

HOMES AT WATERS EDGE

2040 SF
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Homes at Waters Edge Home Owners Association

Items from Common interest Community Declaration that have evolved:

- 1) Monthly Dues are currently \$350 per month, due at first of month and must be set up as an automatic transfer to associations bank account.
 - a) Dues cover hazard insurance on structures.
 - b) Lawn care
 - c) Snow removal
 - d) Irrigation
 - e) Association electricity
 - f) General Maintenance
- 2) No pets
- 3) Gutters have been added from when units were built. Unit owners are responsible for maintenance.
- 4) Vehicles shall be parked in garage at night. Overnight vehicles may be parked in parking area at circle.
- 5) Any changes to architectural integrity or landscaping must be approved by association board.
- 6) No Renting, The Units shall be used by owner as a private single-family dwelling and not to be rented or leased in part or as a whole.

HOMES AT WATERS EDGE HOME OWNERS ASSOCIATION

In the annual meeting of November 19, 2015 article 7.5 was deleted.

It is replaced with the following:

7.5 **No Renting**, The Units shall be used by the owners as a private single family dwelling and not to be rented or leased in part or as a whole.

In the annual meeting of January 2018 article 7.7 the vote was “no pets will be allowed.”

It is replaced with the following:

7.7 **Animals**, and **APPENDIX “A” item 1**. No animal or pets will be allowed on a permanent basis. The word “animal” shall be construed in its broadest sense and shall include all living creatures except humans. Any guest animal may be allowed for a length of time determined by the association board. The unit owner is responsible to see that guests abide by all association bylaws.

In the annual meeting of January 17, 2020, the vote was made to make the unit owner responsible for all gutters on their unit.

APPENDIX “A” - Maintenance. The words “gutters and downspouts” are to be deleted.

* These supersede any and all previous language.

Approved by Homes at Waters Edge Home Owners Association Members and/or Board.

To: Homes At Waters Edge unit owners

Real Estate Agents

Prospective purchasers of a Unit at Homes At Waters Edge

From: Waters Edge Homeowner's Association Inc.

Regarding: Homes At Waters Edge Community

"Homes At Waters Edge" was established as and is legally registered as "Common Interest Community Number 13".

As a prospective purchaser of a "Unit" at Homes At Waters Edge you should be aware of a variety of information concerning the Unit you are interested in.

Under the Minnesota Common Interest Ownership Act effective June 1, 1994, all newly formed cooperatives, condominiums and planned communities shall be called Common Interest Communities (CIC). The laws and regulations set out in the Act will be used by all newly formed Common Interest Communities in Minnesota.

The CIC documents, possessed by and available from each Homes At Waters Edge unit owner, are contained in a three ringed binder which is the property of the Homes At Waters Edge Homeowner's Association. These CIC documents explain in detail the legal framework upon which the CIC is based and the rules by which it will be governed. Careful reading of these documents should form a basis of understanding exactly how Homes At Waters Edge is organized.

As a Homes At Waters Edge Unit owner, you become a member of the Homes At Waters Edge Homeowner's Association.

A Board of Directors is elected at the annual meeting by and from the members of the Homes At Waters Edge Homeowner's Association. The responsibilities and duties of the Board of Directors are governed by the Homes At Waters Edge, CIC Bylaws.

A monthly Association Fee is set at the Homes At Waters Edge Homeowner's Association annual meeting. The Association set fee is equal for all duplex units. The Association fee is higher for the single unit. Any increase in association fees will be increased by the same percentage.

"Common Elements" shall mean all parts of the Property except the Units. Or, in any other words, all the Property not included within the Units constitutes Common Elements. The Common Elements are owned by the Association for the benefit of all the Unit owners.

"Unit" shall mean any platted lot upon which a "Dwelling" is located. The front, rear and side boundaries of each Unit shall be the boundary lines of the platted lot upon which the Dwelling is located.

Careful reading of the Common Interest Community documents contained in this binder should form a basis of understanding of exactly how Homes At Waters Edge is organized.

Welcome,

APPENDIX "A"

HOMES AT WATERS EDGE

GENERAL RULES

(Amended July, 2023)

1. All guests must be accompanied by a resident/owner unless the guest is familiar with the rules and regulations of the Association.
2. Residents/owners may use barbecue grills, provided the grills are placed five (5) feet or more from the building or any fences.
3. Personal property shall not be left unattended in any common areas other than the garage spaces or individual patios areas.
4. For the safety of all residents/owners, please limit driving speeds through the complex.
5. All rubbish recycling or other such containers must be kept in owner's garage until the day of pickup.
6. No boats, trailers or other items may be stored outside the dwelling unit for more than three days.

GARAGES

1. Residents/owners are prohibited from using or storing flammable or explosive items in the garages.
2. Garage doors shall be kept closed except for movement of a car and/or personal items in or out of the garage.

OUTSIDE PARKING

1. Owners cars should be parked in Owners garage and not left in the driveway.
2. No vehicle shall be parked on the street or parking areas within Waters Edge Addition unless a guest of an owner, and in no event may a vehicle be left parked for more than 24 hours.

PETS

No animal or pets will be allowed on a permanent basis. The word "animal" shall be construed in its broadest sense and shall include all living creatures except humans. Any guest animal may be allowed for a length of time determined by the association board. the unit owner is responsible to see that guests abide by all association bylaws.

MAINTENANCE

Items paid by the Association. For the purpose of maintaining the character, quality, and uniform high standards of appearance of the Property, the Association shall: (i) provide for exterior maintenance upon the dwelling in each unity that is subject to assessment as follows: paint, replace roofs, roads, driveways, sidewalks, mailboxes, garage doors (except hardware) exterior siding and other building surfaces, (ii) provide for lawn, shrub and tree maintenance except for watering for landscaping planted by the Declarant or subsequently added by the Association on all units; (iii) provide for snow removal from streets, driveways, walkways, and parking areas for all units and (iv) provide for maintenance of Waters Edge Circle roadway.

