

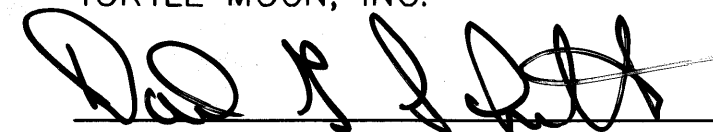
RIVENWICK VILLAGE

KNOW ALL MEN BY THESE PRESENTS: That Turtle Moon, Inc., a Minnesota corporation, fee owner, of the following described property situated in the County of Anoka, State of Minnesota, to wit:

Outlot A, RIVENWICK THIRD ADDITION, Anoka County, Minnesota.

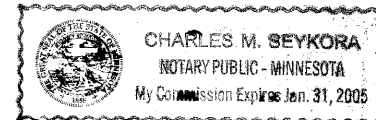
Has caused the same to be surveyed and platted as RIVENWICK VILLAGE and does hereby donate and dedicate to the public for public use forever the *lane*, *streets* and easements for drainage and utility purposes only. Also dedicating to the State of Minnesota the right of access onto U.S. Trunk Highway No. 10, 52, and 169, as designated on this plat. In witness whereof said Turtle Moon, Inc., a Minnesota corporation, has caused these presents to be signed by its proper officer this 7th day of July, 2004.

TURTLE MOON, INC.


David G. Schulte, as President

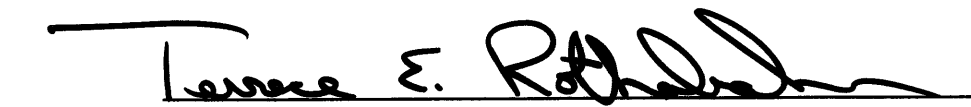
STATE OF MINNESOTA
COUNTY OF Anoka

The foregoing instrument was acknowledged before me this 7th day of July, 2004 by David G. Schulte, as president of Turtle Moon, Inc., a Minnesota corporation, on behalf of said corporation.




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

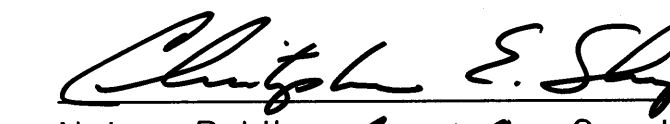
I hereby certify that I have surveyed and platted the property described on this plat as RIVENWICK VILLAGE; that this plat is a correct representation of the survey; that all distances are correctly shown on the plat in feet and hundredths of a foot; that all monuments have been correctly placed in the ground as shown or will be 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, Land Surveyor
Minnesota License Number 20595

STATE OF MINNESOTA
COUNTY OF ANOKA

The foregoing Surveyor's Certificate was acknowledged before me this 7th day of JULY, 2004, by Terrence E. Rothenbacher, Land Surveyor, Minnesota License No. 20595.

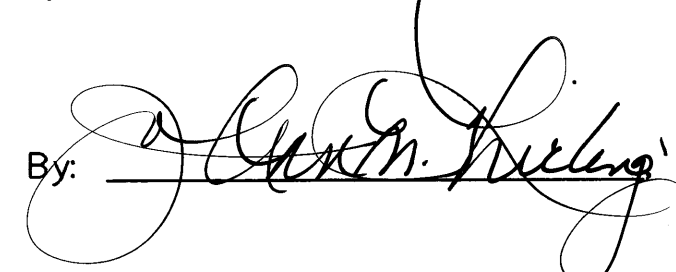



Notary Public, ANOKA County, Minnesota
My Commission Expires January 31, 2005

RAMSEY, MINNESOTA

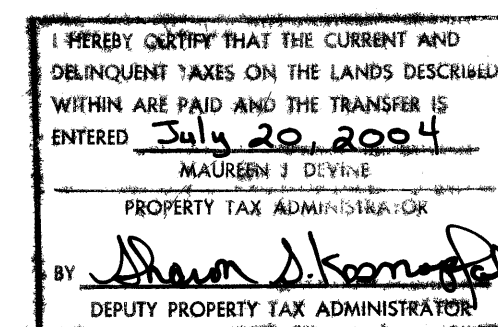
This plat of RIVENWICK VILLAGE was approved and accepted by the City Council of the City of Ramsey, Minnesota, at a regular meeting thereof held this 8th day of JUNE, 2004. If applicable, the written comments and recommendations of the Commissioner of Transportation and the County Highway Engineer have 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:  Mayor

By:  Clerk

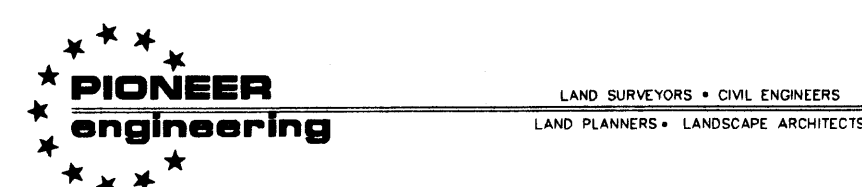
Checked and approved this 20th day of July, 2004.

By: Larry O. Hoium by Charles F. Betzen
Anoka County Surveyor Deputy



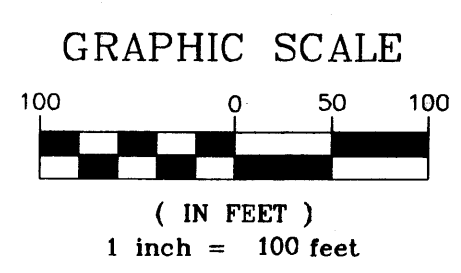
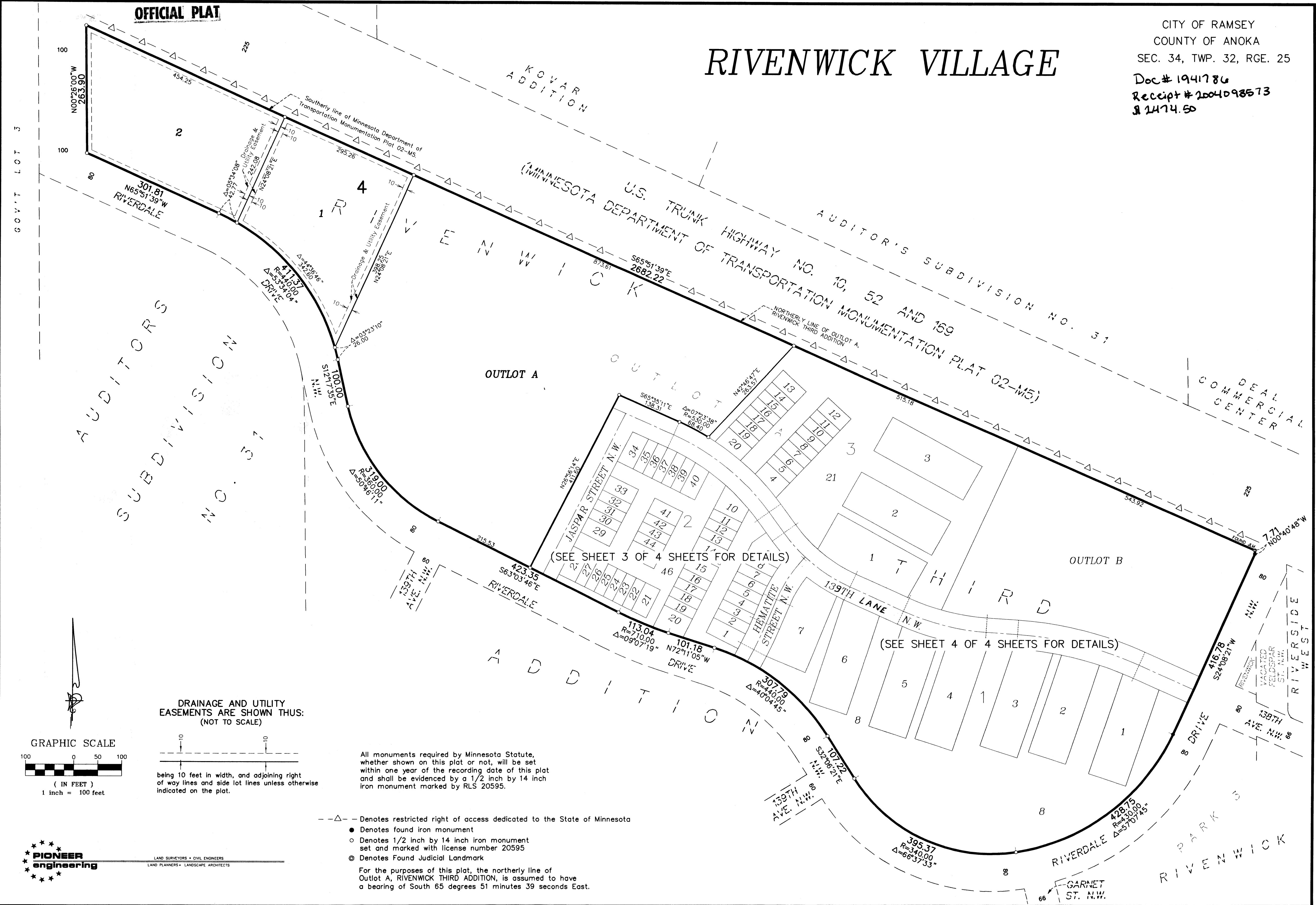
1941786
OFFICE OF COUNTY RECORDER
STATE OF MINNESOTA, COUNTY OF ANOKA
I hereby certify that this instrument was filed in this office for record on the 20th July, A.D., 2004 at 12:30 clock P.M., and was duly recorded in book 67 Abstract page 49
Maureen J. Devine
County Recorder
By: MLE
Deputy

Receipt # 2004093573
\$2474.60



RIVENWICK VILLAGE

CITY OF RAMSEY
 COUNTY OF ANOKA
 SEC. 34, TWP. 32, RGE. 25
 Doc # 1941786
 Receipt # 2004093573
 \$ 1474.50



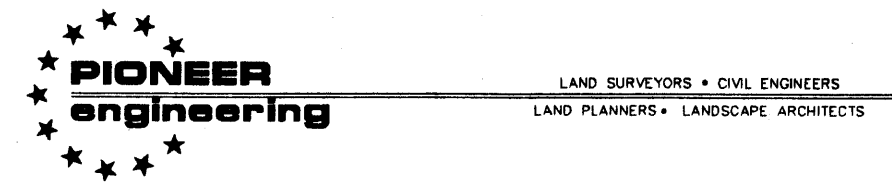
DRAINAGE AND UTILITY EASEMENTS ARE SHOWN THUS:
 (NOT TO SCALE)

being 10 feet in width, and adjoining right of way lines and side lot lines unless otherwise indicated on the plat.

