisfying the requirements of Minnesota Statutes Chapter 505, 508 or 508A, as applicable, including any amended or supplemental Plat recorded from time to time in accordance with the Act.

1 15 "Property" shall mean all of the real property submitted to this Declaration, including the Dwellings and all other structures and improvements located thereon now or in the future. The Property as of the date of this Declaration is legally described in Exhibit A attached hereto.

1 16 "Rules and Regulations" shall mean the Rules and Regulations of the Association as approved from time to time pursuant to Section 5 7.

1 17 "Unit" shall mean any platted lot as shown on the Plat subject to this Declaration upon which a Dwelling is located or intended to be located, including all improvements thereon, but excluding the Common Elements.

1 18 "Unimproved Unit" shall mean any platted Lot as shown on the Plat subject to this Declaration upon which a Dwelling has not yet been constructed and for which a Certificate of Occupancy has not been issued, but excluding the Common Elements.

Any terms used in the Governing Documents, and defined in the Act and not in this Section, shall have the meaning set forth in the Act.

SECTION 2 DESCRIPTION OF UNITS AND APPURTENANCES

2 1 Units. There are 55 Units, all of which are restricted exclusively to residential use. Each Unit constitutes a separate parcel of real estate. No additional Units may be created by the subdivision or conversion of Units pursuant to Section 515B 2-112 of the Act. The Unit identifiers and locations of the Units are as shown on the Plat, which is incorporated herein by reference, and a schedule of Units is set forth on Exhibit A. The Unit identifier for a Unit shall be its lot and block numbers and the subdivision name.

2 2 Unit Boundaries. The front, rear and side boundaries of each Unit shall be the boundary lines of the platted lot upon which the Dwelling is located or intended to be located as shown on the Plat. The Units shall have no upper or lower boundaries. Subject to this Section 2 and

Section 3.2, all spaces, walls, and other improvements within the boundaries of a Unit are a part of the Unit

2.3 Access Easements. Each Unit shall be the beneficiary of an appurtenant easement for access to a public street or highway on or across any other lot or the Common Elements as shown on the Plat, subject to any restrictions set forth in the Declaration

2.4 Use and Enjoyment Easements Each Unit shall be the beneficiary of appurtenant easements for use and enjoyment on and across the Common Elements, and for use and enjoyment of any Limited Common Elements allocated to the Unit, subject to any restrictions authorized by the Declaration

2.5 Utility and Maintenance Easements Each Unit shall be subject to and shall be the beneficiary of appurtenant easements for all services and utilities servicing the Units and the Common Elements, and for maintenance, repair and replacement as described in Section 13

2.6 Encroachment Easements Each Unit shall be subject to and shall be the beneficiary of the appurtenant easements for encroachments as described in Section 13.

2.7 Declarant's Easements Declarant shall have and be the beneficiary of easements for construction and sales activities as described in Section 15.6

2.8 Recorded Easements The Property shall be subject to such other easements as may be recorded against it or otherwise shown on the Plat.

2.9 Easements are appurtenant All easements and similar rights burdening or benefitting a Unit, Lot, or any other part of the Property shall be appurtenant thereto, and shall be permanent, subject only to termination in accordance with the Act or the terms of the easement. Any recorded easement benefitting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by the Declaration

2.10 Impairment Prohibited No person shall materially restrict or impair any easement benefitting or burdening the Property, subject to the Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property.

SECTION 3 COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

- 3.1 Common Elements The Common Elements and their characteristics are as follows:
- a. All of the Property not included within the Units constitutes Common Elements. The Common Elements include those parts of the Property designated as Common Elements on the Plat or in the Act. The Common Elements are owned by the Association for the benefit of the Owners and Occupants
 - b. The Common Elements shall be subject to certain easements as described in Section

2, and to the rights of Owners and Occupants in Limited Common Elements appurtenant to their Units.

- c Subject to Sections 5, 6 and 9, all maintenance, repair, replacement, management and operation of the Common Elements shall be the responsibility of the Association
- d Common Expenses for the maintenance, repair, replacement, management and operation of the Common Elements shall be assessed and collected from the Owners in accordance with Section 6

3.2 Limited Common Elements The Limited Common Elements are those parts of the Common Elements reserved for the exclusive use of the Owners and Occupants of the Units to which they were allocated, and the rights to the use and enjoyment thereof are automatically conveyed with the conveyance of such Units. The Limited Common Elements are described and allocated to the Units as follows:

- a Chutes, flues, ducts, pipes, wires, conduit or other utility installations, bearing walls, bearing columns, or any other components or fixtures lying partially within and partially outside the boundaries of a Unit, and serving only that Unit, are allocated to the Unit they serve. Any portion of such installations serving or affecting the function of more than one Unit or any portion of the Common Elements is a part of the Common Elements, but is not a Limited Common Element.
- b Improvements such as driveways, decks, patios, balconies, shutters, awnings, window boxes, doorsteps, stoops, perimeter doors and windows, constructed as part of the original construction to serve a single Unit, and authorized replacements and modifications thereof, if located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

SECTION 4 ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

Membership in the Association, and the allocation to each Unit of a portion of the votes in the Association and a portion of the Common Expenses of the Association shall be governed by the following provisions:

4.1 Membership Each Owner shall be a member of the Association by virtue of Unit ownership, and the membership shall be transferred with the conveyance of the Owner's interest in the Unit. An Owner's membership shall terminate when the Owner's ownership terminates. When more than one Person is an Owner of a Unit, all such Persons shall be members of the Association, but multiple ownership of a Unit shall not increase the voting rights allocated to such Unit nor authorize the division of the voting rights.

4.2 Voting and Common Expenses Voting rights and Common Expense obligations are allocated equally among the Units, except that special allocations of Common Expenses shall be permitted as provided in Section 6.1.

4.3 Appurtenant Rights and Obligations The ownership of a Unit shall include the voting rights and Common Expense obligations described in Section 4.2. Said rights, obligations and interests, and the title to the Units, shall not be separated or conveyed separately. The allocation of the rights, obligations and interests described in this Section may not be changed, except in accordance with the Governing Documents and the Act.

4.4 Authority to Vote. The Owner, or some natural person designated to act as proxy on behalf of the Owner, and who need not be an Owner, may cast the vote allocated to such Unit at meetings of the Association, provided, that if there are multiple Owners of a Unit, only the Owner or other Person designated pursuant to the provisions of the Bylaws may cast such vote. The voting rights of Owners are more fully described in Section 3 of the Bylaws.

SECTION 5 ADMINISTRATION

The administration and operation of the Association and the Property, including but not limited to the acts required of the Associations, shall be governed by the following provisions.

5.1 General. The operation and administration of the Association and the Property shall be governed by the Governing Documents, the Rules and Regulations and the Act. The Association shall, subject to the rights of the Owners set forth in the Governing Documents and the Act, be responsible for the operation, management and control of the Property. The Association shall have all powers described in the Governing Documents, the Act and the statute under which it is incorporated. All power and authority of the Association shall be vested in the Board, unless action or approval by the individual Owners is specifically required by the Governing Documents or the Act. All references to the Association shall mean the Association acting through the Board unless specifically stated to the contrary.

5.2 Operational Purposes. The Association shall operate and manage the Property for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules and Regulations (ii) maintaining, repairing and replacing those portions of the Property for which it is responsible and (iii) preserving the value and architectural uniformity and character of the Property.

5.3 Proceedings. The Association, acting through the Board, shall have the power and the duty to reasonably defend the Association (and, in connection therewith, to raise counterclaims) in any pending or potential lawsuit, arbitration, mediation or governmental proceeding (collectively hereinafter referred to as a "Proceeding"). The Association, acting through the Board, shall have the power, but not the duty, to reasonably institute, prosecute, maintain and/or intervene in a Proceeding, in its own name, but only on matters affecting or pertaining to this Declaration or the Common Elements and as to which the Association is a proper party in interest, and any exercise of such power shall be subject to full compliance with the following provisions:

- (a) Any Proceeding commenced by the Association (i) to enforce the payment of an assessment or an assessment lien or other lien against an Owner as provided for in this Declaration, or (ii) to otherwise enforce compliance with the Governing

Documents by, or to obtain other relief from, any Owner who has violated any provision thereof, or (iii) to protect against any matter which imminently and substantially threatens all of the health, safety and welfare of the Owners, or (iv) against a supplier, vendor, contractor or provider of services, pursuant to a contract or purchase order with the Association and in the ordinary course of business, or (v) for money damages wherein the total amount in controversy for all matters arising in connection with the action is not likely to exceed Ten Thousand Dollars (\$10,000.00) in the aggregate, shall be referred to herein as an "Operational Proceeding" The Board from time to time may cause an Operational Proceeding to be reasonably commenced and prosecuted, without the need for further authorization.