Items paid by Owner. Except for exterior maintenance provided by the Association, all maintenance of the dwelling and units shall be the sole responsibility and expense of the owner. Owner expense items might include maintenance, repair or replacement of patios, (including the concrete slab), entry doors, door hardware, air conditioning equipment, air exchange equipment, glass and window frames, skylights, fireplace stacks, flues and chimneys, gutters and downspouts, landscaping not planted by the Association , all items within the dwelling and any other items not required to be provided by the Association for his/her respective unit or dwelling.

**HOMES AT
WATERS EDGE**

COMMON INTEREST COMMUNITY DOCUMENTS
HOMES AT WATERS EDGE
TABLE OF CONTENTS

- I. Memorandum
- II. Articles of Incorporation of Homes at Waters Edge Homeowners' Association, Inc.
- III. First Year Estimated Annual Operating Budget
- IV. Declaration of CIC Number 13, Planned Community, Homes At Waters Edge
 - a. Exhibit A: Schedule of Units and Percentage of Undivided Interest in the Common Elements and of the Common Expenses of the Association
 - b. Exhibit B: Description of Common Elements and Limited Common Elements
 - c. Legal Description of Additional Real Estate
- V. Bylaws of CIC Number 13, Homes At Waters Edge
- VI. Floor Plans
- VII. Housing and Home Improvement Statutory Warranties

APPENDIX "A" RULES AND REGULATIONS

B2924

Richard Black
311 Ramsey St
St Paul, MN 55102

I. MEMORANDUM

MEMORANDUM

FROM: Waters Edge Development, LLC

TO: Prospective Purchasers of a Home in Common Interest Community Number 13, Homes At Waters Edge, Rice County, Northfield, Minnesota ("Homes At Waters Edge ")

DATE: September, 1996

As a prospective purchaser of a unit at Homes At Waters Edge you should be aware of a variety of information concerning the unit. Under the new Minnesota Common Interest Ownership Act effective June 1, 1994, all newly formed cooperatives, condominiums and planned communities shall be called common interest communities ("CIC"). The laws and regulations set out in the Act will be used by all newly formed common interest communities in Minnesota. These new laws and regulations were carefully followed in preparing all the documents in this packet. Included as part of this packet of "Common Interest Community Documents" are the Declaration of Homes At Waters Edge (planned community), the Articles of Incorporation of Homes at Waters Edge Homeowners' Association, Inc. (the "Association"), the Bylaws of the Association, floor plans for a typical building and a projected annual operating budget. A final enclosure in the packet is a copy of the Minnesota Statutes regarding warranties of construction.

These CIC documents explain in detail the legal framework upon which the CIC is based and the rules by which it will be governed. Careful reading of these materials should form a basis for understanding exactly how Homes At Waters Edge is organized.

The developer or Declarant is Waters Edge Development, LLC, a Minnesota limited liability company, whose address is 311 Ramsey Street, St. Paul, Minnesota 55102. As the owner of Homes At Waters Edge, Waters Edge Development, LLC is establishing it as a common interest community (planned community) and will be the first seller of the units. The initial mailing address of the homeowners association of Homes at Waters Edge is 1501 Waters Edge Circle, Northfield, Minnesota 55057.

Homes at Waters Edge is a planned community as opposed to a condominium or cooperative. It will consist initially of 6 platted lots. They are Lots 1, 2, 3, 4, 5 and 10. Lots 1-5 are buildable lots and Lot 10 is the common land around the five lots including the street called Waters Edge Circle. All of the lots combined are referred to as the "Property". The developer has reserved the right to add 4 additional buildable lots to the CIC. They are Lots 6, 7, 8 and 9. A plot of the entire subdivision has been recorded at the County under the name WATER'S EDGE ADDITION, of Outlot H, Spring Creek Second Addition. A copy of the plat is included in this packet. The Lots that are suitable for building under Minnesota Statutes are considered "Units". It is intended that a residential "Dwelling" will be built on each of these Lots or Units. Lot 10, the land around the units, including all improvements owned by the CIC Association will be considered "Common Elements". Limited common elements are those parts of the common elements that are outside of the unit boundaries and reserved for the exclusive use of only one unit.

Homes At Waters Edge includes the units, dwellings and other structures built on the units, the common elements and the limited common elements. At the time of purchasing a unit, each owner will receive a Warranty Deed for his/her unit and will be granted a designated percent ownership in the common elements. The actual boundaries of each unit shall be the platted lot as shown on the plat for WATER'S EDGE ADDITION. The common elements and the units themselves are all described on a CIC plat prepared by a registered engineer that is recorded at the Rice County Recorder's office. A copy is included in this packet. A Budget shall be prepared each year by the Board of Directors of the Association showing the total common expenses for the Association. All expense items in the budget shall be split equally except for the Contingency Reserve, and the Reserve for Replacement Fund. The Contingency Reserve and Reserve for Replacement Fund shall be paid pro rata according to the square foot size of each unit. Fire insurance for each dwelling and any improvements made within the boundaries of each unit shall be paid by each owner according to the actual replacement cost of each dwelling as determined by each owner. It is recommended that along with fire insurance each Owner should obtain insurance coverage for an owner's personal property and personal liability.

As set forth in the Declaration, the Declarant has reserved the right, so long as it owns any unit, to maintain and relocate from time to time, sales offices and a model home within any unit or units or in or on any part of the common elements.