All monuments required by Minnesota Statute, whether shown on this plat or not, 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 monument marked by RLS 20595.

- - Δ - - Denotes restricted right of access dedicated to the State of Minnesota
- Denotes found iron monument
- Denotes 1/2 inch by 14 inch iron monument set and marked with license number 20595
- ⊙ Denotes Found Judicial Landmark

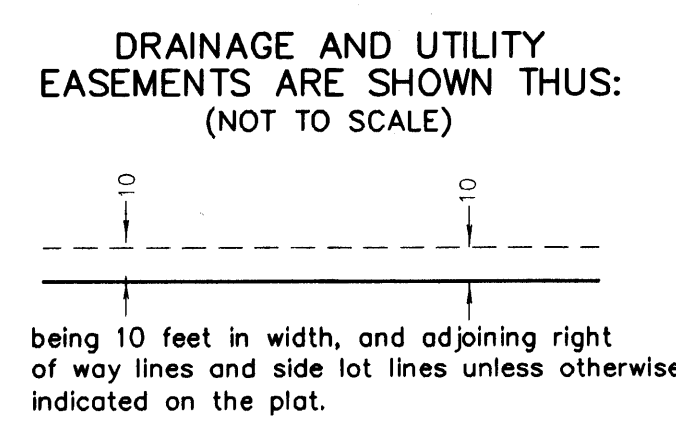
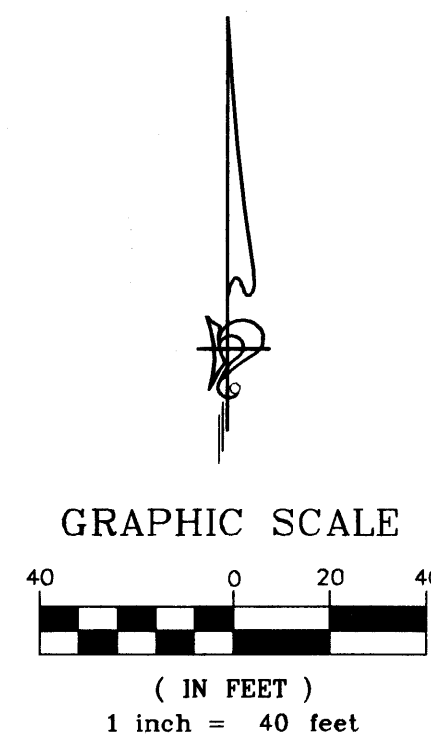
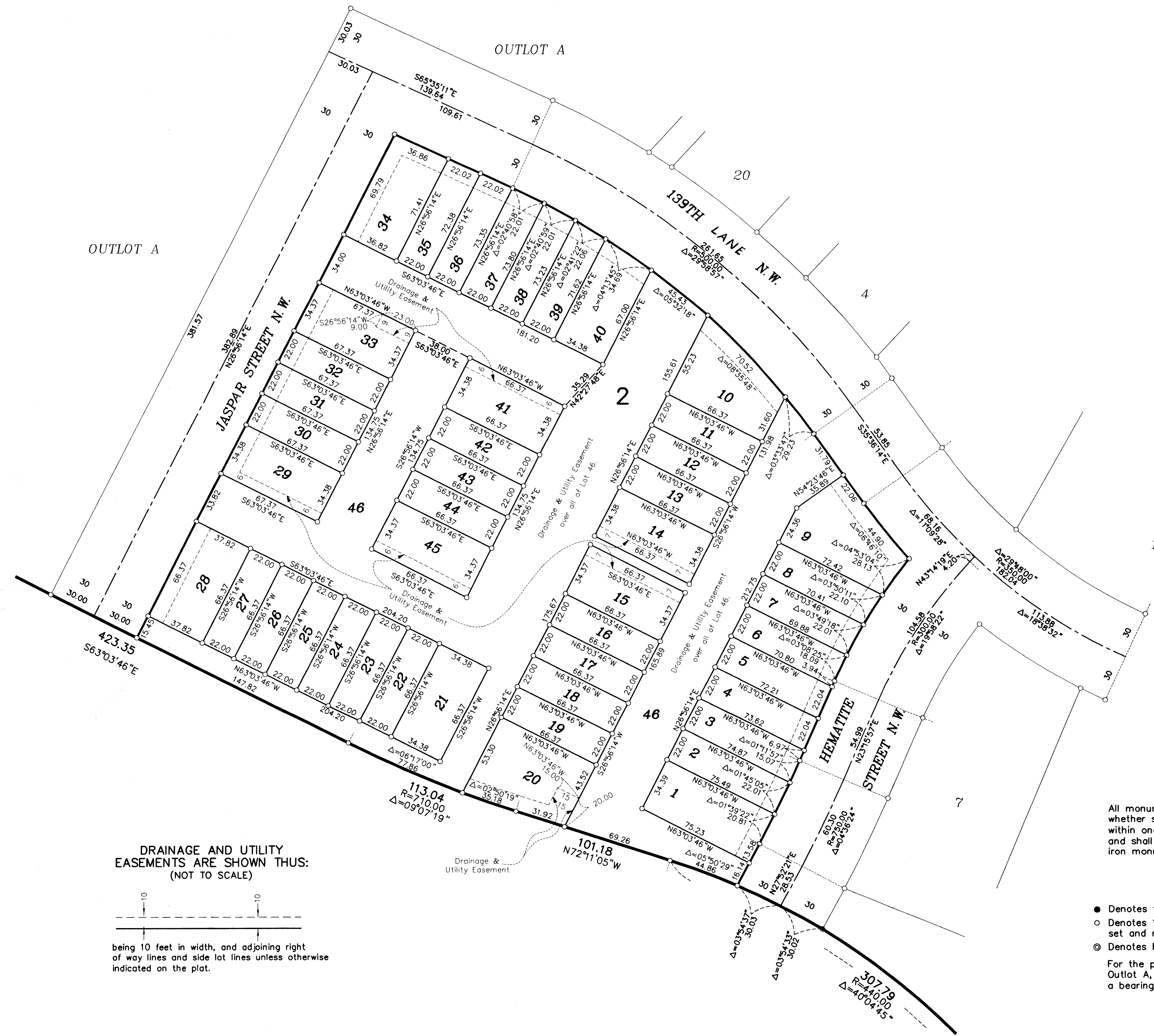
For the purposes of this plat, the northerly line of Outlot A, RIVENWICK THIRD ADDITION, is assumed to have a bearing of South 65 degrees 51 minutes 39 seconds East.



RIVENWICK VILLAGE

CITY OF RAMSEY
COUNTY OF ANOKA
SEC. 34, TWP. 32, RGE. 25

Doc# 1941786
Receipt# 2004093573
\$2474.50



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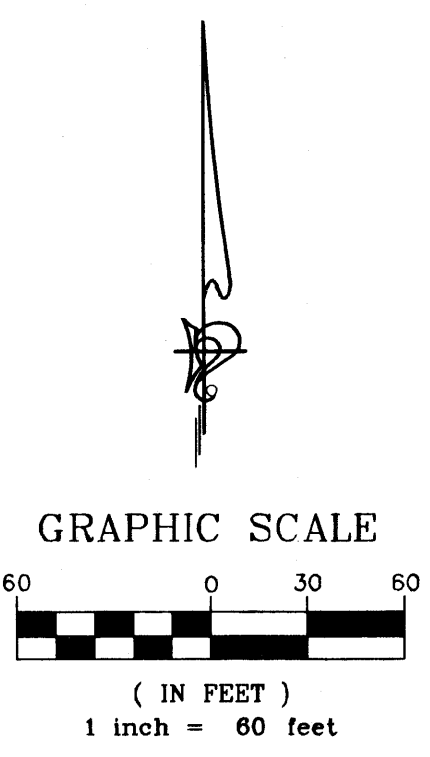
RIVENWICK VILLAGE

CITY OF RAMSEY
COUNTY OF ANOKA
SEC. 34, TWP. 32, RGE. 25
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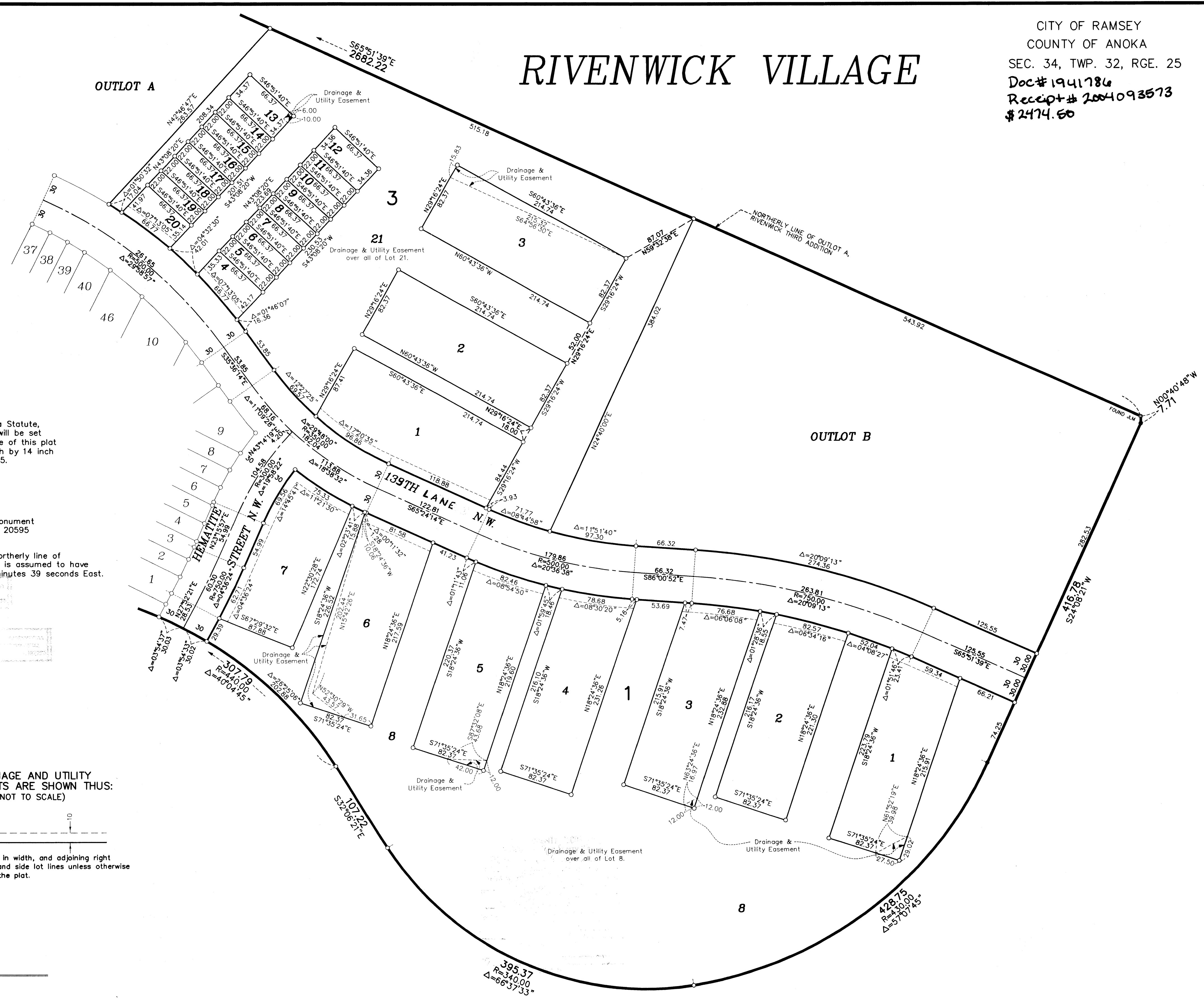
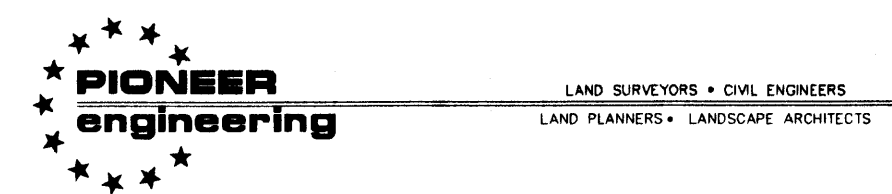
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DRAINAGE AND UTILITY EASEMENTS ARE SHOWN THUS:
(NOT TO SCALE)