- (b) Any and all pending or potential Proceedings other than Operational Proceedings shall be referred to herein as a "Non-Operational Controversy" or "Non-Operational Controversies." To protect the Association and the Owners from being subjected to potentially costly or prolonged Non-Operational Controversies without full disclosure, analysis and consent, to protect the Board and individual members of the Board or its appointed officers and agents from any charges of negligence, breach of fiduciary duty, conflict of interest or acting in excess of their authority or in a manner not in the best interests of the Association and the Owners, and to ensure voluntary and well--informed consent and clear and express authorization by the Owners, strict compliance with all of the following provisions of this Section 5 3 shall be mandatory with regard to any and all Non-Operational Controversies commenced, instituted or maintained by the Board:
 - (i) The Board shall first endeavor to resolve any Non-Operational Controversy by good faith negotiations with the adverse party or parties. In the event that such good faith negotiations fail to reasonably resolve the Non-Operational Controversy, the Board shall then endeavor in good faith to resolve such Non-Operational Controversy by mediation, provided that the Board shall not incur liability for or spend more than Five Thousand Dollars (\$5,000 00) in connection therewith (provided that, if more than said sum is reasonably required in connection with such mediation, then the Board shall be required first to reasonably seek approval of a majority of the voting power of the Members for such additional amount for mediation before proceeding to either arbitration or litigation) In the event that the adverse party or parties refuse mediation, or if such good faith mediation still fails to reasonably resolve the Non-Operational Controversy, the Board shall not be authorized to commence, institute or maintain any arbitration or litigation of such Non-Operational Controversy until the Board has fully complied with the following procedures:
 - (1) The Board shall first investigate the legal merit, feasibility and expense of prosecuting the Non--Operational Controversy, by obtaining the written opinion of a licensed Minnesota attorney regularly residing in Minnesota, with a Martindale-Hubbell rating of "av", expressly stating that such attorney has reviewed the underlying facts and data in sufficient, verifiable detail to render the opinion, and expressly opining that the Association has a substantial likelihood

of prevailing on the merits with regard to the Non-Operational Controversy, without substantial likelihood of incurring any material liability with respect to any counterclaim which may be asserted against the Association. The Board shall be authorized to spend up to an aggregate of Five Thousand Dollars (\$5,000 00) to obtain such legal opinion, including all amounts paid to said attorney therefore, and all amounts paid to any consultants, contractors and/or experts preparing or processing reports and/or information in connection therewith. The Board may increase said \$5,000 00 limit, with the express consent of more than fifty percent (50%) of all of the Members of the Association, at a special meeting called for such purpose.

- (2) Said attorney opinion letter shall also contain the attorney's best good faith estimate of the aggregate maximum "not-to-exceed" amount of legal fees and costs, including, without limitation, court costs, costs of investigation and all further reports or studies, costs of court reporters and transcripts, and costs of expert witnesses and forensic specialists (all collectively, "Quoted Litigation Costs") which are reasonably expected to be incurred for prosecution to completion (including appeal) of the Non-Operational Controversy. Said opinion letter shall also include a draft of any proposed fee agreement with such attorney. If the attorney's proposed fee arrangement is contingent, the Board shall nevertheless obtain the Quoted Litigation Costs with respect to all costs other than legal fees, and shall also obtain a written draft of the attorney's proposed contingent fee agreement. (Such written legal opinion, including the Quoted Litigation Costs, and also including any proposed fee agreement, contingent or non-contingent, are collectively referred to herein as the "Attorney Letter")
- (3) Upon receipt and review of the Attorney Letter, if two-thirds (2/3) or more of the Board affirmatively vote to proceed with the institution or prosecution of, and/or intervention in, the Non-Operational Controversy, the Board thereupon shall duly notice and call a special meeting of the Members. The written notice to each Member of the Association shall include a copy of the Attorney Letter, including the Quoted Litigation Costs and any proposed fee agreement, contingent or non-contingent, together with a written report ("Special Assessment Report") prepared by the Board (A) itemizing the amount necessary to be assessed to each Member ("Special Litigation Assessment"), on a monthly basis, to fund the Quoted Litigation Costs, and (B) specifying the probable duration and aggregate amount of such Special Litigation Assessment. At said special meeting, following review of the Attorney Letter, Quoted Litigation Costs, and the Special Assessment Report, and full and frank discussion thereof, including balancing the desirability of instituting, prosecuting and/or intervening in the Non-Operational Controversy against the desirability of accepting any settlement proposals from the adversary party or parties, the Board shall call for a vote of the Members, whereupon (x) if not more than fifty percent (50%) of the total voting power of the Association votes in favor of pursuing such Non-Operational Controversy and levying the Special Litigation Assessment, then the Non-Operational Controversy shall not be pursued further, but (y) if more than fifty percent (50%) of the total

voting power of the Association (i.e., more than fifty percent (50%) of all of the Members of the Association) affirmatively vote in favor of pursuing such Non-Operational Controversy, and in favor of levying a Special Litigation Assessment on the Members in the amounts and for the duration set forth in the Special Assessment Report, then the Board shall be authorized to proceed to institute, prosecute, and/or intervene in the Non-Operational Controversy. In such event, the Board shall engage the attorney who gave the opinion and quote set forth in the Attorney Letter, which engagement shall be expressly subject to the Attorney Letter. The terms of such engagement shall require (i) that said attorney shall be responsible for all attorneys' fees and costs and expenses whatsoever in excess of one hundred twenty percent (120%) of the Quoted Litigation Costs, and (ii) that said attorney shall provide, and the Board shall distribute to the Members, not less frequently than quarterly, a written update of the progress and current status of, and the attorney's considered prognosis for, the Non-Operational Controversy, including any offers of settlement and/or settlement prospects, together with an itemized summary of attorneys fees and costs incurred to date in connection therewith.

- (4) In the event of any bona fide settlement offer from the adverse party or parties in the Non-Operational Controversy, if the Association's attorney advises the Board that acceptance of the settlement offer would be reasonable under the circumstances, or would be in the best interests of the Association, or that said attorney no longer believes that the Association is assured of a substantial likelihood of prevailing on the merits without prospect of material liability on any counterclaim, then the Board shall have the authority to accept such settlement offer. In all other cases, the Board shall submit any settlement offer to the Owners, who shall have the right to accept any such settlement offer upon a majority vote of all of the Members of the Association.
- (c) In no event shall any Association working capital fund be used as the source of funds to institute, prosecute, maintain and/or intervene in any Proceeding (including, but not limited to, any Non-Operational Controversy).
- (d) Any provision in this Declaration notwithstanding (i) other than as set forth in this Section 5.3, the Association shall have no power whatsoever to institute, prosecute, maintain, or intervene in any Proceeding, (ii) any institution, prosecution, or maintenance of, or intervention in, a Proceeding by the Board without first strictly complying with, and thereafter continuing to comply with, each of the provisions of this Section 5.3, shall be unauthorized and ultra vires (i.e., an unauthorized and unlawful act, beyond the scope of authority of the corporation or of the person(s) undertaking such act) as to the Association, and shall subject any member of the Board who voted or acted in any manner to violate or avoid the provisions and/or requirements of this Section 5.3 to personal liability to the Association for all costs and liabilities incurred by reason of the unauthorized institution, prosecution, or maintenance of, or intervention in, the Proceeding, and (iii) this Section 5.3 may not be amended or deleted at any time without the express prior written approval of both

(1) Members representing not less than seventy-five percent (75%) of the total voting power of Association, and (2) not less than seventy-five percent (75%) of the total voting power of the Board, and any purported amendment or deletion of this Section 5 3, or any portion hereof, without both of such express prior written approvals shall be void.

5 4 Binding Effect of Actions All agreements and determinations made by the Association in accordance with the powers and voting rights established by the Governing Documents or the Act shall be binding upon all Owners and Occupants, and their lessees, guests, heirs, personal representatives, successors and assigns, and all secured parties as defined in the Act.

5 5 Bylaws The Association shall have Bylaws The Bylaws and any amendments thereto shall govern the operation and administration of the Association

5 6 Management The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents and the Act, provided, however, that such delegation shall not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law

5 7 Rules and Regulations The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations as it deems necessary from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Property, provided that the Rules and Regulations shall not be inconsistent with the Governing Documents or Act. The inclusion in other parts of the Governing Documents of authority to approve Rules and Regulations shall be deemed to be in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Owners

5 8 Association Assets, Surplus Funds All funds and real or personal property acquired by the Association shall be held and used for the benefit of the Owners for the purposes stated in the Governing Documents Surplus funds remaining after payment of or provision for Common Expenses and reserves shall be credited against future assessments or added to reserves, as determined by the Board

SECTION 6 ASSESSMENTS FOR COMMON EXPENSES

6 1 General Assessments for Common Expenses shall be determined and assessed against the Units by the Board, in its discretion; subject to the limitations set forth in Sections 6 2 and 6 3, and the requirements of the Bylaws Assessments for Common Expenses shall include annual assessments and may include special assessments. Assessments shall be allocated among the Units according to the Common Expenses allocations set forth in Section 4.2, subject to the following qualifications:

- a Any Common Expenses associated with the maintenance, repair, or replacement of

- a Limited Common Element undertaken by the Association may be assessed exclusively against the Unit or Units to which that Limited Common Element is assigned, on the basis of (i) equality; (ii) square footage of the area being maintained, repaired or replaced; or (iii) the actual cost incurred with respect to each Unit.
- b Any Common Expense or portion thereof benefitting fewer than all of the Units may be assessed exclusively against the Units benefitted, on the basis of (i) equality; (ii) square footage of the area being maintained, repaired or replaced, or (iii) the actual cost incurred with respect to each Unit
- c The costs of insurance will be assessed in proportion to value, risk or coverage, and the costs of utilities may be assessed in proportion to usage.
- d Reasonable attorneys fees and other costs incurred by the Association in connection with (i) the collection of assessments and (ii) the enforcement of the Governing Documents, the Act or the Rules and Regulations, against an Owner or Occupant or their guests, may be assessed against the Owner's Unit
- e Fees, charges, late charges, fines and interest may be assessed as provided in Section 14
- f Assessments levied under Section 515B 3-116 of the Act to pay a judgment against the Association may be levied only against the Units existing at the time the judgment was entered, in proportion to their Common Expense liabilities
- g If any damage to the Common Elements or another Unit is caused by the act or omission of any Owner or Occupant, or their guests, the Association may assess the costs of repairing the damage exclusively against the Owner's Unit to the extent not covered by insurance
- h If any installment of an assessment becomes more than 30 days past due, then the Association may, upon 10 days written notice of the Owner, declare the entire amount of the assessment immediately due and payable in full.
- i If Common Expense liabilities are reallocated for any purpose authorized by the Act, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.
- j Assessments under Subsections 6 1a-h shall not be considered special assessments as described in Section 6 3

6 2 Annual Assessments Annual assessments shall be established and levied by the Board, subject only to the limitations set forth in Section 6 2 and 6 3 Each annual assessment shall cover all of the anticipated Common Expenses of the Association for the year Annual assessments shall provide, among other things, for contributions to a separate reserve fund sufficient to cover the

periodic cost of maintenance, repair and replacement of the Common Elements and those parts of the Units for which the Association is responsible.