Except for the limited common elements, the common elements will be available for use by all owners subject to rules and regulations which the Association may adopt from time to time. It is anticipated that Rules and Regulations in the form of those attached as Appendix "A" will be adopted by the first Board of Directors.

Insurance coverage to be provided initially by the Association will include:

- (a) A Common Area Liability Policy; and
- (b) Comprehensive public liability insurance with a combined single-limit of not less than \$1,000,000 covering events occurring on the common elements or arising out of or in connection with the use, ownership or maintenance of the common elements.

Directors and Officers Liability Insurance, may be provided in such amounts as the Board of Directors shall, from time to time, reasonably determine.

All of the items in 1. (a) and (b) above as well as directors and officers liability insurance shall be assessed equally among the units.

Each owner will be responsible for obtaining, at his or her own expense, fire insurance and standard liability coverage. Detailed information regarding insurance coverage is contained in Section 11 of the Declaration of Homes At Waters Edge. The type and limits of insurance coverage provided by the Association may be changed from time to time by the Board of Directors of the Association, subject to the provisions of the Declaration and applicable law.

Waters Edge Development, LLC is offering no financing in connection with the sale of units at Homes At Waters Edge but it is anticipated that financing will be available from a number of mortgage lenders.

The Association has not at present entered into any contracts or agreements for services such as snow plowing or lawn maintenance. The first year budget enclosed is prepared based upon estimated costs for anticipated services and supplies to 5 units and the common elements within the CIC serving the 5 units. The projected expenses in this budget become a common expense of the Association. At the closing of the purchase of a unit at Homes At Waters Edge, a purchaser will be required to pay to the Association an amount equal to two (2) times the then estimated monthly common expense assessment for said unit. Said payment is not a deposit or advance payment of assessments which the purchaser is otherwise required by the CIC Documents to pay to the Association, but is rather a payment to provide working capital for the Association members.

Subsequent to the conveyance of units, there will be no liens, defects, or encumbrances on or affecting the title to such units other than any that may have been created by the owner of each such unit. In addition, as more fully described in the Declaration, Declarant has reserved the right to create utility and access easements over and under the units and common elements within the CIC.

Except for the implied warranties provided in the Minnesota Common Interest Ownership Act and in Minnesota Statutes Section 327A.01 et seq. (a copy is enclosed), and except as set forth in the manufacturer's warranty documents for individual appliances, windows, roofing materials, carpet, mechanical or other building components, the units at Homes At Waters Edge are sold with NO WARRANTY concerning the condition of the planned community units or any other matter relative thereto.

Common Interest Community

This packet of "CIC Documents" constitutes the disclosure statement which Waters Edge Development, LLC, as Declarant, is required to deliver pursuant to the Minnesota Common Interest Ownership Act. Within fifteen (15) days after receipt of the "CIC Documents", a purchaser may, prior to conveyance, cancel any purchase agreement of a unit from a Declarant; provided, that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance of the Unit from Declarant. If a Declarant fails to provide the "CIC Documents" to a purchaser before conveying a unit, that purchaser may recover from the Declarant, an amount of \$1,000.00 in addition to any damages or other amounts recoverable under the Statute. If a purchaser received the "CIC Documents" more than fifteen (15) days before the purchaser signs a purchase agreement, the purchaser's 15 day time period shall be considered expired. Any earnest money paid in connection with the purchase of the unit will, after the 15 day cancellation period, be given to the Seller ("Builder") as a construction deposit for part payment of materials and labor, or if the Unit is already constructed, be held in a non-interest bearing escrow account until closing. The purchaser will not earn interest on the earnest money.

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CONDOMINIUM/TOWNHOUSE/
COOPERATIVE ADDENDUM

This form approved by the Minnesota Association of
REALTORS®, which disclaims any liability
arising out of use or misuse of this form.

1. Date _____
2. Page _____ of _____ Pages

3. Addendum to Purchase Agreement between parties dated _____, 19____, pertaining to the purchase and sale
4. of property at _____

5. _____

6. THIS TRANSACTION MAY NOT BE SUBJECT TO THE DISCLOSURE REQUIREMENTS AND 15 DAY RIGHT OF
7. CANCELLATION DESCRIBED BELOW. BUYER MAY WISH TO DETERMINE WHETHER THESE PROVISIONS APPLY
8. BEFORE PROCEEDING WITH THIS OFFER TO PURCHASE.

9. NOTICE: Unless otherwise exempt, the following statutory NOTICE applies to transactions involving all condominiums,
10. and transactions involving townhomes, cooperatives and other planned communities if -1) they were created on or after
11. June 1, 1994, or 2) they have elected to be subject to the Minnesota Common Interest Ownership Act, Minnesota Statutes
12. 515B.1-101—515B.4-118:

13. "The following notice is required by Minnesota Statutes. The purchaser is entitled to receive a disclosure statement
14. or resale disclosure certificate, as applicable. The disclosure statement or resale disclosure certificate contains
15. important information regarding the common interest community and the purchaser's cancellation rights."

16. DOCUMENTATION AND RIGHT TO CANCEL

17. APPLICABILITY—If this transaction involves ownership of a condominium, or of a townhouse, cooperative or other planned
18. community created on or after June 1, 1994, or that has elected to be subject to the Minnesota Common Interest Ownership
19. Act (MCIOA), Minnesota Statutes 515B.1-101 through 515B.4-118, then the following disclosure requirements and right of
20. cancellation apply to this transaction. However, certain properties are exempt from coverage under MCIOA. Buyer may wish
21. to determine whether this property is subject to MCIOA before submitting an offer to purchase.