being 10 feet in width, and adjoining right of way lines and side lot lines unless otherwise indicated on the plat.



1941786

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: Ramsey CERTIFIED BY: SK ON 7-20-04

MAP # 3199 PLAT BOOK: 67 OF A087 PAGE 49

DOC. DATE: 7-7-04 NO. OF PAGES: 4 TRACT BOOK: _____ PAGE _____

PLAT SHORT NAME: Riverwick Village

LONG NAME: Riverwick Village

A/T	PARENT PINS	KEY	RES?	GRANTORS (Fees, C/Ps, Mortgagees)	Marital Status
A	34.32.25.24.0061	1540078	N	Turtle Moon Inc.	Fee
A	— 22.0016	1540087	N		

FILED BY: David Schulte PHONE: 763-785-0185

TAXPAYER NAME: Turtle Moon Inc

ADDRESS: 3812 Coon Rapids Blvd

CITY: Coon Rapids STATE: MN ZIP: 55433

NEW PARCELS

LOT	BLOCK	LOT	BLOCK	LOT	BLOCK
1-8	1	A, B	O/L		
1-46	2				
1-21	3				(79)
1+2	4				

DELO & CURRENT TAXES ARE PAID: INITIALS: Cap DATE: 7-20-04

DIV. NO.: _____
 DIV. FEE: \$2410-

ABSTRACT

Receipt #	93573/2474.50	<input type="checkbox"/> Incorrect/No Reference #
Date/Time	7/20/04, 12:30	<input type="checkbox"/> Non-standard Document
Document Order	3 of 4	<input type="checkbox"/> Certified Copy/
PINs	Bap	79 lots
Recordability	Bap	
Filing Fees	Div 2410 ⁰⁰ \$ 6450	
Copy/Additional Pg Fees	\$	<input type="checkbox"/> Tax Lien/Release
Well Cert Fees	\$	<input type="checkbox"/> Transfer
<input type="checkbox"/> Incomplete Form		<input checked="" type="checkbox"/> Division
<input type="checkbox"/> Missing Attachment		<input type="checkbox"/> Status
<input type="checkbox"/> No Legal Description		<input type="checkbox"/> New legal Description
<input type="checkbox"/> Non-existent Legal Description		<input type="checkbox"/> GAC
<input type="checkbox"/> Part(s) Illegible		<input type="checkbox"/> Deferred Specials
		<input type="checkbox"/> No Change

DOCUMENT NO. 1941786.0 ABSTRACT
ANOKA COUNTY MINNESOTA

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WAS FILED IN THIS OFFICE
FOR RECORD ON JUL 20 2004 AND WAS DULY RECORDED.
AT 12:30 PM FEES AND TAXES IN THE AMOUNT OF \$2474.50 PAID.

2004093573

RECEIPT NO.

MAUREEN J. DEVINE

ANOKA COUNTY PROPERTY TAX ADMINISTRATOR/RECORDER/REGISTRAR OF TITLES

BY MLE

DEPUTY PROPERTY TAX ADMINISTRATOR/RECORDER/REGISTRAR OF TITLES



Record ID 1492782

1971399.003

DOCUMENT TYPE:

Declaration
CIC 186 Kilmwich

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: Ramsey CHECKED BY: De ON 12/14/04

MAP # 3288 PLAT BOOK TYPE: _____

DOC. NO. OF TRACT
DATE: 11-30-04 PAGES: _____ BOOK: _____ PAGE _____

CIC
SHORT NAME: CIC NO 186 Riverwick Vill

LONG NAME: BY DECLARATION

A/T	PARENT PINS	THRU
A	34-32-25-27-0110	0113
A	———— 21-0018	0022

A/T	PARENT PINS	THRU

DATE: _____

DIV. NO.: _____

COMMON INTEREST COMMUNITY NUMBER 186
(Planned Community)

RIVENWICK

TOWNHOMES DECLARATION

NCS- 98125 -MPLS (KB)

This Declaration is made as of the 30th day of November, 2004, by THE RYLAND GROUP, INC., a Maryland corporation (the "Declarant"), pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "Act"), for the purposes of creating Rivenwick Townhomes, a planned community under the Act.

WHEREAS, Declarant is the owner of certain real property located in Anoka County, Minnesota, legally described as follows:

See Exhibit A attached hereto and hereby made a part hereof,

and Declarant desires to submit said real property and all improvements thereon (collectively, the "Property") to the Act; and,

WHEREAS, Declarant also owns or may acquire certain other real property located in Anoka County, Minnesota, legally described in Exhibit B attached hereto (the "Additional Real Estate") which neighbors the Property, and has the option to add all or a part of the Additional Real Estate to the Property; and

WHEREAS, Declarant desires to establish on the Property, and any Additional Real Estate added thereto, 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, but is subject to an association known as the Rivenwick Townhome Association, as well as a master association known as the Rivenwick Master Association which shall act as a master association pursuant to Section 515B.2-121 of the Act.

THEREFORE, Declarant makes this Townhome Declaration and submits the Property to the Act as a planned community under the name "Rivenwick Townhomes," initially consisting of the Units referred to in Section 2, declaring that this Townhome Declaration shall constitute covenants to run with the Property, and that the Property, and all Additional Real Estate added thereto, shall be divided, held, owned, used, occupied, leased, transferred 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 herein, and their heirs, personal representatives, successors and assigns.

SECTION 1. DEFINITIONS

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

1.1. "Act" shall mean the Minnesota Common Interest Ownership Act codified at Minnesota Statutes Chapter 515B, as amended.

1.2. "A.C.C." or "Architectural Control Committee" shall mean and refer to that permanent committee of the Master Association created for the purpose of establishing and enforcing architectural standards for the construction and modification of any improvements located on the Development.

1.3. "Additional Real Estate" shall mean the real property legally described in **Exhibit B**, including all improvements located thereon now or in the future, and all easements and rights appurtenant thereto, which property Declarant has the right to add to the CIC.

1.4. "Bylaws" shall mean the Bylaws governing the operation of the Townhome Association as they may be amended from time to time.

1.5. "Common Areas" or "Common Area" shall mean those parts of the Development now or hereafter owned by the Master Association and intended for common use and enjoyment of the owners and occupants of the Development. The Common Area is legally described on Exhibit B of the Master Declaration.

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

chargeable to the Townhome Association by the Master Association under the Master Governing Documents which are the obligations of the Members.

1.7. “CIC” shall mean this common interest community comprised of all of the real property submitted to this Townhome Declaration, from time to time, including the Units and all other structures and improvements located thereon now or in the future.

1.8. “Community Assessments” shall mean and include the General Assessments under Section 5.2 and may include any Special Assessments under Section 5.3 and Limited Assessments under Section 5.4, but shall exclude any Master Assessments levied by the Master Board in accordance with the Master Declaration.

1.9. “Development” shall mean and refer to all real property subject to the Master Declaration and all improvements thereon.

1.10. “Dwelling” shall mean a part of a building consisting of two (2) or more floors, designed and intended for occupancy as a single family residence, and located or intended to be located within the boundaries of a Unit together with decks, balconies, patios, utility installations, air conditioning systems and other appurtenances constructed to serve the residence. The Dwelling includes any garage attached thereto and otherwise included within the boundaries of the Unit in which the Dwelling is located.

1.11. “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, or any insurer or guarantor of such mortgage, which has requested the Townhome Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.

1.12. “General Assessments” shall have the meaning ascribed thereto in Section 5.2 of this Townhome Declaration.

1.13. “Governing Documents” shall mean and refer to the Master Governing Documents and the Townhome Governing Documents, collectively or in the alternative.

1.14. “Limited Assessments” shall have the meaning ascribed thereto in Section 5.4 of this Townhome Declaration.

1.15. “Master Assessments” shall mean assessments imposed by the Master Association under and pursuant to the Master Declaration to cover Common Expenses of the Master Association, the Common Area and the Development as a whole, but shall not include Community Assessments.

1.16. “Master Association” shall mean and refer to Rivenwick Master Association, a nonprofit corporation created pursuant to Minnesota Statutes Chapter 317A, and Section 515B.2-121 of the Act, and its successors and assigns, the members of which include, among others, the Townhome Association. The Master Association is a “master association” as defined by the Act.

1.17. “Master Board” shall mean the board of directors of the Master Association.