- a Until a Common Expense assessment is levied, Declarant shall pay all accrued expenses of the common interest community
- b After a Common Expense assessment is levied, the annual assessment may be subsequently increased by the Board, subject to Section 6 2 c
- c Until the termination of the period of Declarant control described in Section 15.7, the increase in the annual assessment for any year shall not exceed the greater of (i) the increase in the U S Department of Labor Revised Consumer Price index for Urban Wage Earners and Clerical Workers of All Items for the prior year; or (ii) 5% of the total annual assessment for the Association's previous fiscal year, unless such increase is approved by the vote of a majority of those Owners voting, in person or by proxy, at a meeting called for that purpose. Written notice of the meeting shall be sent to all Owners not less than 21 days nor more than 30 days in advance of the meeting

6 3 Special Assessments In addition to annual assessments, and subject to the limitations set forth hereafter, the Board may levy in any assessment year a special assessment against all Units for the purpose of defraying in whole or in part (i) the cost of any foreseen or unbudgeted Common Expense, (ii) general or specific reserves for maintenance, repair or replacement; and (iii) the maintenance, repair or replacement of any part of the Property, and any fixtures or other property related thereto. Notwithstanding the foregoing, any special assessment shall be subject to approval by the vote of a majority of those Owners voting, in person or by proxy, at a meeting called for that purpose. Written notice of the meeting shall be sent to all Owners not less than 21 days nor more than 30 days in advance of the meeting

6 4 Working Capital Fund Declarant shall establish a working capital fund to meet unforeseen expenditures or to purchase additional equipment or services during the period when Declarant is conducting its sales activities. There shall be contributed on a one-time basis for each Unit sold by Declarant an amount equal to two (2) months installments of the estimated Common Expense assessment for the Unit being conveyed. The contribution to the working capital fund may be paid either at the time of closing of sale of the Unit or when control of the Association is transferred to the Owners upon termination of the period of Declarant control. The amounts paid into this fund are in addition to the regular monthly installments of assessments. The funds shall be deposited into the Association's account, and Declarant may not use the funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficit while Declarant is in control of the Association. However, upon closing of an unsold Unit, Declarant may reimburse itself from funds collected at the closing for funds which it contributed to the working capital fund with respect to that Unit

6 5 Liability of Owners for Assessments The obligation of an Owner to pay assessments shall commence at the later of (i) the time at which the Owner acquires title to the Unit, or (ii) the due date of the first assessment levied by the Board, subject to the alternative assessment program

described in Section 6.6 The Owner at the time an assessment is payable with respect to the Unit shall be personally liable for the share of the Common Expenses assessed against such Unit Such liability shall be joint and several where there are multiple Owners of the Unit. The liability is absolute and unconditional No Owner is exempt from liability for payment of his or her share of Common Expenses by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Unit, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or their failure to fulfill any duties under the Governing Documents or the Act The Association may invoke the charges, sanctions and remedies set forth in Section 14, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder.

6.6 Declarant's Alternative Assessment Program The following alternative assessment program is established pursuant to Section 515B 3-115(a)(2) of the Act. Notwithstanding anything to the contrary in this Section 6, if a Common Expense assessment has been levied, any Unit owned by Declarant for initial sale shall be assessed at the rate of 25% of the assessment levied on other Units of the same type until a certificate of occupancy has been issued with respect to such Unit by the municipality in which the Unit is located This reduced assessment shall apply to each Unit owned by Declarant at the time that the Unit is created, and shall continue until the issuance of the certificate of occupancy as previously described There are no assurances that this alternative assessment program will have no effect on the level of services for items set forth in the Association's budget.

6.7 Assessment Lien. The Association has a lien on a Unit for any assessment levied against that Unit from the time the assessment becomes due If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due Fees, charges, late charges, fines and interest charges imposed by the Association pursuant to Section 515B 3-102(a)(10), (11), and (12) of the Act are liens, and are enforceable as assessments, under this Section Recording of the Declaration constitutes record notice and perfection of any lien under this Section, and no further recordation of any notice of or claim for the lien is required

6.8 Foreclosure of Lien, Remedies A lien for Common Expenses may be foreclosed against a Unit under the laws of the State of Minnesota (i) by action, or (ii) by advertisement as a lien under a mortgage containing power of sale. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Unit so acquired The Owner and any other Person claiming an interest in the Unit, by the acceptance or assertion of any interest in the Unit, grants to the Association a power of sale and full authority to accomplish the foreclosure The Association shall, in addition, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any assessment or charge against the Unit The commencement of an action to recover the sums is not an election of remedies if it is dismissed before commencement of foreclosure of the lien provided for by Section 515B.3-116 of the Act

6.9 Lien Priority, Foreclosure, A lien under this Section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage encumbering the fee simple interest in the Unit, and (iii) liens for real estate taxes and

other governmental assessments or charges against the Unit. Notwithstanding the foregoing, if (i) a first mortgage on a Unit is foreclosed, (ii) the first mortgage was recorded on or after June 1, 1994, and (iii) no Owner redeems during the Owner's period of redemption provided by Chapters 580, 581, or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Unit subject to a lien in favor of the Association for unpaid assessments for Common Expenses levied pursuant to Section 515B 3-115(a), (h)(1) to (3), (i), and (l) of the Act which became due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption.

6 10 Voluntary Conveyances; State of Assessments. In a voluntary conveyance of a Unit the buyer shall not be personally liable for any unpaid assessments and other charges made by the Association against the seller or the seller's Unit prior to the time of conveyance by the buyer, unless expressly assumed by the buyer. However, the lien of such assessments shall remain against the Unit until satisfied. Any seller or buyer shall be entitled to a statement, in recordable form, from the Association setting forth the amount of the unpaid assessments against the Unit, including all assessments payable in the Association's current fiscal year, which statement shall be binding on the Association, seller and buyer.

SECTION 7 RESTRICTIONS ON USE OF PROPERTY

All Owners and Occupants, and all secured parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of a Unit, covenant and agree that, in addition to any other restrictions which may be imposed by the Act or the Governing Documents, the occupancy, use, operation, alienation and conveyance of the Property shall be subject to the following restrictions:

7 1 General. The Property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents and the Act, as amended from time to time. All covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors and assigns.

7 2 Subdivision Prohibited. Except as permitted by the Act, no Unit nor any part of the Common Elements may be subdivided or partitioned without the prior written approval of all Owners and all secured parties holding first mortgages on the Units.

7 3 Residential Use. The Units shall be used by Owners and Occupants and their guests exclusively as private, single family residential dwellings, and not for transient, hotel, commercial, business or other non-residential purposes, except as provided in Section 7 4. Any lease of a Unit (except for occupancy by guests with the consent of the Owner) for a period of less than 7 days, or any occupancy which includes services customarily furnished to hotel guests, shall be presumed to be for transient purposes.

7 4 Business Use Restricted. No business, trade, occupation or profession of any kind,

whether carried on for profit or otherwise, shall be conducted, maintained or permitted in any Unit or the Common Elements, except (i) an Owner or Occupant residing in a Unit may keep and maintain his or her business or professional records in such Unit and handle matters relating to such business by telephone or correspondence therefrom, provided that such uses are incidental to the residential use, do not involve physical alteration of the Unit and do not involve any observable business activity such as signs, advertising displays, bulk mailings, deliveries, or visitation or use of the Unit by customers or employees and (ii) the Association may maintain offices on the Property for management and related purposes

7 5 Leasing Leasing of the Units shall be allowed, subject to reasonable regulation by the Association, and subject to the following conditions: (i) no Unit shall be leased for transient or hotel purposes, (ii) no Unit may be subleased, (iii) all leases shall be in writing; and (iv) all leases shall provide that they are subordinate and subject to the provisions of the Governing Documents, the Rules and Regulations and the Act, and that any failure of the lessee to comply with the terms of such documents shall be a default under the lease. The Association may impose such reasonable Rules and Regulations as may be necessary to implement procedures for the leasing of Units, consistent with this Section

7 6 Parking. Garages and parking areas on the Property shall be used only for parking of vehicles owned or leased by Owners and Occupants and their guests, and such other incidental uses as may be authorized in writing by the Association. The use of garages, driveways and other parking areas on the Property, and the types of vehicles and personal property permitted thereon, shall be subject to regulation by the Association, including without limitation the right of the Association to tow illegally parked vehicles or to remove unauthorized personal property

7 7 Animals No animal may be bred, or kept or maintained for business or commercial purposes, anywhere on the Property. However, the Board shall have the exclusive authority to prohibit, or to allow and regulate, by Rules and Regulations, the keeping of animals on the Property. The word "animal" shall be construed in its broadest sense and shall include all living creatures except humans

7 8 Quiet Enjoyment, Interference Prohibited All Owners and Occupants and their guests shall have a right of quiet enjoyment in their respective Units, and shall use the Property in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use of the Property by other Owners and Occupants and their guests

7.9 Compliance with Law No use shall be made of the Property which would violate any then existing municipal codes or ordinances, or state or federal laws, nor shall any act or use be permitted which could cause waste to the Property, cause a material increase in insurance rates on the Property, or otherwise cause any unusual liability, health or safety risk, or expense, for the Association or any Owner or Occupant

7 10 Alterations Except for those made by Declarant in consideration of its initial sale of a Unit, no alterations, changes, improvements, repairs or replacements of any type, temporary or permanent, structural, aesthetic or otherwise (collectively referred to as "**alterations**") shall be made, or caused or allowed to be made, by any Owner or Occupant, or their guests, in any part of the

Common Elements, or in any part of the Unit which affects the Common Elements or another Unit or which is visible from the exterior of the Unit, without the prior written authorization of the Board, or a committee appointed by it, as provided in Section 8. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied.