22. DOCUMENTS—Seller is required to furnish Buyer with the Declaration, Articles of Incorporation, Bylaws, and Rules
23. and Regulations relating to the Homeowner's Association or to the Master Association, if any, and any Amendments
24. thereto, and a Disclosure Statement (for initial sale of the property) or Disclosure Certificate (for resale of the property)
25. required by MCIOA, Section 515B. 4-101 or 515B. 4-107. The Homeowner's Association may charge a reasonable fee for
26. providing the required documents, which shall be paid by Seller unless otherwise agreed to in writing. A Seller, on resale
27. of the property, is not liable to Buyer for any erroneous information provided by the Homeowner's Association and included in
28. the Disclosure Certificate. Nor is a Seller, on resale of the property, liable to Buyer for failure of the Homeowner's Association
29. to provide the Disclosure Certificate, or for a delay by the Homeowner's Association in providing said Disclosure Certificate
30. in a timely manner. For an initial sale of the property, a builder/developer may be liable to provide the Disclosure Statement
31. and for its contents.

32. RIGHT TO CANCEL PURCHASE AGREEMENT—Unless Buyer received said documents more than 15 days before
33. signing the Purchase Agreement, Buyer has the right to cancel this Purchase Agreement within 15 days of receipt
34. of said documents. If an Amendment to a Disclosure Statement (for an initial sale of the property only) materially and
35. adversely affects a Buyer, then Buyer may cancel this Purchase Agreement within 15 days after delivery of the Amendment.
36. If Buyer elects to cancel this Purchase Agreement, the agreement shall become null and void and the earnest money
37. paid by Buyer shall be refunded. Buyer and Seller agree to sign a Cancellation of Purchase Agreement. Buyer shall return
38. all documents to Seller or have the cost of same deducted from earnest money. Buyer may cancel, without penalty, by
39. either delivering written notice of cancellation to Seller or Seller's Agent, or by mailing such notice by postage prepaid
40. U.S. mail, to Seller or Seller's Agent within said 15 day period. Buyer's cancellation rights terminate upon the Buyer's
41. acceptance of conveyance (closing) of the property.

42. ASSOCIATION RESERVES AND ASSESSMENTS

43. The selling price includes any funds held in reserve by the Homeowner's Association for repairs or capital improvements.
44. There shall be no adjustment at closing for such reserves, except for such portion of the current (month of closing) monthly
45. assessments allotted for such reserves.

46. REGULAR ASSESSMENTS—All Homeowner's Association regular assessments shall be paid to date of closing by Seller
47. as required by Homeowner's Association documents. The installment of regular assessments due or paid in the month
48. of closing shall be prorated between Buyer and Seller as of the date of closing. Seller shall furnish paid receipts or a letter
49. from the Homeowner's Association at closing confirming that all assessments have been paid as required by Homeowner's
50. Association documents.

51. SPECIAL ASSESSMENTS—BUYER SHALL ASSUME/SELLER SHALL PAY ON THE DATE OF CLOSING all special
52. assessments levied against the property by the Homeowner's Association as of the date of closing.

53. Seller makes no representation or warranty whatsoever concerning the amount of Homeowner's Association assessments
54. which may be assessed against the property after the date of closing. Such information, if known, is reflected in the Disclosure
55. Statement or Disclosure Certificate. However, Seller shall provide Buyer with any written notice received by Seller from
56. the Homeowner's Association relating to potential expenditures which may occur subsequent to the date of closing.

57. WARRANTY DISCLAIMER

58. Notwithstanding anything to the contrary contained in this Purchase Agreement, Seller makes no warranty of any
59. kind regarding the condition of the common areas and facilities, subject to any statutorily mandated warranty. For
60. an initial sale of a property, the builder/developer may be required by statute to provide specified warranties.

61. OTHER: Buyer shall pay, at closing, a sum equal to two months Association dues to the
62. Association. This amount is not a prepayment of dues but rather money that may be used
63. by the Association as a working capital fund.

64. _____ (Date) (Buyer) (Date)

65. _____ (Date) (Buyer) (Date)

THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYERS AND SELLERS.
IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

**II. ARTICLES OF INCORPORATION
OF
HOMES AT WATERS EDGE
HOMEOWNERS' ASSOCIATION, INC.**

State of Minnesota

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SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws of Minnesota.

Corporate Name: Homes at Waters Edge Homeowners' Association, Inc.

Corporate Charter Number: 1M-780

Chapter Formed Under: 317A

This certificate has been issued on 08/25/1995.



Joan Anderson Grove
Secretary of State.

COMMON INTEREST COMMUNITY DOCUMENTS
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TABLE OF CONTENTS

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- IV. Declaration of CIC Number 13, Planned Community, Homes At Waters Edge
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- V. Bylaws of CIC Number 13, Homes At Waters Edge
- VI. Floor Plans
- VII. Housing and Home Improvement Statutory Warranties

B2924

Richard Black
311 Ramsey St.
At D : 11/11

I. MEMORANDUM

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ARTICLES OF INCORPORATION
OF
HOMES AT WATERS EDGE HOMEOWNERS' ASSOCIATION, INC.

The undersigned, being of full age and for the purpose of forming a non-profit corporation under the provisions of Chapter 317A, Minnesota Statutes, the Minnesota Non-Profit Corporation Act, and laws amendatory thereof, does adopt the following Articles of Incorporation:

ARTICLE I

The name of this corporation shall be Homes at Waters Edge Homeowners' Association, Inc. (herein called the "Association").