- 1.18. "Master Bylaws" shall mean the bylaws adopted by the Master Association.
- 1.19. "Master Declaration" shall mean the Rivenwick Master Declaration by The Ryland Group, Inc., dated November 30th, 2004 and filed of record on _____, 200 , in the Office of the Anoka County Recorder, as Document No. _____.
- 1.20. "Master Governing Documents" shall mean the Master Declaration, the articles of incorporation and bylaws of the Master Association, and the rules and regulations adopted by the Master Association.
- 1.21. "Master Rules" shall mean the rules and regulations of the Master Association, as approved from time to time pursuant to Section 3.10 of the Master Declaration.
- 1.22. "Member" shall mean all persons who are members of the Townhome Association by virtue of being Owners as defined in this Townhome Declaration. The words "Owner" and "Member" may be used interchangeably in the Townhome Governing Documents.
- 1.23. "Occupant" shall mean any person or persons, other than an Owner, in possession of or residing in a Unit.
- 1.24. "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(30) of the Act. The term "Owner" includes, without limitation, contract for deed vendees and holders of a life estate.
- 1.25. "Party Wall" shall mean the shared wall between two (2) Dwellings.
- 1.26. "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, or other legal entity capable of holding title to real property.
- 1.27. "Plat" shall mean the recorded plat depicting the CIC pursuant to the requirements of Section 515B.2-110(d) of the Act, and satisfying the requirements of Minnesota Statutes Chapters 505, 508 or 508A, as applicable, including any amended or supplemental Plat recorded from time to time in accordance with the Act.
- 1.28. "Property" shall mean all of the real property submitted to this Townhome Declaration from time to time, including all improvements located thereon.
- 1.29. "Rules" shall mean and refer to the Master Rules and the Townhome Rules, collectively or in the alternative.
- 1.30. "Special Assessments" shall have the meaning ascribed thereto in Section 5.3 of this Townhome Declaration.
- 1.31. "Townhome Association" shall mean Rivenwick Townhome 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.

1.32. "Townhome Board" shall mean the board of directors of the Townhome Association as provided for in the Bylaws.

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

1.34. "Townhome Rules" shall mean the rules and regulations of the Townhome Association, as approved from time to time pursuant to Section 4.6 and by the Master Board.

1.35. "Unit" shall mean any platted lot subject to this Townhome Declaration upon which a Dwelling is located or intended to be located, as shown on the Plat, including all improvements thereon.

1.36. "Working Capital Fund" shall have the meaning ascribed thereto in Section 5.7 of this Townhome Declaration.

Any terms used in the Townhome 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 nine (9) Units subject to the right of the Declarant to add additional Units in accordance with Section 15. All Units 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 the 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, all spaces, walls, and other improvements within the boundaries of a Unit are a part of the Unit.

2.3. Access Easements. Pursuant to the Master Governing Documents, each Unit shall be the beneficiary of an appurtenant easement for access to a public street or highway on or across those portions of the Common Area paved for use as streets and walkways, or as shown on the Plat, subject to any restrictions set forth in the Master Governing Documents or the Master Rules.

2.4. Use and Enjoyment Easements. Pursuant to the Master Governing Documents, each Unit shall be the beneficiary of appurtenant easements for use and enjoyment on and across the Common Area, subject to any restrictions set forth in the Master Governing Documents or the Master Rules.

2.5. Encroachment Easements. Each Unit shall be subject to and shall be the beneficiary of appurtenant easements for encroachments as described in Section 12.

2.6. Utility, Maintenance, Landscaping and Emergency Access. Each Unit shall be subject to, and each Unit, the Townhome Association and the Master Association shall be the beneficiary of, easements for all services and utilities servicing the Units, and for maintenance, repair and replacement, landscaping, emergency access, as described in Section 12.

2.7. Declarant's Easements. Declarant shall have and be the beneficiary of easements for construction and sales activities as described in Section 14.

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 benefiting a Unit 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 benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Townhome Declaration.

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

SECTION 3.

ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

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

3.1. Membership. Each Owner shall be a member of the Townhome 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 (1) Person is an Owner of a Unit, all such Persons shall be Members of the Townhome 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.

3.2. Voting and Common Expenses. Voting rights in the Townhome Association and Common Expense obligations are allocated equally among the Units and any Units added with

the Additional Real Estate or any part thereof except that special allocations of Common Expenses shall be permitted as provided in Section 5. Each Unit shall have one (1) vote.

3.3. Appurtenant Rights and Obligations. The ownership of a Unit shall include the voting rights and Common Expense obligations described in Section 3.2. Said rights, obligations and interests, and the title to the Units, shall not be separated or conveyed separately and any conveyance, encumbrance, judicial sale or other transfer of any allocated interest in a Unit separate from title to the Unit shall be void. The allocation of the rights, obligations and interests described in this Section may not be changed, except in accordance with the Townhome Governing Documents and the Act.

3.4. Authority to Vote. An Owner, or the Owner's proxy, may cast the vote allocated to such Unit at meetings of the Members of the Townhome Association; provided, that if there are multiple Owners of a Unit, only the Owner designated pursuant to the provisions of the Bylaws, or such proxy, may cast such vote. Voting rights of Owners are more fully described in Section 3 of the Bylaws.

SECTION 4. ADMINISTRATION

The administration and operation of the Townhome Association and the CIC, including but not limited to the acts required of the Townhome Association, shall be governed by the following provisions:

4.1. General. All powers and authority of the Townhome Association under the Townhome Governing Documents and the Act shall be delegated to and exercised by the Master Association, as provided in Section 515B.2-121(c) of the Act, including without limitation the powers set forth in Section 515B.3-102(a)(2) of the Act, or described in the Governing Documents or the statute under which the Townhome Association is incorporated. Such delegation shall include all duties and other obligations of the Townhome Association which relate to the delegated powers. The power and authority of the Townhome Association shall be limited to the exercise of those powers or functions which are expressly authorized by the Master Board, the Master Governing Documents or Section 6.5 of the Bylaws. If and to the extent the Master Association delegates back to the Townhome Association powers and functions relating to the Townhome, the rights and easements afforded hereunder to the Master Association shall, to the extent necessary, be deemed to benefit and be exercisable by the Townhome Association.

4.2. Operational Purposes. The CIC shall be operated and managed for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules (ii) maintaining, repairing and replacing those portions of the Property for which it is responsible, and (iii) preserving the value and character of the Property.

4.3. Binding Effect of Actions. All agreements and determinations made by the Townhome Association or the Master 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.

4.4. Bylaws. The Townhome Association shall have Bylaws. The Bylaws and any amendments thereto shall govern the operation and administration of the Townhome Association.

4.5. Management. The Townhome Board may delegate to a managing agent the management duties imposed upon the Townhome Association's officers and directors by the Townhome 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 Townhome Governing Documents and by law. Such manager or managing agent shall have the appropriate real estate license(s) to properly manage the CIC. Any such delegation shall be made to the same managing agent, if any, as has been appointed by the Master Association.

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

4.7. Townhome Association Assets; Surplus Funds. All funds and real or personal property acquired by the Townhome Association shall be held and used for the benefit of the Owners for the purposes stated in the Townhome 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 Townhome Board. Upon a sale of a Unit by the Declarant, the Declarant shall be entitled to a refund by the Master Association and/or the Townhome Association of any assessments prepaid by the Declarant with respect to the Unit sold.

SECTION 5.

ASSESSMENTS FOR COMMON EXPENSES

5.1. General. Community Assessments for Common Expenses shall be determined and assessed against the Units by the Master Board, in its discretion, subject to the limitations set forth in the Master Governing Documents, this Section 5, and the requirements of the Bylaws. Community Assessments for Common Expenses shall include General Assessments under Section 5.2 and may include Special Assessments under Section 5.3, and Limited Assessments under Section 5.4. General and Special Assessments shall be allocated equally according to the allocation formula set forth in Section 3.2. Limited Assessments per Section 5.4 shall be allocated to Units as set forth in that Section. In addition, the Master Board shall establish and levy Master Assessments against the Units as described in Section 6 of the Master Declaration.

5.2. General Assessments. General Assessments shall be based upon a budget at least annually prepared by the Townhome Association and approved by the Master Association, and subject only to limitations hereinafter set forth. Each General Assessment shall cover all of the anticipated Common Expenses of the CIC for that year which are to be shared equally by all Units in the accordance with the allocation set forth in Section 3.2, and shall provide, among other things, for contributions to a separate reserve fund reasonably contemplated to be adequate to cover the periodic cost of maintenance, repair and replacement of those parts of the Units for which the Master Association or the Townhome Association is responsible. The General Assessments shall be due and payable on the first day of each fiscal year, provided, however, the Master Board may allow for payment in equal monthly or quarterly installments, as determined by the Master Board. The General Assessment may be subsequently increased by the Master Board acting on its own or at the request of the Townhome Association. Each General Assessment shall cover all of the anticipated Common Expenses of the CIC for that year and reasonable reserves, which are to be allocated in accordance with the allocation set forth in Section 3.2, provided, however, the General Assessment may be subsequently increased by the Master Board.

5.3. Special Assessments. In addition to Annual Assessments, and subject to the limitations set forth hereafter, the Master Board may levy in any assessment year a Special Assessment against all Units equally in accordance with the allocation set forth in Section 3.2, for the purpose of defraying in whole or in part (i) the cost of any unforeseen or unbudgeted Common Expense of the Townhome Association, (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.

5.4. Limited Assessments. In addition to General Assessments and Special Assessments, the Master Board may, at its discretion, levy and allocate Limited Assessments among only certain Units in the CIC in accordance with the following requirements and procedures:

a. Any assessment or portion thereof benefiting fewer than all of the Units may be assessed exclusively against the Units benefited.

b. The costs of insurance may be assessed either equally or in proportion to risk or coverage.

c. Reasonable attorneys' fees and other costs incurred by the Townhome Association in connection with (i) the collection of assessments and (ii) the enforcement of the Governing Documents, or the Rules against an Owner or Occupant or their guests, may be assessed against a Unit, together with interest not to exceed the highest rate allowed by law on any unpaid amounts due the Master Association.

d. Late charges, fines and interest may be assessed as provided in Section 13.

e. Assessments levied under Section 515B.3-116 of the Act to pay a judgment against the Townhome Association may be levied only against the Units

existing at the time the judgment was entered, in proportion to their Common Expense liabilities.

f. If any damage to the Common Area or another Unit is caused by the act or omission of any Owner or Occupant, or their guests, the Master Association may assess the costs of repairing the damage exclusively against the Owner's Unit to the extent not covered by insurance.

g. If any installment of an assessment becomes more than sixty (60) days past due, then the Master Association may, upon ten (10) days written notice to the Owner, declare the entire unpaid annual amount of the assessment immediately due and payable in full.

h. 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.