7.11 Time Shares Prohibited The time share form of ownership, or any comparable form of lease, occupancy rights or ownership which has the effect of dividing the ownership or occupancy of a Unit into separate time periods, is prohibited.

7.12 Access to Units. In case of emergency, all Units and Limited Common Elements are subject to entry, without notice and at any time, by an officer or member of the Board of the Association, by the Association's management agents or by any public safety personnel. Entry is also authorized for maintenance purposes under Section 9 and for enforcement purposes under Section 14.

7.13 No Unsightly Uses No clothes, sheets, blankets, laundry of any kind, or other articles shall be hung out on any portion of a Unit so as to be visible from outside the Unit. All parties of a Unit visible from outside the Unit shall be kept free and clear of all rubbish, debris and other unsightly materials.

7.14 General Storage Outside storage of any items (other than patio-type furniture and not more than one cooking grill per Unit), including but without limiting the generality of the foregoing, sporting equipment, toys, yard and garden tools and equipment, and trash and garbage containers, shall not be allowed unless effectively screened from view from outside the Unit by enclosures. The design of such screened enclosure must be approved by the Architectural Control Committee in accordance with the architectural control provisions hereof. The storage or collection of rubbish of any character whatsoever, any material that emits foul or obnoxious odors, the growing of any noxious weed or plant, and the harboring of the source of any noise or activity which disturbs the peace, comfort or serenity of residents is prohibited. Usual household trash and garbage shall be regularly collected and may be kept outside only if in any combustible, flammable, hazardous or offensive goods, provisions or materials shall be kept on any part of the Property except for reasonable quantities and kinds of usual household materials and reasonable quantities of fireplace wood.

- 7.15 Signs. No sign of any kind shall be displayed to the public view on any Unit, except
- a. Designations, in such styles and materials as the Board shall by regulation approve, of street addresses and names of occupants,
 - b. A "For Sale" sign may be displayed provided that is in such styles and materials as the Board shall by regulation approved, and
 - c. Declarants shall be permitted to erect and maintain upon the Property such signs as it deems necessary to advertise the development during the construction and sale periods.

- d Without limiting the generality of the foregoing, the Board of Directors may by resolution prohibit the distinctive and particular "For Sale" signs used by real estate brokers and agents.

SECTION 8 ARCHITECTURAL CONTROL

8.1 Restrictions on Alterations. The following restrictions and requirements shall apply to alterations on the Property

- a Except as expressly provided in this Section 8, and except for alterations made by Declarant in consideration of its initial sale of a Unit, no structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, sign, display, decoration, color change, shrubbery, material topographical or landscaping change, nor any other exterior improvements to or alteration of any Dwelling or any other part of a Unit which is visible from the exterior of the Unit (collectively referred to as "**alterations**"), shall be commenced, erected or maintained in a Unit, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing by the Board of Directors or a committee appointed by it. Notwithstanding the foregoing, Declarant's written consent shall also be required for alterations until Declarant no longer owns any unsold Unit and has no further rights to add Additional Real Estate to the Property
- b The criteria for approval shall include and require, at a minimum, (i) substantial uniformity of color, size, location, type and design in relation to existing improvements and topography, (ii) comparable or better quality of materials as used in existing improvements; (iii) ease of maintenance and repair, (iv) adequate protection of the Property, the Association, Owners and Occupants from liability and liens arising out of the proposed alterations; and (v) compliance with governmental laws, codes and regulations
- c Approval of alterations which encroach upon another Unit or the Common Elements shall create an appurtenant easement for such encroachment in favor of the Unit with respect to which the alterations are approved, provided, that any easement for a deck or patio other than as originally constructed shall be approved by resolution of the Board of Directors and a file of such resolutions shall be maintained permanently as a part of the Association's records
- d Alterations described in Section 16 shall be governed by that Section

8.2 Review Procedures The following procedures shall govern requests for alterations under this Section

- a Detailed plans, specifications and related information regarding any proposed alteration, in form and content acceptable to the Board of Directors, shall be

submitted to the Board of Directors at least forty-five (45) days prior to the projected commencement of construction. No alterations shall be commenced prior to approval.

- b The Board of Directors shall give the Owner written notice of approval or disapproval. If the Board of Directors fails to approve or disapprove within forty-five (45) days after receipt of said plans and specifications and all other information requested by the Board of Directors, then the Owner shall demand in writing to the Board that the Board give written notice of approval or disapproval within thirty (30) days after receipt of this demand. If the Board of Directors fails to approve or disapprove within thirty (30) days after receipt of the Owner's written demand, after the initial forty-five (45) days has expired, then the approval will not be required, and this Section shall be deemed to have been fully complied with so long as the alterations are done in accordance with the plans, specifications and related information which were submitted.
- c If no request for approval is submitted, approval is denied, unless (i) the alterations are reasonably visible and (ii) no written notice of the violation has been given to the Owner in whose Unit the alterations are made, by the Association or another Owner, within six (6) months following the date of completion of the alterations. Notice may be direct written notice or the commencement of legal action by the Association or an Owner. The Owner of the Unit in which the alterations are made shall have the burden of proof, by clear and convincing evidence, that the alterations were completed and reasonably visible for at least six (6) months following completion and that notice by the Association or other Owners was not given.

8.3 Remedies for Violations The Association may undertake any measures, legal or administrative, to enforce compliance with this Section and shall be entitled to recover from the Owners causing or permitting the violation all attorneys' fees and costs of enforcement, whether or not a legal action is started. Such attorneys' fees and costs shall be a lien against the Owner's Unit and a personal obligation of the Owner. In addition, the Association shall have the right to enter the Owner's Unit and to restore any part of the Dwelling or Unit to its prior condition if any alterations were made in violation of this Section, and the cost of such restoration shall be a personal obligation of the Owners and a lien against the Owner's Unit.

8.4 Modifications to Allow Access to the Disabled Subject to the provisions of applicable law, an Owner, at Owner's expense, may make improvements or alterations to a Unit as necessary for the full enjoyment of the Unit by an person residing in the Unit who has a handicap or disability, as provided in the Fair Housing Amendments Act, United States Code, Title 42, Section 3601, *et seq*, and the Minnesota Human Rights Act, Chapter 363, and any amendments to those acts. The Association may not prohibit such improvements or alterations referred to in this Section 8.4, but may reasonably regulate the type, style and quality of the improvements or alterations, as they relate to health, safety and architectural standards. In addition, improvements or alterations made pursuant to this Section 8.4 must satisfy the requirements of Section 515B 2-113(a) (i), (ii), (iii) and (iv) of the Act.

SECTION 9 MAINTENANCE

9.1 Maintenance by Association The Association shall provide for all maintenance, repair or replacement (collectively referred to as "**maintenance**") of the Common Elements. In addition, for the purpose of preserving the architectural character, quality, and uniform and high standards for appearance of the Property, the Association shall (i) provide for exterior maintenance upon the Dwelling in each Unit that is subject to assessment as follows: paint trim, replace roofs, gutters, downspouts, garage doors (except hardware), and exterior siding, sidewalks, patios, driveways, including snow removal, and other building surfaces, and (ii) provide for lawn, shrub and tree maintenance on all Units. The Association's obligation to maintain exterior building surfaces shall exclude decks, four-season porches, entry doors, door hardware, air conditioning equipment, glass and window frames, and any other items not specifically referred to in this Section, unless otherwise approved under Section 9.2. The Association shall have easements as described in Section 13 to perform its obligations under this Section 9.

9.2 Optional Maintenance by Association In addition to the maintenance described in this Section the Association may, with the approval of a majority of votes cast in person or by proxy at a meeting called for such purposes, undertake to provide additional exterior maintenance to the Units of Dwellings, or maintenance of water and sewer systems within the Units.

9.3 Maintenance by Owner Except for the exterior maintenance required to be provided by the Association under Section 9.1 or 9.2, all maintenance of the Dwellings and Units shall be the sole responsibility and expense of the Owners thereof. However, the Owners and Occupants shall have a duty to promptly notify the Association of defects in or damage to those parts of the Property which the Association is obligated to maintain. The Association may require that any exterior maintenance to be performed by the Owner be accomplished pursuant to specific uniform criteria established by the Association. The Association may also undertake any exterior maintenance which the responsible Owner fails to or improperly performs and assess the Unit and the Owner for the cost thereof.