ARTICLE II

The purpose and object of the Association are to provide for and to administer the operation, management, maintenance and care of Common Interest Community Number 13, Homes at Waters Edge (planned community) (herein called "Homes at Waters Edge") to be established in accordance with Minnesota Statutes Chapter 515B, the Minnesota Common Interest Ownership Act, upon the following described real property lying and being in the City of Northfield, County of Rice, State of Minnesota, described as follows, to-wit:

1-9 amended - 9/10/99
Lots ~~1-5~~, Block 1, WATER'S EDGE ADDITION; and
Lot 10, Block 1, WATER'S EDGE ADDITION

together with any additions to said Common Interest Community made in compliance with the terms of its Declaration and to undertake the performance of the acts and duties incident to the administration with its terms, provisions, conditions and authorizations, as contained in these Articles of Incorporation and which may be contained in the Declaration establishing Homes At Waters Edge, as the same may be amended from time to time, which will be filed in the Office of the County Recorder in and for Rice County, Minnesota, at the time said real property and the improvements now or hereafter situated thereon, are submitted to a plan of common interest community ownership, said Declaration being incorporated herein as set forth at length; and to acquire, own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of the operation, management, maintenance, improvement and care of the Common Elements within Homes at Waters Edge.

In the furtherance of the foregoing purposes, the Association shall have the power and authority to engage in any and all lawful activities that may be reasonably necessary

20043

in order to accomplish any of the foregoing purposes, and to do and exercise all other powers and authority now or hereafter conferred upon nonprofit corporations under the laws of the State of Minnesota.

ARTICLE III

The Association is organized as a nonprofit corporation. The Association shall in no way, directly or indirectly, incidentally or otherwise, afford pecuniary gain to any of its members, directors, or officers, nor shall any part of the net earnings of the Association in any way inure to the private Association, or to any private shareholder or individual within the meaning of Section 528(c)(1)(D) of the Internal Revenue Code, except that the Association shall be authorized to make reasonable allowance and payment for actual expenditures incurred or services rendered for or on behalf of the Association.

No substantial part of the activities of the Association shall constitute the carrying on of propaganda or of attempting to influence legislation, and the Association shall not participate or intervene in any political campaign on behalf of any candidate for public office, nor shall the Association engage in any transaction or carry on any other activity not permitted to be carried on by a common interest community management association exempt from federal income tax under Section 528 of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE IV

The duration of this corporation shall be perpetual.

ARTICLE V

Amended 9-16-1997

1501 Waters Edge Circle,

The registered office of this corporation shall be at ~~311 Ramsey Street, St. Paul,~~
County of Ramsey, State of Minnesota 55102;

Northfield, County of Rice,

55057

ARTICLE VI

The name and address of the person forming this corporation is:

Richard D. Black
311 Ramsey Street
St. Paul, MN 55102

ARTICLE VII

The membership of the Association shall consist of the owners (hereinafter called the "Unit Owner") of the common interest community homes (hereinafter called the "Units") within Homes at Waters Edge, Rice County, Minnesota, as defined in and

determined by the Declaration. Membership in the Association shall be appurtenant to, and shall not be separated from, Unit ownership in Homes at Waters Edge. No property right inheres in membership and memberships are not transferable except in connection with the transfer by members of their respective Units. The votes to be exercised by the members of the Association shall be as allocated by the Declaration and the Bylaws of the Association to the Units for voting purposes. All Unit Owners of Units within Homes at Waters Edge shall be members of the Association. Where there is more than one Unit Owner of a Unit, the vote allocated to that Unit in accordance with the Declaration shall be cast as the Unit Owners of such Unit among themselves may determine. Where there is more than one Unit Owner of a Unit, the Unit Owners of such Unit shall notify the Secretary of the Association in writing of the name of the Unit Owner who has been designated to cast the vote attributable to the Unit owned, on behalf of all of the Unit Owners of that Unit. Membership in the Association shall automatically pass when the ownership of a Unit is transferred in any manner. In each such event, written notice of the transfer shall be given to the Secretary of the Association.

ARTICLE VIII Amended 9-16-99

The management of the Association shall be vested in a Board of Directors. The first Board of Directors of the Association shall consist of three persons, whose names and addresses are:

~~Hilja Carlson
311 Ramsey Street
St. Paul, MN 55102

Richard Black
311 Ramsey Street
St. Paul, MN 55102

Catherine Asta, Esq.
311 Ramsey Street
St. Paul, MN 55102~~

Charles Hoeg
1517 Waters Edge Circle
Northfield, MN 55057

Jack Bardon
1515 Waters Edge Circle
Northfield, MN 55057

Pat Langstaff
1515 Waters Edge Circle
Northfield, MN 55057

Except as otherwise provided in the Bylaws of the Association, the term of the first Board of Directors shall run until the fifth anniversary of the date of filing of these Articles of Incorporation. The number of directors, term of office, method of removal from office, and method of the filling of vacancies in the Board of Directors shall be as provided in the Bylaws of the Association.

ARTICLE IX

No member, director or officer of the Association shall have any personal liability for any obligation of the Association.

ARTICLE X

The Association shall have no capital stock.

ARTICLE XI

Upon dissolution of the Association, after payment of all the debts and obligations of the Association, all remaining corporate assets shall be distributed in accordance with the provisions of the Minnesota Common Interest Ownership Act.

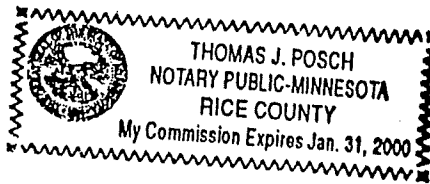
IN TESTIMONY WHEREOF, I have hereunto set my hand this 14 day of August, 1995.

Richard D. Black
Incorporator

STATE OF MINNESOTA
COUNTY OF RICE

Subscribed and sworn to before me by
Richard D. Black
this 14th day of August,
1995.