Assessments under Subsections 5.4.a-f shall not be considered Special Assessments as described in Section 5.3.

5.5. Master Assessment. In addition to Community Assessments, the Master Board shall levy a Master Assessment against the Units for Common Expenses related to the Master Association, the Common Area and the Development as a whole.

5.6. Budget. The Townhome Board shall annually prepare a budget for the CIC setting forth the anticipated expenses of the Townhome Association for the following fiscal year and submit such budget at least seventy-five (75) days prior to the commencement of the next fiscal year. Such budget shall be submitted in the form required by the Master Association.

5.7. Working Capital Fund. To provide the Townhome Association with initial working capital, there shall be established a Working Capital Fund to meet unforeseen expenditures, to purchase additional equipment or services, or to supplement reserves, during the Development's beginning years of operation. The Townhome Board shall include in each subsequent annual budget a reasonable amount of working capital, based upon the anticipated needs of the Townhome Association for the year in question. 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 Community Assessments for the Unit being conveyed. The contribution shall be paid by the purchaser of a Unit at the time Declarant closes on the sale of the Unit or by the Declarant upon the termination of the period of Declarant control under Section 14.5, whichever is earlier. The amounts paid into this fund are in addition to the regular installments of assessments and are not in prepayment of or substitution for either Master Assessments or Community Assessments. The funds shall be deposited into a segregated account no later than the termination of the period of Declarant control. 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 Townhome Association or the Master Association. However, upon the closing of the sale of an unsold Unit, Declarant may reimburse itself from funds collected from the purchaser at the

closing for any contributions made by Declarant to the Working Capital Fund with respect to that Unit.

5.8. Liability of Owners for Assessments. Until an assessment is levied, Declarant shall pay all accrued expenses of the CIC. Except as otherwise provided in the Act, the assessments provided for herein shall commence for any Unit within the Property, 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 Master Board, subject to the Declarant's limited assessment liability described in Section 5.9. 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 rights, or by reason of any claim against the Townhome Association, the Master Association or their officers, directors or agents, or for their failure to fulfill any duties under the Governing Documents or the Act. The Townhome Association or the Master Association may invoke the charges, sanctions and remedies set forth in Section 13, in addition to any remedies provided elsewhere in the Townhome Governing Documents, the Master Governing Documents or by law, for the purpose of enforcing its rights hereunder. All payments of any assessment shall be made to the Master Association.

5.9. Declarant's Limited Assessment Liability. The following limited assessment program is established pursuant to Section 515B.3-115(b) of the Act. Notwithstanding anything to the contrary in this Section 5, if a Community Assessment has been levied, any unsold Unit owned by Declarant shall be assessed at the rate of twenty-five percent (25%) of the Community Assessments (other than assessments for replacement reserves which shall be assessed in full) levied on other Units of the same style 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 the Unit is created, and shall terminate with respect to each such Unit upon the issuance of the certificate of occupancy for the Unit. Although this limited assessment liability will not affect the allocated share of replacement reserves attributable to Units owned by Declarant, there are no assurances that there will be no effect on the level of services for items set forth in the Townhome Association's budget.

5.10. Assessment Lien. The Master 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 Master 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 this Townhome Declaration constitutes record notice and perfection of any lien under this Section, without further recordation of any notice of or claim for the lien. Release of the lien shall not release the Owner from personal liability unless agreed to in writing by the Master Association.

5.11. Foreclosure of Lien; Remedies. If the Master Association has provided for payment of an assessment in installments, and any installment of an assessment against a Unit

becomes more than sixty (60) days past due, then the Master Association may, upon ten (10) days' prior written notice to the Owner, declare the entire amount of the assessment and late charges immediately due and payable in full. 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 in the same manner as a lien under a mortgage containing a power of sale. The Master 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 Master Association a power of sale and full authority to accomplish the foreclosure. The Master 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.

5.12. 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 on the Unit, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. Notwithstanding the foregoing, (1) if a first mortgage on a Unit is foreclosed, (2) the first mortgage was recorded on or after the date of recording of this Townhome Declaration, and (3) no Owner redeems during the Owner's period of redemption provided by Minnesota Statutes 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 unpaid assessments for Common Expenses levied pursuant to Sections 515B.3-115(e)(1) to (5), (f), and (i) of the Act which became due, without acceleration, during the six (6) months immediately preceding the first day following the end of the Owner's period of redemption.

5.13. Voluntary Conveyances; Statement 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 Townhome Association against the seller or the seller's Unit prior to the time of conveyance to 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 from the Master Association setting forth the amount of the unpaid assessments against the Unit, including all assessments payable in the Master Association's current fiscal year, which statement shall be binding on the Townhome Association, the Master Association, the seller and the buyer.

SECTION 6.

RESTRICTIONS ON USE OF PROPERTY

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

6.1. General. The Property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents, the Rules 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 Development, 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 representative, successors and assigns.

6.2. Subdivision Prohibited. Except as permitted by the Act, and Section 16 of this Townhome Declaration, no Unit may be subdivided or partitioned without the prior written approval of all Owners and all secured parties holding first mortgages on the Units.

6.3. Residential Use. The Units shall be used exclusively for private, single family residential purposes; except that Declarant shall be entitled to maintain model units and other sales facilities within a Unit owned by it. No Unit may be used for transient, hotel, commercial business, professional or other non-residential purposes, except as provided for in Section 6.4. Any lease of a Unit (except for occupancy by guests with the consent of the Owner) which includes services customarily furnished to hotel guests, shall be presumed to be for transient purposes.

6.4. 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; 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 visible from the exterior, are in compliance with all governmental laws, ordinances and regulations, and do not involve any observable business activity such as signs, advertising displays, bulk mailings, regular deliveries, or pedestrian or vehicular traffic to and from the Unit by customers or employees, (ii) the Townhome Association and the Master Association may maintain offices on the Property for management and related purposes, and (iii) Declarant may maintain offices, sales facilities and other business facilities on the Property in connection with the exercise of its special Declarant rights under this Townhome Declaration or the Master Declaration.

6.5. Leasing. Leasing of Units shall be allowed, subject to regulation by the Master Association, and subject to the following conditions: (i) that no Unit shall be leased for transient or hotel purposes, (ii) that all leases of a Unit shall be for a minimum term of one (1) year, (iii) that no Unit may be subleased, (iv) that all leases shall be in writing, and (v) that all leases shall provide that they are subordinate and subject to the provisions of the Governing Documents, the Rules 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 Townhome Association may propose and the Master Association may impose such Townhome Rules approved by the Master Association, as may be necessary to implement procedures for the leasing of Units, consistent with this Section and the Master Rules. Each Owner leasing a Unit shall be responsible for the compliance with and enforcement of the lease. Neither Declarant nor the Townhome Association shall be responsible or liable for the actions or omissions of any lessee of any Unit and the Owner shall indemnify, defend and hold harmless the Townhome Association from and

against any claim or cause of action for damages or injuries which may arise from criminal actions of a lessee of such Owner's Unit.

6.6. Parking. Driveways within the CIC shall be used only for parking of vehicles owned or leased by Owners, Occupants and their guests, and such other incidental uses as may be authorized in writing by the Master Association. No trailers, boats, buses, motor homes, campers, snowmobiles or other type of recreational vehicle shall be parked outside a garage more than seventy-two (72) consecutive hours within a two (2) week period. No abandoned motor vehicles shall be permitted to remain upon the driveways of the CIC. The use of driveways, private streets, and other parking areas within the Development, and the type of vehicles and personal property permitted thereon, shall be subject to further regulation by the Master Association, including without limitation, the right of the Master Association to tow vehicles parked illegally or in violation of the Rules or to remove unauthorized personal property.

6.7. Pets. No pets shall be permitted to be kept on the Property by any Owner or Occupant, except conventional domesticated animals of a type normally kept as pets in residential areas. No kennel, doghouse or outside run shall be constructed or maintained on the Property. No animal shall be kept for any commercial purpose nor shall animals be bred for a commercial purpose upon the Property. Any pet, whenever outside of a Unit, must be kept under the direct control of the pet owner or another person able to control the pet. The person in charge of the pet must clean up after it and is responsible for any damage done by the pet. The Master Board may adopt more specific rules and penalties not inconsistent with the foregoing, and may make all or specified portions of the Common Areas off limits to pets.

6.8. Antennas. Except with the prior written approval of the A.C.C., no exterior television, radio, satellite, or microwave antenna of any sort shall be erected or maintained upon the exterior of a Unit, except (i) an antenna one (1) meter or less in diameter for the purpose of receiving direct broadcast/satellite service or video programming services, or (ii) any antenna for receiving television broadcast signals, subject to government regulations regarding masts and other related equipment. Additionally, no wires for the operation of this equipment will be visible on the exterior of the Unit. The antenna shall be installed so as to minimize its visibility from other Units and the Common Areas and avoid damage or injury to property or Persons. The Master Board may impose Master Rules regarding antennas, consistent with law and this Townhome Declaration; however, any such requirements shall be reasonable, shall not impair or degrade reception and shall conform to the Federal Telecommunications Act of 1996, and regulations imposed thereunder. No exterior wiring, including without limitation, DSL lines, cable television transmission lines or cables for personal satellite television systems, shall be installed nor shall there be penetrations of the walls, window frames or roofs of the exterior of the building, except as authorized by the Master Board.

6.9. Rubbish/Recycling. Garbage, rubbish, trash and recyclable materials shall be kept inside, except they may be placed outside in sanitary containers on days established for removal of such trash or recycling.

6.10. Heating of Units. For the purpose of preventing damage to and breakage of water, sewer and other utility lines and pipes in a Unit which might result in damage to an

adjoining Unit, all Owners shall maintain the temperature in their Units, at all times, at least at fifty-five degrees Fahrenheit (55°F) (or such other reasonable temperature or standard established by a Townhome Rule or Master Rule), subject, however, to the inability to maintain such temperature due to causes beyond the Owner's reasonable control.

6.11. Quiet Enjoyment; Interference Prohibited. All Owners, 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.

6.12. 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 Townhome Association, the Master Association or any Owner or Occupant.

6.13. Timeshares 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.

6.14. Access to Units. In case of emergency, all Units are subject to entry, without notice and at any time, by an officer or member of the Master Board, the management agent or by any public safety personnel. Entry is also authorized for maintenance purposes under Section 7 and 12 and for enforcement purposes under Section 13, after reasonable notice to the Owner.