9.4 Damage Caused by Owner Notwithstanding any provision to the contrary in this Section, if, in the judgment of the Association, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of any Owner or Occupant, or their guests, or by a condition in a Unit which the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected (and enter upon any Unit to do so), and the cost thereof may be assessed against the Unit of the Owner responsible for the damage. In the case of party walls between Dwellings, the Owners of the affected Dwellings shall be liable as provided in Section 10.

9.5 Ponds Maintenance of the ponds located in or around the Property are subject to laws and regulations promulgated by several governmental authorities, including without limitation, the City of Blaine. The Association shall not engage in any maintenance of the ponds or any of their shore lines prior to gaining approval of the appropriate governmental agencies.

9.6 Outlot J Outlot J has been dedicated to be preserved in its natural state and shall not

be maintained by the Association unless the Association is directed to engage in any maintenance by the City of Blaine or gains approval from the City of Blaine to conduct any maintenance within Outlot J

9 7 City of Blaine Park Land The Association shall provide minimal lawn care maintenance, which only includes mowing of grass, to the seventy-five foot by one hundred and fifty foot (75 x 150) piece of land located West of Tyler Court and dedicated as Park Land as shown on the Plat, until such time as the City of Blaine provides for the mowing of grass on a regular basis

SECTION 10 PARTY WALLS

10 1 General Rules of Law to Apply. Each wall built as part of the original construction of the Dwellings and located on the boundary line between Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply thereto

10 2 Repair and Maintenance The Owners of the Units which share the party wall shall be responsible for the maintenance repair and replacement of the party wall in proportion with their use, provided (i) that any maintenance, repair or replacement necessary due to the acts or omissions of a certain Owner or Occupant sharing such party wall shall be paid for by such Owner, and (ii) that the Association may contract for and supervise the repair of damage caused by an Owner or Occupant and assess the Owners for their respective shares of the cost to the extent not covered by insurance

10.3 Destruction by Fire or Other Casualty If an party wall is destroyed or damaged by fire or other casualty, any Owner who has use of the wall may, with the consent of the Association, restore it, and the other Owner shall promptly reimburse the Owner who restored the wall for his or her share of the cost or restoration thereof, provided, however, that the cost of restoration resulting from destruction or other casualty resulting from the acts or omissions of certain Owners shall be the financial responsibility of such Owners, and the Association may assess the responsible Owners for their share of the costs, without prejudice to the right of an Owner to recover a larger contribution from the other Owner. Insurance claims shall be made promptly following any casualty.

10 4 Weatherproofing Notwithstanding any other provision of this Section, any Owner who, by his negligent or willful act, causes a party wall to be exposed to the elements shall bear the whole cost of the repairs necessary for protection against such elements

10 5 Right to Contribution Runs with Land The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the Unit and shall pass to such Owner's assigns and successors in title.

10 6 Arbitration In the event of any dispute arising concerning a party wall, and if the same is not resolved within thirty (30) days of the event causing the dispute, the matter shall be submitted to binding arbitration under the rules of the American Arbitration Association, upon the

written demand of the Association or any Owner whose Dwelling shares the party wall. Each party agrees that the decision of the arbitrators shall be final and conclusive of the questions involved. The fees of the arbitrators shall be shared equally by the parties, but each party shall pay its own attorney fees or other costs to prove its case.

SECTION 11 INSURANCE

11.1 Required Coverage. The Association shall obtain and maintain, at a minimum, a master policy or policies of insurance in accordance with the insurance requirements set forth in the Act and the additional requirements set forth herein, issued by a reputable insurance company or companies authorized to do business in the state of Minnesota, as follows:

- a. Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent (100%) of the insurable "replacement cost" of the Property (including Units and Common Elements), less deductibles, exclusive of land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery). The policy or policies may, but need not, cover the following items within Units: (i) ceiling or wall finishing materials, (ii) floor coverings, (iii) cabinetry, (iv) finished millwork, (v) electrical or plumbing fixtures serving a single Unit, (vi) built-in appliances, or (vii) other improvements and betterments, regardless of when installed. The policy or policies shall cover personal property owned by the Association. The policy or policies shall also contain "Inflation Guard" and "Agreed amount" endorsements, if reasonably available. Such policy or policies shall include such additional endorsements, coverages, and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the FHA or Federal National Mortgage Association ("FNMA") as a precondition to their insuring, purchasing or financing a mortgage on a Unit. The Board may also, on behalf of the Association, enter into binding written agreements with a mortgagee, insurer or servicer, including without limitation the FHA or FNMA, obligating the Association to keep certain specified coverages or endorsements in effect.
- b. Comprehensive public liability insurance covering the use, operation and maintenance of the Common Elements, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing a mortgage on a Unit.
- c. Fidelity bond or insurance coverage against dishonest acts on the part of directors,

officers, manager, trustees, employees or persons responsible for handling funds belonging to or administered by the Association if deemed to be advisable by the Board or required by the regulations of the FHA or FNMA as a precondition to the purchase or financing of a mortgage on a Unit. The fidelity bond or insurance shall name the Association as the named insured and shall, if required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing of a mortgage on a Unit, be written in an amount equal to the greater of (i) the estimated maximum of Association funds, including reserves, in the custody of the Association or management agent at any given time while the bond is in force, or (ii) a sum equal to three months aggregate assessments on all Units plus reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.

- d Workers' Compensation insurance as required by law.
- e Directors and officers liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.
- f Such other insurance as the Board may determine from time to time to be in the best interest of the Association and the Owners.

11.2 Premiums, Improvements; Deductibles All insurance premiums shall be assessed and paid as a Common Expense. The insurance need not cover improvements and betterments to the Units installed by Owners, but if improvements and betterments are covered, any increased cost may be assessed against the Units affected. The Association may, in the case of a claim for damage to a Unit, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against the Units affected in any reasonable manner, or (iii) require the Owners of the Units affected to pay the deductible amount directly.

11.3 Loss Payee, Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Owners and secured parties, including Eligible Mortgagees, which suffer loss. The Association, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

11.4 Waivers of Subrogation All policies of insurance shall contain waivers of subrogation by the insurer against the Association, or an Owner, members of the Owner's household, officers or directors, as applicable, and, if available, waivers of any defense based on co-insurance or of invalidity from any acts of the insured.

11.5 Cancellation, Notice of Loss All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled

or substantially modified, for any reason, without at least 30 days prior written notice to the Association, to the FHA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees

11.6 Restoration in Lieu of Cash Settlement All policies of property insurance maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable (i) without the prior written approval of the Association (or any Insurance Trustee) or (ii) when in conflict with provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law

11.7 No Contribution All policies of insurance maintained by the Association shall be the primary insurance where there is no other insurance in the name of the Owner covering the same property, and may not be brought into contribution with any insurance purchased by Owners or their Eligible Mortgagees

11.8 Effect of Acts Not Within Association's Control All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control

11.9 Owner's Personal Insurance. Each Owner may obtain additional personal insurance coverage at his or her own expense covering fire and other casualty to the Unit, personal property or personal liability. All insurance policies maintained by Owners shall provide that they are without contribution as against the insurance purchased by the Association.

SECTION 12 RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

12.1 Reconstruction. The obligations and procedures for the repair, reconstruction or disposition of the Property following damage to or destruction thereof shall be governed by the Act. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Property as initially constructed and subsequently improved. The Association shall have all authority necessary to cause the Property to be reconstructed, including without limitation the authority (i) to require the Owners to enter into reconstruction contracts on their respective Units, or (ii) to contract for the reconstruction of the Units on behalf of the Owners. Notice of substantial damage or destruction shall be given pursuant to Section 18.10

12.2 Condemnation and Eminent Domain In the event of a taking of any part of the Property by condemnation or eminent domain, the provisions of the Act shall govern, provided, that notice shall be given pursuant to Section 18.10. Eligible Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by the Act and the Governing Documents, as their interest may appear

12.3 Notice All Eligible Mortgagees shall be entitled to receive notice of any

condemnation proceedings or substantial destruction of the Property, and the Association shall give written notice thereof to a Eligible Mortgagee pursuant to Section 18 10

SECTION 13 EASEMENTS

13 1 Easement for Encroachments. Each Unit and the Common Elements, and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Units for fireplaces, walls, roof overhangs, air conditioning systems, decks, balconies, porches, patios, utility installations and other appurtenances (i) which are part of the original construction on the adjoining Unit or the Property or (ii) which are added pursuant to Section 8. If there is an encroachment by a Dwelling, or other building or improvement located in a Unit, upon another Unit or Dwelling as a result of the construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, an appurtenant easement for the encroachment, for the use, enjoyment and habitation of any encroaching Dwelling, building or improvement, and for the maintenance thereof, shall exist; provided, that with respect to improvements or alterations added pursuant to Section 8, no easement shall exist unless the same have been approved and constructed as required by this Declaration. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

13.2 Easement for Maintenance, Repair, Replacement and Reconstruction. Each Unit, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on and over the Units for the purposes of maintenance, repair, replacement and reconstruction of the Units, and utilities serving the Units, to the extent necessary to fulfill the Association's obligations under the Governing Documents.

13 3 Utilities Easements. The Property shall be subject to non-exclusive, appurtenant easements for all utilities, water and sewer, and similar services, which exist from time to time, as constructed or referred to in the Plat, or as otherwise described in this Declaration or any other duly recorded instrument. Each Unit, and the rights of the Owners and Occupants thereof, shall be subject to a non-exclusive easement in favor of the other Units for all such services, including without limitation any sewer or water lines servicing other Units. Each Unit shall also be subject to an exclusive easement in favor of the Association and all utilities companies providing service to the Units for the installation and maintenance of utilities metering devices.