Thomas J. Posch
Notary Public



20013

STATE OF MINNESOTA
COUNTY OF RICE

Certified to be a true and correct copy of the original on file or of record in my office.

MEREDITH TRUMAN
COUNTY RECORDER AND
REGISTRAR OF TITLES

DATE _____

BY _____
DEPUTY

REGISTRAR'S OFFICE
RICE COUNTY, MINN.

I hereby certify that the within instrument was filed in this office 16 day of August A.D. 19 95 at 1:01 o'clock P.M.
Meredith Truman
(Registrar of Titles)
By [Signature] Deputy

**III. FIRST YEAR ESTIMATED
ANNUAL OPERATING BUDGET**

Proposed Budget 1996-1997
Based on 5 Homes
Homes at Waters Edge Homeowners Association
Northfield, Minnesota

REVENUE	5 Homes	Monthly Amount
Association Fees	\$3,567.00	\$59.45
 EXPENDITURES		
ADMINISTRATIVE EXPENSES		
Tax Return & Legal	49.80	.83
Membership Meetings	18.60	.31
Office Expenses	18.60	.31
 INSURANCE EXPENSES		
Directors and Officers Liability	Optional	Optional
Common Area Liability	120.00	2.00
 MAINTENANCE EXPENSES		
Lawn Care/Snow Removal	1,440.00	24.00
Miscellaneous	480.00	8.00
TOTAL OPERATING EXPENSES	<u>\$2,127.00</u>	<u>\$35.45</u>
CONTINGENCY RESERVE FUND	240.00*	4.00*
RESERVE FOR REPLACEMENT	1,200.00*	20.00*
 TOTAL ASSOCIATION EXPENSES	 <u>\$3,567.00</u>	 <u>\$59.45</u>

*For Contingency Reserve Fund and Reserve For Replacement, each unit will pay a prorated percentage based on the S.F. of that unit divided into the total S.F. of all units

Insurance Recycling Collection and Rubbish will be billed individually. Electric, Gas, Water and Sewer will be individually metered and billed separately to each homeowner.

**IV. DECLARATION OF CIC NUMBER 13
PLANNED COMMUNITY,
HOMES AT WATERS EDGE**

200.12

#5929

20-122

COMMON INTEREST COMMUNITY NUMBER 13

HOMES AT WATERS EDGE

DECLARATION

A Common Interest Community
(Planned Community)

This Declaration is made in the County of Rice, State of Minnesota, on this 14 day of August, 1995, by Waters Edge Development, LLC, a Minnesota limited liability company (the "Declarant"), pursuant to the provisions of Minnesota Statutes Chapter 515B, for the purpose of creating Homes At Waters Edge ("Homes At Waters Edge"), a planned community.

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

WHEREAS, Declarant also has a contract to buy the real property legally described in Exhibit C attached hereto ("the Additional Real Estate"), 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 a plan for a permanent residential community to be owned, occupied and operated for the use, health, safety and welfare of its resident Owners and Occupants, and for the purpose of preserving the value, the structural quality, and the original architectural and aesthetic character of the Property, and

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

THEREFORE, Declarant makes the Declaration and submits the Property to the Act to establish Common Interest Community Number 13, Rice County, Minnesota under the name "Homes At Waters Edge", a Common Interest Community ("CIC"), as a planned community (and not a condominium or cooperative) initially consisting of the Units referred to in Section 2, declaring that this Declaration shall constitute covenants to run with the property, and that the Property shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements, charges and liens set forth herein, all of which shall be binding upon all persons owning or acquiring any right, title or interest therein, and including their heirs, personal representatives, successors and assigns. The plat of Common Interest Community Number 13, Homes At Waters Edge, Rice County,

plat bk
Plot

L
m

20012

Minnesota, was recorded with the County Recorder for Rice County, Minnesota, as Document No. _____, pursuant to Minnesota Statutes Chapter 505, and constitutes the CIC Plat for this CIC.

Many provisions of the Act (Chapter 515B) which governs this CIC, and of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317A under which the Association is formed, are not repeated in this Declaration. This Declaration should be read in conjunction with both statutes.

SECTION 1

DEFINITIONS

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

1.1 **“Association”** shall mean the Homes At Waters Edge Homeowners’ Association, Inc., a nonprofit corporation which has been created pursuant to Chapter 317A of the laws of the State of Minnesota and Minnesota Statutes Section 515B.3-101, whose members consist of all Owners as defined herein.

1.2 **“Board”** shall mean the body, regardless of name, designated in the Articles of Incorporation, Bylaws or Declaration to act on behalf of the Association.

1.3 **“CIC Plat”** means a common interest community plat described in Section 515B.2-110.

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

1.5 **“Common Expenses”** shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including without limitation allocations to reserves and those items specifically identified as Common Expenses in the Declaration or By-Laws.

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

1.7 **“Eligible Mortgagee”** shall mean any Person owning a mortgage on any Unit, which mortgage is first in priority upon foreclosure to all other mortgages that encumber

such Unit, and which has requested the Association, in writing to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.

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

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

1.10 **"Occupant"** shall mean any person or persons, other than an Owner, in possession of or residing in a Dwelling.

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

1.12 **"Party Wall"** shall mean the shared wall between two Units.

1.13 **"Person"** shall mean a natural individual, corporation, limited liability company, partnership, trustee under a trust, personal representative, guardian, conservator, government, governmental subdivision or agency, other or legal entity capable of holding title to real property.

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

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

1.16 **"Rules and Regulations"** shall mean the Rules and Regulations of the Association as approved from time to time pursuant to Section 5.6.