6.15. Waivers/Variances. Any request by an Owner or Occupant for a waiver or variance of any kind from the foregoing restrictions, the Rules, or for special consideration of any kind, shall be made in writing to the Master Board, accompanied by appropriate written verification or documentation stating the reasons therefor. The Master Board has the discretion to waive or grant variances from the restrictions contained in this Section 7 and the Rules, upon a showing of hardship and evidence that such waiver or variance will not negatively impact other Owners or Occupants, or the Property, and provided such waiver or variance is narrowly tailored and approved according to standard written criteria established or to be established by the Master Board. In the case of special accommodations requested pursuant to the Americans with Disabilities Act, such request shall be accompanied by a written statement of a licensed professional qualified to diagnose the illness or condition covered by said act.

SECTION 7.

MAINTENANCE

7.1. Maintenance by Master Association. For the purpose of preserving the architectural character, quality, and uniform and high standards for appearance of the Property, the Master Association shall (unless delegated by the Master Board to the Townhome Board) (i) provide for exterior maintenance, repair and replacement within each Unit as follows: paint, repair and replace roofs, gutters, downspouts, privacy fencing, exterior siding and other building

surfaces, sidewalks and driveways, and (ii) provide for maintenance, repair and replacement of lawns, shrubs, and trees within all Units as originally installed, and irrigation system installation, maintenance and operation. The Master Association's obligation to maintain exterior building surfaces shall exclude entry lighting, and garage lighting, door hardware, garage doors, exterior entry doors, air conditioning equipment, windows and window frames, duct work beneath concrete slabs, and any other items not specifically required to be maintained by the Master Association, unless otherwise approved under Section 7.2. However, at the request of the Owner, or as otherwise deemed necessary by the Master Association, the Master Association shall be responsible for the repair and replacement of those items, and charge back the expenses therefor as Limited Assessments according to Section 5.4. The Master Association shall have easements as described in Section 12 to perform its obligations under this Section 7 and the Master Declaration.

7.2. Maintenance by Owner. Subject to this Section 7 and Section 9, all maintenance, repair and replacement of and/or in the Dwellings shall be the sole responsibility and expense of the respective Owners thereof. The Master Association may undertake any maintenance and emergency or other necessary repairs which the responsible Owner fails to perform or improperly performs, and assess the Unit and the Owner for the cost thereof. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Unit. The Master Association may require that any exterior maintenance to be performed by the Owner be accomplished pursuant to specific uniform criteria established by the Master Association or the A.C.C. Furthermore, the Master Association may, with the approval of a majority of votes cast in person or by proxy at a meeting of the Owners called for such purpose, undertake to provide additional exterior maintenance of the Units or Dwellings and assess the cost of such maintenance as a Community Assessment.

7.3. Damage Caused by Owner. Notwithstanding any provision to the contrary in this Section, if, in the judgment of the Master Association, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of an 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 Master 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.

SECTION 8.

PARTY WALLS

8.1. 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.

8.2. 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 Master 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. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Unit.

8.3. Destruction by Fire or Other Casualty. If a 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 A.C.C., restore it, and the other Owner shall promptly reimburse the Owner who restored the wall for his or her share of the cost of 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 Master 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.

8.4. 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.

8.5. 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.

8.6. 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 Master Association or any Owner whose Dwellings shares the party wall. Notwithstanding the foregoing, the parties shall use only one (1) arbitrator unless they unanimously agree to more arbitrators. 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 9.

ARCHITECTURAL CONTROL

9.1. Restrictions on Alterations. No change shall be made to the exterior of any Dwelling (including, without limitation, structural changes, or changes in appearance or color) or in any part of the Unit which affects the Common Area or any other Unit (hereinafter, collectively "alterations"), except by the Declarant in consideration of its initial sale of a Unit, or with the authorization of the A.C.C. established by the Master Board pursuant to Section 9 of the Master Declaration. 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.

9.2. Delegation. The A.C.C. shall exercise all review and approval functions under this Section 9, provided that certain functions relating solely to the CIC may be delegated to the Townhome Board.

9.3. Criteria for Approvals. The A.C.C. shall establish criteria for the approval of alterations, which shall include and require at a minimum: adequate protection of the Property, the Master Association, the Townhome Association, Owners and Occupants from liability and liens arising out of proposed alterations; and compliance with government laws, codes and regulations.

9.4. Review Procedures. The following procedures and Section 9 of the Master Declaration shall govern requests for alterations:

a. Detailed information regarding any proposed alteration, in form and content acceptable to the A.C.C., shall be submitted to the A.C.C. at least forty-five (45) days prior to the projected commencement of construction. No alterations shall be commenced prior to approval.

b. The A.C.C. shall give the Owner written notice of approval or disapproval within forty-five (45) days after receipt of said information and all other information requested by the A.C.C.

c. If no request for approval is submitted, approval is denied.

9.5. Approval of Alterations. Approval of alterations which encroach upon another Unit or the Common Area shall create an appurtenant easement for such encroachment in favor of the Unit or the Common Area with respect to which the alterations are approved; provided, that any easement for improvements other than as originally constructed shall be approved by resolution of the Master Board and a file of such resolutions shall be maintained permanently as a part of the Master Association's records.

9.6. Hold Harmless. The Owner who causes an alteration to be made, regardless of whether the alteration is approved by the Master Board shall be solely responsible for the construction standards and specifications relating to the alteration, and the construction work. The Owner, and not the A.C.C., the Master Association or the Townhome Association, is responsible for determining whether any alteration is in violation of any restrictions imposed by any Governmental authority having jurisdiction over the Property. The Owner shall hold the A.C.C., the Master Association and the Townhome Association harmless, and indemnify them, and their officers and directors, from any expenses, claims, damages, losses, or other liabilities, including without limitation reasonable attorney's fees and costs of litigation arising out of (i) any alteration which violates any governmental laws, codes, ordinances or regulations (ii) the adequacy of the specifications for construction of the alterations, and (iii) the construction of the alterations.

9.7. Remedies for Violations. The A.C.C. may undertake any measures, legal or administrative, to enforce compliance with this Section and shall be entitled to recover from the Owner administrative fees, together with reasonable 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 A.C.C. or the Master Association shall have the right to enter the Owner's Unit and to restore any part of the 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 Owner and a lien against the Owner's Unit.

SECTION 10. INSURANCE

10.1. Required Coverage. The Master Association shall obtain and maintain in the name of the Townhome Association or cause to be obtained and maintained, 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, less deductibles, exclusive of land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery). The Master Association shall obtain and maintain "all inclusive" coverage, including Party Walls as defined by Section 1.25 of this Townhome Declaration. The policy or policies shall cover personal property owned by the Townhome 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 Federal Housing Administration ("FHA") or Federal National Mortgage Association ("FNMA"), if applicable, as a precondition to their insuring, purchasing or financing a mortgage on a Unit. The Master Board may also, on behalf of the Master Association, enter into binding written agreements with a mortgagee, insurer or servicer, including without limitation the FHA or FNMA, obligating the Master Association to keep or cause to be kept certain specified coverages or endorsements in effect.

b. Comprehensive general liability insurance against claims and liabilities arising in connection with the ownership, existence, operation, maintenance, use or management of the Property, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage or in such greater amount as is deemed sufficient in the judgment of the Master Board, insuring the Townhome Association, the management agent and their respective officers, directors, employees, agents and all persons acting as agents. The Declarant shall be an additional insured in its capacity as a Unit Owner. The insurance shall cover claims of one or more insured parties against other insured parties. The policy shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Townhome 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, if applicable, as a precondition to their insuring, purchasing or financing a mortgage on a Unit.

c. Insurance against dishonest acts on the part of the Townhome Board, its officers, managers, employees or persons responsible for handling funds belonging to or administered by the Townhome Association or the Master Association. Such insurance shall name the Townhome Association and the Master Association as the named insured and shall be written in an amount equal to the greater of (i) the estimated maximum of Townhome Association and Master Association funds, including reserves, in the custody of the Townhome Association and Master Association or management agent at any given time while the insurance is in force, or (ii) a sum equal to three (3) 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 said policy would not otherwise cover volunteers.

d. Workers' Compensation insurance as required by law.

e. Directors and officers liability insurance covering all directors and officers of the Townhome Association for their acts or omissions while acting within the scope of their duties on behalf of the Townhome Association with such reasonable limits and coverages as the Master Board shall determine from time to time.

f. Such other insurance or additional coverage limits as required by law or as the Townhome Board and the Master Board may determine from time to time to be in the best interests of the Townhome Association and the Owners.

Certificates evidencing such coverage shall be delivered to each Owner and mortgagee of a Unit upon request. The Master Board shall review all policies of insurance at least annually to ascertain the sufficiency of the coverage contained in the policies.

10.2. Premiums; Improvements; Deductibles. All insurance premiums shall be assessed and paid as a Common Expense. If improvements and betterments are covered, any increased cost may be assessed against the Units affected. The Master 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. The Master Association's decision as to who shall be charged with paying the deductible amount may, but need not, be based on fault.

10.3. Loss Payee; Insurance Trustee. All insurance coverage maintained by the Master Association shall be written in the name of, and the proceeds thereof shall be payable to, the Townhome 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, as their interests may appear. The Master 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 Master Association.

10.4. Required Policy Provisions. All policies of property insurance carried by the Master Association shall provide that:

a. Each Owner and secured party is an insured Person under the policy with respect to liability arising out of the Owner's membership in the Townhome Association.

b. The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household and against the Townhome Association and the Master Association, their officers and directors, agents and employees.

c. Coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or secured party, unless acting within the scope of authority on behalf of the Townhome Association or the Master Association, or (ii) any failure of the Townhome Association or the Master Association to comply with any warranty or condition regarding any portion of the Property over which the Master Association or the Townhome Association has no control.

d. If at the time of a loss under the policy there is other insurance in the name of an Owner covering the same property covered by the policy, the policy maintained by the Master Association is primary insurance.

10.5. Cancellation; Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Master Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least thirty (30) days prior written notice to the Master Association, the Townhome Association, to the FHA, VA or FNMA (if applicable), all of the insureds and all secured parties to whom certificates of insurance have been issued.

10.6. Restoration in Lieu of Cash Settlement. All policies of property insurance maintained by the Master 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 Master Association (or any Insurance Trustee) or (ii) when in conflict with provisions of any insurance trust agreement to which the Townhome Association or the Master Association may be a party, or any requirement of law.