13 4 Continuation and Scope of Easements. Notwithstanding anything in this Declaration to the contrary, in no event shall an Owner or Occupant be denied reasonable access to his or her Unit or the right to utility services thereto. The easements set forth in this Section shall supplement and not limit any easements described elsewhere in this Declaration or recorded, and shall include reasonable access to the easement areas through the Units and the Common Elements for purposes of maintenance, repair, replacement and reconstruction.

SECTION 14 COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in the Property, shall be governed by and comply with the provisions of the Act, the Governing Documents, the Rules and Regulations, the decisions of the Association, and such amendments thereto as may be made from time to time. A failure to comply shall entitle the Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the Governing Documents and the Act

14 1 Entitlement to Relief The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules and Regulations, the Act or the decisions of the Association. However, no Owner may withhold any assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations or the Act, as a measure to enforce such Owner's position, or for any other reason.

14 2 Sanctions and Remedies In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following actions against Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents, the Rules and Regulations or the Act

- a Commence legal action for damages or equitable relief in any court of competent jurisdiction
- b Impose late charges of up to the greater of \$20 00, or 15% of any amount due, for each past due assessment or installment thereof, and interest at up to the highest rate permitted by law
- c In the event of default of more than 30 days in the payment of any assessment or installment thereof, all remaining installments of assessments assessed against the Unit owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of the effective date of the acceleration shall be given to the defaulting Owner
- d Impose reasonable fines, penalties or charges for each violation of the Act, the Governing Documents or the Rules and Regulations of the Association
- e Suspend the rights of any Owner or Occupant and their guests to use any Common Elements amenities, provided, that this limitation shall not apply to Limited Common

Elements or deck, balcony, porch or patio easements, appurtenant to the Unit, and those portions of the Common Elements providing utilities service and access to the Unit. Such suspensions shall be limited to periods of default by such Owners and Occupants in their obligations under the Governing Documents, and for up to 30 days thereafter, for each violation.

- f Restore any portions of the Common Elements or Limited Common Elements damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents, and to assess the cost of such restoration against the responsible Owners and their Units.
- g Enter any Unit or Limited Common Element in which, or as to which, a violation or breach of Governing Documents exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Owners or Occupants, or their guests, or the safety or soundness of any Dwelling or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit or Limited Common Elements which is causing the violation, provided, that any improvements which are a part of a Unit may be altered or demolished only pursuant to a court order or with the agreement of the Owner.
- h Foreclosure of any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure of mortgages by action or under a power of sale in the state where the Property is located.

14.3 Rights to Hearing In the case of imposition of any of the remedies authorized by Section 14.2 d, e, or f of this Section, the Board shall, upon written request of the offender, grant to the offender a fair and equitable hearing as contemplated by the Act. The offender shall be given notice of the nature of the violation and the right to a hearing, and at least 10 days within which to request a hearing. The hearing shall be scheduled by the Board and held within 30 days of receipt of the hearing request by the Board, and with at least 10 days prior written notice to the offender. If the offending Owner fails to appear at the hearing then the right to a hearing shall be waived and the Board may take such action as it deems appropriate. The decision of the Board and the rules for the conduct of hearings established by the Board shall be final and binding on all parties. The Board's decision shall be delivered in writing to the offender within 10 days following the hearing, if not delivered to the offender at the hearing.

14.4 Lien for Charges, Penalties, Etc Any assessments, charges, fines, penalties or interest imposed under this Section shall be a lien against the Unit of the Owner or Occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as assessments under Section 6. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Board gives written notice following the hearing. All remedies shall be cumulative, and the exercise of, or failure to exercise, any remedy shall not be deemed a waiver of the right to pursue any others.

14.5 Costs of Proceeding and Attorneys Fees. With respect to any collection measures,

or any measures or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Act, the Governing Documents or Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her Unit with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorney's fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association

14.6 Liability for Owners' and Occupants' Acts An Owner shall be liable for the expense of any maintenance, repair or replacement of the Property rendered necessary by such Owner's acts or omissions, or by that of Occupants or guests in the Owner's Unit, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Owner or Occupant. However, any insurance deductible amount and/or increase in insurance rates, resulting from the Owner's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Unit

14.7 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of other Owners to enforce the provisions of the Governing Documents, the Rules and Regulations, and the Act as provided therein

SECTION 15 SPECIAL DECLARANT RIGHTS

Declarant hereby reserves exclusive and unconditional authority to exercise the following special Declarant rights within the meaning of Section 515B 1-103(31) of the Act for as long as it owns the Unit, or for such shorter period as may be specifically indicated

15.1 Complete Improvements To complete all the Units and other improvements indicated on the Plat, or otherwise included in Declarant's development plans or allowed by the Declaration, and to make alterations in the Units and Common Elements to accommodate its sales facilities,

15.2 Relocate Boundaries and Alter Units To relocate boundaries between Units and to otherwise alter Units owned by it, to the extent permitted by Section 16,

15.3 Sales Facilities To construct, operate and maintain a sales office, management office, model Units and other development, sales and rental facilities within the Common Elements and any Units owned by Declarant from time to time, located anywhere on the Property

15.4 Signs To erect and maintain signs and other sales displays offering the Units for sale or lease, in or on any Unit owned by the Declarant on the Common Elements,

15.5 Easements To have and use easements, for itself, its employees, contractors, representatives, agents and prospective purchasers through and over the Common Elements for the purpose of exercising its special Declarant rights;

15.6 Control of Association To control the operation and administration of the

Association, including without limitation the power to appoint and remove the members of the Board pursuant to Section 515 B 3-103 of the Act, until the earliest of (i) voluntary surrender of control by Declarant, (ii) an Association meeting which shall be held within 60 days after conveyance to Owners other than a Declarant of 75% of the total number of Units authorized to be included in the Property or (iii) the date five (5) years following the date of the first conveyance of the Unit to an Owner other than a Declarant. Notwithstanding the foregoing, the Owners other than a Declarant shall have the right to nominate and elect not less than 33 1/3% of the directors at a meeting of the Owners which shall be held within 60 days following the conveyance by Declarant of 50% of the total number of Units authorized to be included in the Property.

15.7 Consent to Certain Amendments As long as Declarant owns any unsold Unit for sale, Declarant's written consent shall be required for any amendment to the Governing Documents or Rules and Regulations which directly or indirectly affects or may affect Declarant's rights under the Governing Documents

SECTION 16 RIGHTS TO RELOCATE UNIT BOUNDARIES AND ALTER UNITS

16.1 Rights to Relocate Boundaries and Alter Units Existing or future Units may be altered and Unit boundaries may be relocated only in accordance with the following conditions:

- a Combining Units. An Owner may make improvements or alterations to such Unit or, may, after acquiring an adjoining Unit, remove or alter any intervening partition or create apertures therein in accordance with Section 515B.2-113 of the Act and Subsection d of this Section
- b Relocation of Boundaries The boundaries between adjoining Units may be relocated in accordance with Section 515B 2-114 of the Act and Subsection d of this Section.
- c Subdivision or Conversion No additional Units may be created by the subdivision or conversion of a Unit (within the meaning of the Act) into two or more Units, nor into other Units, Common Elements or Limited Common Elements
- d Requirements. The alteration, relocation of boundaries or other modification of Units or the Dwellings or other structures located therein (collectively referred to herein as "**alteration**" or "**alterations**") pursuant to this Section, Section 8, and the Act may be accomplished only in accordance with the following conditions
 - (1) No Unit may be altered if, thereafter, the Dwelling located therein, or any other Dwelling affected by the alteration, would no longer be habitable or practicably usable for its intended purpose or would violate any law, code or ordinance of any governmental authority having jurisdiction over the Property
 - (2) No alteration may be made which adversely affects the structural or functional integrity of any building system or the structural support

or weather tight integrity of any portion of any building or other structure

- (3) The prior written consent of the Association shall be required for any alteration, except alterations by Declarant. Where required, such consent shall be requested in writing by each Owner whose Unit is proposed to be altered, accompanied by such explanation, drawings and specifications relating to the proposed alterations as may be reasonably required by the Association or the first mortgagee of the Unit. The Association shall give such Owner(s) notice in an expeditious manner, granting, denying or qualifying its consent.
- (4) As a precondition to consenting to alterations the Association may require, among other things, the following: (i) that all alterations will be done in a workmanlike manner and without impairing the structural, mechanical or weather tight integrity of the Building, (ii) that the Common Elements and altered Units will be repaired and/or restored in the future as required by the Association, (iii) that the construction of the alterations will not create dangerous conditions for any Owners or Occupants, (iv) that the Property, the first mortgagees and the Owners and Occupants will be protected from liens and other liability arising from the alterations, and (v) that the alterations will be done in compliance with the applicable laws, regulations and ordinances of the governmental authorities having jurisdiction over the Property.
- (5) The Association may require that the Owners of the Units to be altered pay all costs of processing and documentation for the request and the preparation and recording of any necessary amendment to the Governing Documents, including without limitation such costs as filing, architects and attorneys' fees, incurred by the Association in connection with the alterations.