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

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

SECTION 2

DESCRIPTION OF UNITS AND APPURTENANCES

*Amended
May 5, 2000*

2.1 Units. There are 5 Units, all of which are restricted exclusively to residential use. Each Unit constitutes a separate parcel of real estate. No additional Units may be created by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act. The Unit identifiers and locations of the Units are as shown on the Plat, which is incorporated herein by reference, and a schedule of Units is set forth on Exhibit A. The Unit identifier for a Unit shall be its lot and block number and the subdivision name.

2.2 Unit Boundaries. The front, rear and side boundaries of each Unit shall be the boundary lines of the platted lot upon which the Dwelling is located or intended to be located as shown on the Plat. The Units shall have no upper or lower boundaries. Subject to this Section 2 and Section 3.2, all spaces, walls, and other improvements within the boundaries of a Unit are a part of the Unit.

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

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

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

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

2.7 Declarant's Easements. Declarant shall have and be the beneficiary of easements for construction and sales activities as described in Section 16.4. *16.5*

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 Declaration.

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

SECTION 3

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

3.1 **Common Elements.** The Common Elements and their characteristics are as follows:

a. All of the Property not included within the Units constitutes Common Elements. The Common Elements include those parts of the Property described in Exhibit B or designated as Common Elements on the Plat or in the Act. The Common Elements are owned by the Association for the benefit of the owners and Occupants.

b. The Common Elements shall be subject to appurtenant easements for services, public and private utilities, access, use and enjoyment in favor of each Unit and its Owners and Occupants; subject to (i) the right of Owners and Occupants in Limited Common Elements appurtenant to their Units and (ii) the right of the Association to establish reasonable Rules and Regulations governing the use of the Property.

c. Subject to Sections 5, 6 and 9, all maintenance, repair, replacement, management and operation of the Common Elements shall be the responsibility of the Association.

d. Common Expenses for the maintenance, repair, replacement, management and operation of the Common Elements shall be assessed and collected from the Owners in accordance with Section 6.

3.2 **Limited Common Elements.** The Limited Common Elements are those parts of the Common Elements reserved for the exclusive use of the Owners and Occupants of the Units to which they are allocated, and the rights to the use and enjoyment thereof are

automatically conveyed with the conveyance of such Units. The Limited Common Elements are described and allocated to the Units as follows:

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

SECTION 4

ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

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

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

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

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

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

SECTION 5

ADMINISTRATION

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

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

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

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

5.4. **By-Laws.** The Association shall have By-Laws. The By-Laws and any amendments thereto shall govern the operation and administration of the Association.

5.5. **Management.** The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents and the Act; provided, however, that such delegation shall not

relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law.

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

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

SECTION 6

ASSESSMENTS FOR COMMON EXPENSES

6.1 **General.** Assessments for Common Expenses shall be determined and assessed against the Units by the Board, in its discretion; subject to the limitations set forth in Section 6.2 and 6.3, and the requirements of the By-Laws. Assessments for Common Expenses shall include annual assessments and may include special assessments.

Assessments shall be allocated among the Units according to the Common Expense allocations set forth in Section 4.2, subject to the following qualifications:

a. Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element undertaken by the Association may be assessed exclusively against the Unit or Units to which that Limited Common Element is assigned, on the basis of (i) equality, (ii) square footage of the area being maintained, repaired or replaced, or (iii) the actual cost incurred with respect to each Unit.

b. Any Common Expense or portion thereof benefiting fewer than all of the Units may be assessed exclusively against the Units benefited, on the basis of (i) equality, (ii) square footage of the area being maintained, repaired or replaced, or (iii) the actual cost incurred with respect to each Unit.

c. The costs of insurance may be assessed in proportion to value, risk or coverage, and the cost of utilities may be assessed in proportion to usage.

d. Reasonable attorneys fees and other costs incurred by the Association in connection with (i) the collection of assessments and (ii) the enforcement of the Governing Documents, the Act, or the Rules and Regulations, against an Owner or Occupant or their guests, may be assessed against the Owner's Unit.

e. Fees, charges, late charges, fines and interest may be assessed as provided in Section 14.

f. Assessments levied under Section 515B.3-116 of the Act to pay a judgment against the Association may be levied only against the Units existing at the time the judgment was entered, in proportion to their Common Expense liabilities.

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

h. If any installment of an assessment becomes more than 30 days past due, then the Association may, upon 10 days written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full.

i. If Common Expense liabilities are reallocated for any purpose authorized by the Act, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

j. Assessments under Subsections 6.1 a.-h. shall not be considered special assessments as described in Section 6.3.

6.2 **Annual Assessments.** Annual assessments shall be established and levied by the Board, subject only to the limitations set forth in Section 6.2 and 6.3. Each annual assessment shall cover all of the anticipated Common Expenses of the Association for that year. Annual assessments shall provide, among other things, for contributions to a separate reserve fund sufficient to cover the periodic cost of maintenance, repair and replacement of the Common Elements and those parts of the Units for which the Association is responsible.

a. Until a Common Expense assessment is levied, Declarant shall pay all accrued expenses of the common interest community.

b. After a Common Expense assessment is levied, the annual assessment may be subsequently increased by the Board, subject to Section 6.2.c.

c. Until the termination of the period of Declarant control described in Section 16.7 the increase in the annual assessment for any year shall not exceed the greater of (i) the increase in the U.S. Department of Labor Revised Consumer Price Index for Urban Wage Earners and Clerical Workers for All Items for the prior year; or (ii) 5% of the total annual assessment for the Association's previous fiscal year, unless such increase is approved by the vote of a majority of those Owners voting, in person or by proxy, at a meeting called for that purpose. Written notice of the meeting shall be sent to all Owners not less than 21 days nor more than 30 days in advance of the meeting.