10.7. Owner's Personal Insurance. Each Owner may obtain additional personal insurance coverage at his or her own expense covering fire, flood and/or 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 Master Association, except as necessary to cover any deductibles under the policies maintained by the Master Association.

SECTION 11.

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

11.1. 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 upon. Notice of substantial damage or destruction shall be given pursuant to Section 18.10.

11.2. 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 (i) notice shall be given pursuant to Section 18.10; (ii) the Master Association shall be the attorney-in-fact to represent the Owners in any related proceedings, negotiations, settlements or agreements, and (iii) any awards or proceeds shall be payable to the Master Association for the benefit of the Owners and the mortgagees of their Units, as their interests may appear. 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 interests may appear.

11.3. Termination and Liquidation. The termination of the CIC, and the distribution of any proceeds therefrom, shall be governed by the Act. Any distribution of funds shall be based on the value of the Units as determined by their relative value for property insurance purposes, and shall be made to Owners and their mortgage holders as their interests may appear, as provided in the Act.

11.4. Notice. The Master Association shall give written notice of any condemnation proceedings or substantial destruction of the Property to the Eligible Mortgagees entitled to notice pursuant to Section 18.10.

11.5. Master Association's Authority. In all cases involving reconstruction, condemnation, eminent domain, termination or liquidation of the CIC, the Master Association shall have authority as attorney-in-fact to act on behalf of the Owners in all proceedings, negotiations and settlement of claims. All awards and proceeds shall be payable to the Master Association to hold and distribute for the benefit of the Owners and their mortgage holders, as their interest may appear, in accordance with the Act.

SECTION 12.

EASEMENTS

12.1. Easement for Encroachments. Each Unit and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Unit. If there is an encroachment by a Dwelling, or other building or improvement located in a Unit, upon another Unit as a result of the construction, reconstruction, repair, shifting, settlement or movement of any Dwelling, building or improvement upon 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 such Dwelling, building or improvement is part of the original construction or is added following receipt of all approvals required by Section 9. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

12.2. 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 Master Association and the Townhome Association to a non-exclusive, appurtenant easement on, over

and through the Units for the purposes of maintenance, repair, replacement and reconstruction of the Units, the Common Area and the utilities serving the Units and the Common Area, and for landscaping to the extent necessary to fulfill the Townhome Association's obligations and the Master Association's obligations under the Governing Documents.

12.3. Utility Easements. The Property shall be subject to non-exclusive, appurtenant easements in favor of all public utility companies and other utility providers for the installation, use, maintenance, repair and replacement of all utilities such as natural gas, electricity, cable television, telephone and other electronic communications, water, sewer and similar services, and metering and control devices, which exist or are constructed as part of the development of the Property or the Additional Real Estate, or which are referred to in the Plat, or 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 appurtenant easement in favor of the other Units for all such utilities and services, provided, that the utilities and services shall be installed, used, maintained and repaired so as not to interfere with the use and quiet enjoyment of the Units by the Owners and Occupants, nor affect the structural or architectural integrity of the Units.

12.4. Irrigation System Easement. The Units shall be subject to non-exclusive, appurtenant easements for water irrigation lines servicing the Property in the location the same shall have initially been constructed or installed incident to the initial construction of the Improvements on the Property or such other location as may be approved by the Townhome Board.

12.5. Continuation and Scope of Easements. Notwithstanding anything in this Townhome 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 Townhome Declaration or recorded, and shall include reasonable access to the easement areas through the Units for purposes of maintenance, repair, replacement and reconstruction.

12.6. Recorded Easements. The Property shall be subject to and benefited by such other easements as may have been recorded against it or otherwise shown on the Plat.

12.7. Emergency Access to Units. In case of emergency, all Units are subject to an easement for access, without notice and at any time, by an officer or director of the Townhome Association or the Master Association, by any management agents or by any public safety personnel.

SECTION 13.

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 such amendments thereto as may be made from time to time, and the decisions of the Master Association pursuant thereto. A failure to comply shall entitle the Master

Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the Governing Documents, the Rules and the Act.

13.1. Entitlement to Relief. The Master 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 Master Governing Documents or available at law or in equity. Legal relief may be sought by the Townhome Association or the Master Association against any Owner, or by an Owner against the Townhome Association, the Master Association or another Owner, to enforce compliance with the Governing Documents, the Rules, the Act, or the decisions of the Master Association. Owners may also enforce compliance with the Governing Documents, the Rules, or the Act by a private legal action independent of this Section. No Owner may withhold any assessments payable to the Master Association, or take (or omit) other action in violation of the Governing Documents, the Rules, or the Act, as a measure to enforce such Owner's position, or for any other reason. Failure by the Master Association, the Townhome Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

13.2. Sanctions and Remedies. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Master Association shall have the right, but not the obligation, to implement any one (1) or more of the following actions against Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents, the Rules, or the Act:

a. Commence legal action for damages or equitable relief in any court of competent jurisdiction.

b. Impose reasonable late charges for any late payment of an assessment or installment thereof, and impose interest not to exceed the highest rate permitted by law on all such unpaid amounts.

c. In the event of default of more than sixty (60) 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. Not less than ten (10) days 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.

e. Suspend the rights of any Owner to vote, or suspend the rights of any Owner or Occupant and their guests to use the Common Area amenities. Such suspensions, when imposed as a result of non-payment of assessments shall be limited to periods of default by such Owners and Occupants. Such suspensions when due to other

infractions of the Governing Documents or the Rules, may continue for up to sixty (60) days.

f. Restore any portions of the Common Area damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents, the Rules, and to assess the cost of such restoration against the responsible Owners and their Units.

g. Enter any Unit in which, or as to which, a violation or breach of the Governing Documents or the Rules, 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 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. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided by the Act.

13.3. Rights to Hearing. In the case of imposition of any of the remedies authorized by Section 13.2.d., e., f., or (except in the case of emergency) g., the Master 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 ten (10) days within which to request a hearing. The hearing shall be scheduled by the Master Board and held within thirty (30) days after receipt by the Master Board of the hearing request, and with at least ten (10) days prior written notice to the offender. If the offender fails to appear at the hearing then the right to a hearing shall be waived and the Master Board may take such action as it deems appropriate. The decision of the Master Board and the rules for the conduct of hearings established by the Master Board shall be final and binding on all parties. The Master Board's decision shall be delivered in writing to the offender within ten (10) days following the hearing, if not delivered to the offender at the hearing.

13.4. 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 5. 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 Master 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.

13.5. Costs of Proceeding and Attorneys' Fees. With respect to any collection measures, or any measures or action, legal, administrative, or otherwise, which the Master Association takes to enforce the provisions of the Act, the Governing Documents, or the Rules, whether or not finally determined by a court arbitrator, the Master 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 Master Association, reasonable attorneys' fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Master Association. Such expenses shall also include any collection or contingency fees or costs charged to the Master Association or the Townhome Association by a collection agency or other Person acting on behalf of the Townhome Association or the Master Association in collecting any delinquent amounts owed to the Master Association by the Owner or Occupant. Such collection or contingency fees or costs shall be the personal obligation of such Owner and shall be a lien against such Owner's Unit.

13.6. Liability for Acts of Owners and Occupants. 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 he or she would be liable under state law, and to the extent such expense is not covered by the proceeds of insurance maintained by the Master Association or such Owner or Occupant. However, any deductible amount under the insurance and/or increase in the insurance rates of the Master Association resulting from the Owner's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Unit.

13.7. 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 the Act as provided therein.

SECTION 14.

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(32) of the Act for as long as it owns a Unit, or for such shorter period as may be specifically indicated:

14.1. 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 to accommodate the exercise of any special Declarant rights.

14.2. 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 and by law.

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

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

14.5. Control of Townhome Association. To control the operation and administration of the Townhome Association, including without limitation the power to appoint and remove any officer or director of the Townhome Association pursuant to Section 515B.3-103 of the Act, until the earliest of: (i) voluntary surrender of control by Declarant, (ii) a Townhome Association meeting which shall be held within sixty (60) days after conveyance to Owners other than Declarant of seventy-five percent (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 a Unit to an Owner other than Declarant. Notwithstanding the foregoing, the Owners other than Declarant shall have the right to nominate and elect not less than thirty-three and one-third percent (33-1/3%) of the directors at a meeting of the Owners which shall be held within sixty (60) days following the conveyance by Declarant of fifty percent (50%) of the total number of Units authorized to be included in the Property.

14.6. Additional Real Estate. To add all or a portion of the Additional Real Estate to the CIC in accordance with Section 15 and the Act.

14.7. Master Association. To create a master association as authorized by Section 515B.2-121 of the Act and provide for the exercise of authority by the master association over the CIC or the Unit Owners.

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

14.9. Merger. To merge or consolidate the CIC with another common interest community of the same form of ownership.

SECTION 15.

RIGHTS TO ADD ADDITIONAL REAL ESTATE

Declarant hereby expressly reserves the right to add all or a portion of the Additional Real Estate to the Property from time to time consistent with the Master Declaration, by unilaterally executing and recording an amendment to this Townhome Declaration, subject to the following conditions:

15.1. Duration of Right. The right of Declarant to add the Additional Real Estate to the CIC shall terminate ten (10) years after the date of recording of this Townhome Declaration or upon earlier express written withdrawal of such right by Declarant or a successor Declarant, unless extended by a vote of the Owners. There are no other limitations of Declarant's rights hereunder, except as may be imposed by law.

15.2. Addition of Parcels. The Declarant may add the Additional Real Estate to the Property in parcels consisting of one or more Units, by recording an amendment to this Townhome Declaration and identifying the Unit(s) to be added from time to time. A maximum of one hundred thirty-one (131) Units may be created on the Additional Real Estate. All

improvements on the Additional Real Estate shall be added free and clear of liens which would adversely affect the rights of existing Unit Owners or the priority of first mortgages on existing Units, other than liens for real estate taxes and special assessments not yet due and payable. Reallocation of the Common Expense liability and voting rights shall be made in the same manner as set forth in Section 3.2 hereof. All Units added with any portion of the Additional Real Estate shall also be subject to the Master Declaration.

15.3. No Assurances. There are no assurances as to the times at which all or any part of the Additional Real Estate will be added to the Property, the order in which it will be added, the number of Units per phase nor the size of the Units. Declarant is under no obligation to add the Additional Real Estate to the Property, and the Additional Real Estate may be developed by Declarant or its successors in interest for other purposes, subject only to approval by the appropriate governmental authorities.

15.4. Extension of Covenants and Restrictions. All covenants and restrictions contained in this Townhome Declaration affecting the use, occupancy and alienation of Units shall apply to all Units created on the Additional Real Estate, if added to the CIC.