SECTION 17 AMENDMENTS

This Declaration may be amended by the consent of (i) Owners or Units to which are allocated at least sixty-seven percent (67%) of the votes in the Association, (ii) the percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 18 as to matters prescribed by said Section and (iii) the consent of Declarant to certain amendments as provided in Section 15.8. Consent of the Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the Bylaws. Consents of Eligible Mortgagees and the Declarant shall be in writing. Any amendment shall be subject to any greater requirements imposed by the Act. The Amendment shall be effective when recorded as provided in the Act. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing

agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment

SECTION 18 RIGHTS OF ELIGIBLE MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, and subject to any greater requirements of the Act or other laws, Eligible Mortgagees shall have the following rights and protections:

18.1 Consent to Certain Amendments The written consent of Eligible Mortgagees representing at least fifty-one percent (51%) of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required for any amendment to the Governing Documents which causes any change in the following (i) voting rights, (ii) increases in assessments that raise the previously assessed amount by more than 25% assessment liens, or priority of assessment liens, (iii) reductions in reserves for maintenance, repair and replacement of Common Elements; (iv) responsibility for maintenance and repairs, (v) reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use, (vi) redefinition of any Unit boundaries, (vii) convertibility of Units into Common Elements or vice versa, (viii) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property, (ix) hazard or fidelity insurance requirements, (x) leasing of Units; (xi) imposition of any restrictions on the leasing of Units, (xii) if the common interest community consists of 50 or more Units, a decision by the Association to establish self management when professional management is in effect as required previously by the Governing Documents or a Eligible Mortgagees, (xiii) restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents; (xiv) any action to terminate the legal status of the condominium after substantial destruction or condemnation occurs; or (xv) any provisions that expressly benefit mortgage holders or insurers or guarantors of mortgages. Notwithstanding the foregoing, implied approval of a proposed amendment shall be assumed when an Eligible Mortgagee fails to submit a response to any written proposal, provided that the notice was delivered by certified mail with a return receipt requested.

18.2 Consent to Certain Actions The written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Units that are subject to first mortgages (based upon one vote per first mortgage owned) shall be required to abandon or terminate the common interest community, subject to any greater requirements contained in the Act

18.3 Consent to Subdivision. No Unit may be partitioned or subdivided without the prior written approval of the Owner and Eligible Mortgagees thereof, and the Association

18.4 No Right of First Refusal The right of an Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restrictions.

18.5 Priority of Lien Any holder of a first mortgage on a Unit or any purchaser of a first mortgage at a foreclosure sale, that comes into possession of a Unit by foreclosure of the first mortgage or by deed or assignment in lieu of foreclosure, takes the Unit free of any claims for unpaid

assessments or any other charges or liens imposed against the Unit by the Association which have accrued against such Unit prior to the acquisition of possession of the Unit by said first mortgage holder or purchaser; (i) except as provided in Section 6.7 and the Act and (ii) except that any unpaid assessments or charges with respect to the Unit may be reallocated among all Units in accordance with their interest in the Common Elements

18.6 Priority of Taxes and Other Charges All taxes, assessments and charges which may become liens prior to the first mortgage under state law shall relate only to the individual Units and not to the Property as a whole

18.7 Priority for Condemnation Awards No provision of the Governing Documents shall give an Owner, or any other party, priority over any rights of the Eligible Mortgagees of the Unit pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Unit and/or the Common Elements. The Association shall give written notice to all Eligible Mortgagees of any condemnation or eminent domain proceeding affecting the Property promptly upon receipt of notice from the condemning authority

18.8 Management Agreement Requirements The term of any agreement for professional management of the Property may not exceed two (2) years. Any such agreement must provide at a minimum for termination without penalty or termination fee by either party, (i) with cause upon thirty (30) days prior written notice, and (ii) without cause upon ninety (90) days prior written notice

18.9 Access to Books and Records/Audit. Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours, and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within one hundred twenty (120) days of the end of the Association's fiscal year. If a request is made by FNMA or any institutional guarantor or insurer of a mortgage loan against a Unit, for an audit of the Association's financial statements for the preceding year, the Association shall cause an audit to be made and deliver a copy to the requesting party

18.10 Notice Requirements Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of mortgage on a Unit, and the Unit number or address, the holder, insurer or guarantor shall be entitled to timely written notice of:

- a a condemnation loss or any casualty loss which affects a material portion of the Property or the Unit securing the mortgage,
- b a 60 day delinquency in the payment of assessments or charges owed by the Owner of a Unit on which it holds a mortgage,
- c a lapse, cancellation or material modification of any insurance policy maintained by the Association, and

- d a proposed action which requires the consent of a specified percentage of Eligible Mortgagees

SECTION 19
LIMITED WARRANTY; MANDATORY BINDING ARBITRATION
FOR MATTERS INVOLVING DECLARANT

Each Owner, and the Association, by taking title to a Dwelling and/or any portion of the Common Elements, acknowledges and agrees as follows

19.1 Limited Warranty by Declarant Declarant may issue a "Home Builder's Limited Warranty" (the "Limited Warranty") regarding the Dwellings to each initial third-party Owner upon the conveyance of a Dwelling to each Owner, and regarding the Common Elements to the Association. The Limited Warranty is currently administered by Professional Warranty Service Corporation, or its successor ("PWC"). The actual terms of the Limited Warranty are defined by the Limited Warranty documents themselves. If issued, a copy of the Limited Warranty will be provided to each initial third-party Owner, and may be obtained from PWC at its current address of P O Box 800, Annandale, VA 22003-0800. Each Owner whether they are an initial purchaser of a Dwelling or a subsequent purchaser, and the Association, as concerns the Common Elements, are hereby advised and agree that

- a) the Limited Warranty is the only warranty provided by the Declarant,
- b) that all allegations of "Construction Defects," as that term is defined in the Limited Warranty documents provided to the initial third-party Owner and to the Association, will be resolved under and in accordance with, the Limited Warranty,
- c) that final, binding arbitration is the sole remedy for resolving disputes involving alleged Construction Defects,
- d) that by taking title to a Dwelling or the Common Elements, each Owner (whether an initial purchaser of a Dwelling or a subsequent purchaser) and the Association agree to be bound by the terms of the Limited Warranty,
- e) the length of time for coverage under the Limited Warranty shall be for ten years from the date of conveyance to the initial Owner, as further defined in the Limited Warranty itself.

19.2 Mandatory Binding Arbitration for Matters Involving Declarant By taking title to a Dwelling or any portion of the Property, each Owner and the Association agree with the Declarant that to the fullest extent permitted by law, all claims and disputes of any kind that an Owner or the Association may have arising from or in any way related to a Dwelling or Dwellings or the Common Elements involving the Declarant or any affiliate, contractor, agent, employee, executing officer, manager, or owner of Declarant (a "Dispute") shall be submitted to final and binding arbitration

Binding arbitration shall be the sole remedy for resolving disputes between the Declarant and any Owner and/or the Association. Disputes subject to binding arbitration include but are not limited to.

Any disagreement that a condition in the Dwelling or in the Common Elements is a Construction Defect (as defined in the Limited Warranty) and is therefore covered by the Limited Warranty,

Any disagreement as to whether a Construction Defect has been corrected in compliance with the Limited Warranty;

Any alleged breach of the Limited Warranty,

Any alleged violations of consumer protection, unfair trade practice, or other statutes,

Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and all other claims arising in equity or from common law,

Any disputes concerning the issues that should be submitted to binding arbitration,

Any disputes concerning timeliness of performance and our Buyer's notifications under the Limited Warranty,

Any dispute as to the payment or reimbursement of the arbitration filing fee,

Any dispute as to whether the Limited Warranty, or any provision thereof, including, but not limited to any waiver under the Limited Warranty, is unenforceable,

Any other claim arising out of or relating to the sale, design, or construction of the Dwelling or the Common Elements, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by the Limited Warranty

The arbitration shall be conducted by Construction Arbitration Services, Inc. or such other reputable arbitration service that PWC shall select, at its sole discretion, at the time the request for arbitration is submitted. The rules and procedures of the designated arbitration organization, that are in effect at the time the request for arbitration is submitted, will be followed.

The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1-16) to the exclusion of any inconsistent state law, regulation, or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorneys fees and costs (including expert costs) for the arbitration. The arbitration filing fee and other arbitration fees shall be divided and paid equally as between the parties. This filing fee shall be no more than the amount charged by the arbitration service to PWC for each arbitration. Owners may contact PWC to determine the arbitration filing fee in effect at the

time an arbitration is being requested. The arbitrator shall, as part of any decision, award to the party prevailing at the arbitration any applicable filing fees or other arbitration fees paid by that party.

If any Owner, the Association, or the Declarant files a proceeding in any court to resolve any Dispute, such action shall not constitute a waiver of the right of such party or a bar to the right of any other party to seek arbitration of that or any other Dispute, and the Court shall, upon motion of any party to the proceeding, direct that such Dispute be arbitrated in accordance therewith.

The obligations of this Section 19.2 to submit all disputes to final, binding arbitration is wholly independent and separate from the rights and obligations under the Limited Warranty provisions of Section 19.1. In the event any Dwelling is not issued a Home Builder's Limited Warranty as described in Section 19.1, all Disputes shall be resolved by final, binding arbitration conducted by Construction Arbitration Services, Inc., or such other organization as the parties to the Dispute may agree upon, pursuant to the terms of this Section 19.2.

19.3 No Presumption of Unobserved Construction Defects. The Declarant, the Association, and the Owner(s) agree that if the Association or any Owner(s) alleges that any Dwelling(s) or any portion(s) of the Common Elements are alleged to be subject to a construction defect, then in any arbitration, mediation, or other proceeding regarding such matters, there shall be no presumption that an alleged construction defect is prevalent or consistently present in other Dwellings or in other portions of the Common Areas where such alleged construction defect has not been observed.

19.4 Obligation of Owners to Provide Copy of Limited Warranty Documents to Subsequent Purchaser. Each Owner that transfers his or her interest in a Unit shall provide a copy of the Limited Warranty to the subsequent owner and shall thereby transfer to the subsequent owner all remaining coverage for the Dwelling under the Limited Warranty.

19.5 Amendment Requires Consent of Declarant. Notwithstanding any other provision of this Declaration, this Article and its subsections may not be amended except with the written consent of the Declarant.

SECTION 20 MISCELLANEOUS

20.1 Severability. If any term, covenant, or provision of this instrument or any exhibit attached hereto is held to be invalid or unenforceable for any reason whatsoever, such determination shall not be deemed to alter, affect or impair in any manner whatsoever any other portion of this instrument or exhibits.

20.2 Construction. Where applicable the masculine gender of any word used herein shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa. References to the Act, or any section thereof, shall be deemed to include any statutes amending or replacing the Act, and the comparable sections thereof.

20.3 Tender of Claims. In the event that any incident occurs which could reasonably give rise to a demand by the Association against Declarant for indemnification pursuant to the Act, the

Association shall promptly tender the defense of the action to its insurance carrier, and give Declarant written notice of such tender, the specific nature of the action and an opportunity to defend against the action.

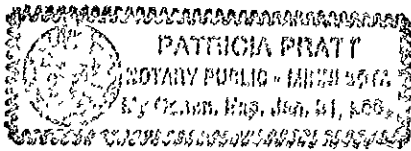
20 4 Notices Unless specifically provided otherwise in the Governing Documents or the Act, all notices required to be given by or to the Association, the Board of Directors, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail, except that registrations pursuant to Section 2.2 of the Bylaws shall be effective upon receipt by the Association

20 5 Conflicts Among Documents. In the event of any conflict among the provisions of the Act, the Declaration, the Bylaws or any Rules and Regulations approved by the Association, the Act shall control As among the Declaration, Bylaws and Rules and Regulations, the Declaration shall control, and as between the Bylaws and the Rules and Regulations, the Bylaws shall control

20 6 Assignment Declarant may assign any portion or all of its rights and obligations herein to any successor, assign or other third-party in Declarant's sole discretion and without written notice or written consent.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the day and year recited on the first page hereof

WOODSIDE KNOLL CREEK, LLC



By *James P. Lambeth*
Its President

STATE OF MINNESOTA)
)ss
COUNTY OF Anoka)

The foregoing instrument was acknowledged before me this 5th day of July, 2003, by James P. Lambeth, the President of Woodside Knoll Creek, LLC, a Minnesota limited liability company, on behalf of the limited liability company

Patricia Pratt
Notary Public

This instrument was drafted by
Leonard, O'Brien, Wilford,
Spencer & Gale, Ltd
100 South Fifth Street, Suite 1200
Minneapolis, MN 55402
(612) 332 -1030

COMMON INTEREST COMMUNITY NUMBER 130
EXHIBIT A TO DECLARATION
SCHEDULE OF UNITS/LEGAL DESCRIPTION OF PROPERTY

Declarant is the owner of the following described real estate

Lots 1 through 41, inclusive, Block 1, Knoll Creek 3rd Addition, and

Lots 1 through 16, inclusive, Block 1, Knoll Creek 4th Addition

all of which is according to the plat(s) thereof on file and of record in the office of the Recorder of Anoka County, Minnesota

Note: Each Unit's unit identifier is its lot and block numbers and the subdivision name

**COMMON INTEREST COMMUNITY NUMBER 130
EXHIBIT B TO DECLARATION
LEGAL DESCRIPTION OF COMMON ELEMENTS**

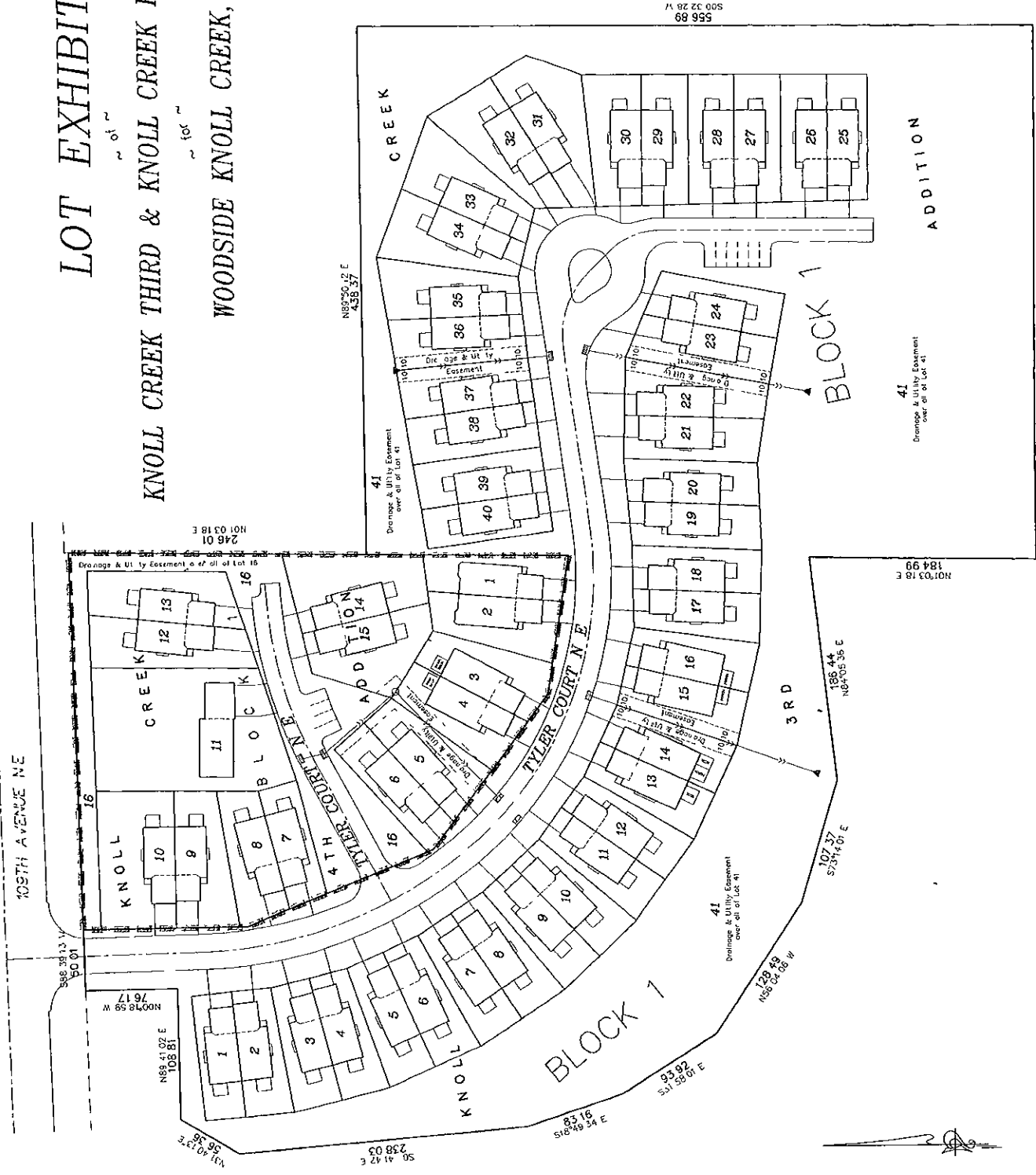
Lot 41, Block 1, Knoll Creek 3rd Addition, and

Lot 16, Block 1, Knoll Creek 4th Addition

LOT EXHIBIT

KNOLL CREEK THIRD & KNOLL CREEK FOURTH ADDITIONS

WOODSIDE KNOLL CREEK, LLC



443.29
N85°27'32" W

3422 Enterprise Dr. W.
Mendota Heights, MN 55124
(651) 681-1914 FAX 681-9488
E23 Highway 10 N.E.
Spring Lake, MN 55082
(763) 763-1880 FAX 763-1883

PIONEER
engineering

TORRENS

Receipt #	93617 / 30-	<input type="checkbox"/> Tax Lien/Release
Date/Time	7/16/03, 14:30	<input type="checkbox"/> Transfer
Doc Order	1 of 1	<input checked="" type="checkbox"/> Division
Recordability	90	<input type="checkbox"/> Status
Filing Fees	\$ 30	<input type="checkbox"/> New legal Description
Well Cert Rec'd		<input type="checkbox"/> GAC
		<input type="checkbox"/> Deferred Specials
		<input type="checkbox"/> No Change
<input type="checkbox"/> Certified Copy/		
<input checked="" type="checkbox"/> Non-standard Document		
<input type="checkbox"/> From Certificate	98009 A # New Certificates 0	
BK	266	Page/Cert 98009

DOCUMENT NO 437986.0 TORRENS

ANOKA COUNTY MINNESOTA

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WAS FILED IN THIS OFFICE FOR RECORD ON JUL 16 2003

AT 2:30 PM AND WAS DULY RECORDED FEES AND TAXES IN THE AMOUNT OF \$30 00 PAID

2003093617

RECEIPT NO

MAUREEN J DEVINE

ANOKA COUNTY PROPERTY TAX ADMINISTRATOR/RECORDER/REGISTRAR OF TITLES
JMD

BY _____
DEPUTY PROPERTY TAX ADMINISTRATOR/RECORDER/REGISTRAR OF TITLES

437986.0 TORRENS
ADDUSIDE COMMUNITIES
DONALD JENSEN
13700 NE JOHNSON ST
HAIL LAKE, MN 55304