15.5. Architectural Compatibility. Any Units or other structures erected upon the Additional Real Estate shall be compatible with the other Units and other structures which are a part of the Property in terms of quality of construction, structure type and principal materials employed in construction. No assurances are made, however, that any Units or other structures erected upon the Additional Real Estate will be the same architectural style or size as those existing on the Property, and Declarant reserves the right to make interior and exterior changes required by governmental authorities or lenders or to meet market demands.

SECTION 16.

RIGHTS TO RELOCATE BOUNDARIES AND ALTER UNITS

16.1. Relocation of Unit Boundaries. 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. No additional Units may be created by the subdivision or conversion of a Unit (within the meaning of the Act) into two (2) or more Units, nor into other Units.

d. Requirement. 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 9, 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 structure.

(3) The prior written consent of the Master Association shall be required for all alterations, except those made 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 Master Association, the Townhome Association or the first mortgagee of the Unit. The Master 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 Master 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 Areas and altered Units will be repaired and/or restored in the future as required by the Master 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; (v) that the Owner and its agents, contractors, workmen or employees indemnify and hold the Townhome Association and Master Association harmless from all liability incurred by but not limited to, personal injury, death or dismemberment during the course of performing the alterations; and (vi) 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 Master 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 Townhome Governing Documents and/or the Master Governing Documents, including without limitation such costs as filing, architects and attorneys' fees, incurred by the Townhome Association and/or the Master Association in connection with the alterations.

(6) The consent of the municipality in which the CIC is located shall be obtained, if required by the municipality.

SECTION 17. AMENDMENTS

Except for amendments by Declarant pursuant to Section 515B.2-111 and 515B.2-112(c) of the Act, this Townhome Declaration may be amended by the consent of (i) Owners of Units to which are allocated at least seventy-five percent (75%) of the votes in the Townhome Association; (ii) the percentage of Eligible Mortgagees (based upon one (1) vote per first mortgage owned) required by Section 18 as to matters prescribed by said Section; (iii) the FHA, if applicable, during the period of Declarant control under Section 14, as to the annexation of Additional Real Estate, the merger or consolidation of the Townhome Association with another association or other legal entity, the dissolution of the Townhome Association, or any amendments of this Townhome Declaration, or the Articles or Bylaws of the Townhome Association; and (iv) the consent of Declarant to certain amendments as provided in Section 14.8. Consent of the Owners may be obtained in writing or at a meeting of the Townhome Association duly held in accordance with the Bylaws. Consents of Eligible Mortgagees, the FHA 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 Townhome 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 Townhome Governing Documents which causes any material change in the following: (i) voting rights; (ii) increases in Community Assessments by more than twenty-five percent (25%), assessment liens or priority of assessment liens; (iii) responsibility for maintenance and repair; (iv) redefinition of any Unit boundaries; (v) convertibility of Units into Common Elements or vice versa; (vi) expansion or contraction of the CIC or the addition, annexation or withdrawal of property to or from the CIC, other than the addition of the Additional Real Estate; (vii) hazard or fidelity insurance requirements; (viii) imposition of any restrictions on the leasing of Units; (ix) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit; (x) a decision by the Townhome Association to establish self management when professional management is in effect as required previously by the

Townhome Governing Documents or an Eligible Mortgagee; (xi) restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Townhome Governing Documents; (xii) any action to terminate the legal status of the CIC (after substantial destruction or a substantial taking); (xiii) any provisions that expressly benefit Eligible Mortgagees, or insurers or guarantors of mortgages; or (xiv) the purposes to which any Unit is restricted.

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 held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required to (i) abandon or terminate the CIC; (ii) change the allocations of voting rights or Common Expense obligations; (iii) partition or subdivide a Unit except as permitted by statute; or (iv) use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law. Approval of an Eligible Mortgagee shall be implied if no response is received within thirty (30) days after such Eligible Mortgagee receives proper written notice of the proposal, provided it was sent by certified or registered mail with a "return receipt" requested.

18.3. Consent to Subdivision. No Unit may be partitioned or subdivided without the prior written approval of the Owner and Eligible Mortgagee thereof, and the Master 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 Master 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 5.10 and Section 515B.3-116 of the Act and (ii) except that any unreimbursed assessments or charges may be reallocated among all Units equally.

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 Insurance Proceeds and Condemnation Awards. No provision of the Governing Documents shall give an Owner, or any other party, priority over any rights of the Eligible Mortgagee 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. The Master 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. Requirements of Management and Service Agreements. Subject to Section 515B.3-105 of the Act, any agreement for professional management of, or provision of services

to, the Property must, at a minimum, provide for termination by the Townhome Association without penalty at any time after transfer of Declarant control, upon ninety (90) days prior written notice.

18.9. Access to Books and Records/Audit. Owners, prospective purchasers, lenders and the holders and insurers of the first mortgage on any Unit shall have the right to examine the books and records of the Townhome Association upon reasonable notice during normal business hours, upon written request, copies of the Townhome 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 Townhome 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 Townhome Association's financial statements for the preceding year, the Townhome Association shall cause an audit to be made and deliver a copy to the requesting party. The Townhome Association shall make available to prospective purchasers, current copies of the Governing Documents, the Rules and the most recent audited financial statements.

18.10. Notice Requirements. Upon written request to the Townhome Association and the Master Association by an Eligible Mortgagee, identifying the name and address of the holder, insurer or guarantor of a 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 proposed amendment of the Townhome Governing Documents effecting a change in (i) the boundaries of any Unit or any exclusive easement rights appertaining to any Unit, (ii) the number of votes in the Townhome Association appertaining to any Unit, or (iii) the purposes to which any Unit is restricted.
- b. any proposed termination of the CIC regime;
- c. a condemnation loss or any casualty loss which affects a material portion of the Property or the Unit securing the mortgage;
- d. a sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of a Unit on which it holds a mortgage;
- e. a lapse, cancellation or material modification of any insurance policy maintained by the Townhome Association or the Master Association; and
- f. a proposed action which requires the consent of a specified percentage of Eligible Mortgagees.

SECTION 19.

MASTER ASSOCIATION

The Property is part of a larger development which is subject to the Master Declaration and administered by the Master Association. The Townhome Association is a member of the Master Association.

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. The headings used herein are for convenience of reference only and do not affect, define, describe or limit the scope or intent of this Agreement or any of its provisions.

20.3. Tender of Claims. In the event that any incident occurs which could reasonably give rise to a demand by the Townhome Association against Declarant for indemnification pursuant to the Act, the Townhome 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 Townhome Governing Documents or the Act, all notices required to be given by or to the Townhome Association, the Townhome Board, the Townhome Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or upon 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 Townhome Association.

20.5. Conflicts Among Documents. In the event of any conflict among the provisions of the Act, the Townhome Declaration, the Bylaws or any Townhome Rules approved by the Townhome Association, the Act shall control. As among the Townhome Declaration, Bylaws and Townhome Rules, the documents shall control in the following order of priority: (i) the Townhome Declaration, (ii) the Bylaws and (iii) the Townhome Rules. In the event of any conflict among the provisions of the Master Governing Documents, the Townhome Governing Documents, the Master Rules and the Townhome Rules, the Master Governing Documents shall control.

20.6. Resale of Units. Upon resale of a Unit by an Owner, the Owner shall provide the prospective purchaser prior to execution of the purchase agreement or otherwise prior to the

conveyance, a copy of the Townhome Governing Documents, the Master Governing Documents, the Townhome Rules and the Master Rules, if any, any amendments to the foregoing, and a disclosure statement as required by Minnesota Statutes Section 515B.4-107.

20.7. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Townhome Association without first holding a special meeting of the Members and obtaining the affirmative vote of the voting Members representing at least seventy-five percent (75%) of the Units to the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Townhome Association or the Master Association to enforce the provisions of the Townhome Governing Documents and/or the Master Governing Documents (including without limitation, an action to recover assessments or to foreclose a lien for unpaid assessments) or (b) counterclaims brought by the Townhome Association in proceedings instituted against it.

20.8. Duration. The covenants and restrictions of this Townhome Declaration shall run with and bind the land and shall be perpetual.

IN WITNESS WHEREOF, the undersigned has executed this instrument the day and year first set forth in accordance with the requirements of the Act.

DECLARANT:

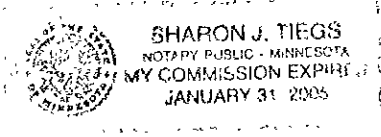
THE RYLAND GROUP, INC.

By: [Signature]
Its: Asst VP

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 30th day of November, 2004, by Steven D. Logan, the Assistant V.P. of The Ryland Group, Inc., a Maryland corporation, for and on behalf of said corporation.

[Signature: Sharon J. Tieggs]
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:

WINTHROP & WEINSTINE, P.A. (MTH)
Suite 3500
225 South Sixth Street
Minneapolis, Minnesota 55402

7837-81
2137226v2

RETURN TO
First American Title Insurance Co.
National Commercial Services
1900 Midwest Plaza West
101 Nicollet Mall
Minneapolis, MN 55402
98125

**COMMON INTEREST COMMUNITY NUMBER 186
RIVENWICK TOWNHOMES**

**EXHIBIT A
TO DECLARATION**

LEGAL DESCRIPTION OF PROPERTY/SCHEDULE OF UNITS

The legal description of the Property as of the recording date of the this Declaration is as follows:

Lots 1 through 9, inclusive, Block 2, Rivenwick Village, Anoka County, Minnesota.

The Units consists of all platted lots on the Property on which a Dwelling is or may be located, as follows:

Lots 1 through 9, inclusive, Block 2, Rivenwick Village, Anoka County, Minnesota.

**COMMON INTEREST COMMUNITY NUMBER 186
RIVENWICK TOWNHOMES**

**EXHIBIT B
TO DECLARATION
LEGAL DESCRIPTION OF ADDITIONAL REAL ESTATE**

Lots 1 through 6, inclusive, Block 1;
Lots 10 through 45, inclusive, Block 2;
Lots 1 through 20, inclusive Block 3;
Rivenwick Village, Anoka County, Minnesota.

ANOKA COUNTY MINNESOTA

Document No : 1971399.003 ABSTRACT

I hereby certify that the within instrument was filed in this
office for record on: 12.14.2004 10:45:00 AM

Fees Taxes In the Amount of: \$45.50

MAUREEN DEVINE

Anoka County Property Tax

Administrator Recorder Registrar of Titles

BMC, Deputy

Record ID: 1492782