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

6.4 **Working Capital Fund.** ~~There shall be contributed by each Unit Buyer on a one-time basis for each Unit sold by Declarant an amount equal to two (2) months installments of the estimated Common Expense assessment for the Unit being conveyed.~~ The amounts paid into this fund are in addition to the regular monthly installments of assessments. The funds shall be deposited into the Association's account, and Declarant may not use the funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficit while Declarant is in control of the Association. If Declarant deposits any money into the working capital fund for units that are not sold upon closing of an unsold Unit, Declarant may reimburse itself from funds collected at the closing for funds which it contributed to the working capital fund with respect to that Unit.

6.5 **Liability of Owners for Assessments.** The obligation of an Owner to pay assessments shall commence at the later of (i) the recording of the Declaration or amendment thereto which creates the Owner's Unit, or (ii) the time at which the Owner acquires title to the Unit, subject to the alternative assessment program described in Section 6.6. The Owner at the time an assessment is payable with respect to the Unit shall be personally liable for the share of the Common Expenses assessed against such Unit. Such liability shall be joint and several where there are multiple Owners of the Unit. The liability is absolute and unconditional. No Owner is exempt from liability for payment of his or her share of Common Expenses by right of set-off, by waiver of use or

enjoyment of any part of the Property, by absence from or abandonment of the Unit, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or for their failure to fulfill any duties under the Governing Documents or the Act. The Association may invoke the charges, sanctions and remedies set forth in Section 16, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purposes of enforcing its rights hereunder.

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

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

6.8 Foreclosure of Lien; Remedies. A lien for Common Expenses may be foreclosed against a Unit under the laws of the State of Minnesota (i) by action, or (ii) by advertisement as a lien under a mortgage containing a power of sale. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Unit so acquired. The Owner and any other Person claiming an interest in the Unit, by the acceptance or assertion of any interest in the Unit, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any assessment or charge against the Unit.

6.9 Lien Priority; Foreclosure. A lien under this Section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Unit, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. Notwithstanding the foregoing, if a first mortgage on a Unit is foreclosed, the first mortgage was recorded on or after June 1, 1994, and no Owner redeems during the Owner's period of redemption provided by Chapters 580, 581, or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Unit subject to unpaid

Assessments for Mormon Expenses levied pursuant to Section 515B.3-115(a), (h)(1) to (3), (i) and (1) of the Act which became due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption.

6.10. Voluntary Conveyances; 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 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, in recordable form, from the Association setting forth the amount of the unpaid assessments against the Unit, including all assessments payable in the Association's current fiscal year, which statement shall be binding on the Association, seller and buyer.

SECTION 7

RESTRICTIONS ON USE OF PROPERTY

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

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

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

7.3. Residential Use. The Units shall be used by Owners and Occupants and their guests exclusively as private, single family attached or not attached residential dwellings, and not for transient, hotel, commercial, business or other non-residential purposes, except as provided in Section 7.4.

7.4. **Business Use Restricted.** No business, trade, occupation or profession of any kind, whether carried on for profit or otherwise shall be conducted, maintained or permitted in any Unit of the Common Elements; except (i) an Owner or Occupant residing in a Unit may keep and maintain his or her business or professional records in such Unit and handle matter relating to such business by telephone or correspondence therefrom provided that such uses are incidental to the residential use, do not involve physical alteration of the Unit and do not involve any observable business activity such as signs, advertising displays, bulk mailings, deliveries, or visitation or use of the Unit by customers or employees and (ii) the Association may maintain offices on the Property for management and related purposes.

7.5. **No Renting.** The Units shall be used by the owners as a private single family dwelling and not to be rented or leased in part or as a whole.

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

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

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

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

7.10 **Alterations.** Except for those made by Declarant in consideration of its initial sale of a Unit, no alternations, changes, improvements, repairs or replacements of any type, temporary or permanent, structural, aesthetic or otherwise (collectively referred to as "alterations") shall be made, or caused or allowed to be made, by any Owner or Occupant, or their guests, in any part of the Common Elements, or in any part of the Unit which affects the Common Elements or which is visible from the exterior of the Unit, without the prior written authorization of the Board, or a committee appointed by it, as provided in Section 8. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied.

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

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

SECTION 8

ARCHITECTURAL CONTROL

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

- a. Except as expressly provided in this Section 8, and except for alterations made by Declarant in consideration of its initial sale of a Unit, no structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, sign, display, decoration, color change, shrubbery, material topographical or landscaping change, nor any other exterior improvements to or alteration of any Dwelling or any other part of a Unit which is visible from the exterior of the Unit (collectively referred to as "alterations"), shall be commenced, erected or maintained in a Unit, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing by the Board of Directors or a committee appointed by it. Notwithstanding the foregoing, Declarant's written consent shall also be required for alterations until Declarant no longer owns any unsold Unit and has no further rights to add Additional Real Estate to the Property.

b. The criteria for approval shall include and require, at a minimum, (i) substantial uniformity of color, size, location, type and design in relation to existing improvements and topography, (ii) comparable or better quality of materials as used in existing improvements, (iii) ease of maintenance and repair, (iv) adequate protection of the Property, the Association, Owners and Occupants from liability and liens arising out of the proposed alterations, and (v) compliance with governmental laws, codes and regulations.

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

d. Alterations described in Section 16 shall be governed by that Section.

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

a. Detailed plans, specifications and related information regarding any proposed alteration, in form and content acceptable to the Board of Directors, shall be submitted to the Board of Directors at least sixty (60) days prior to the projected commencement of construction. No alterations shall be commenced prior to approval.

b. The Board of Directors shall give the Owner written notice of approval or disapproval. If the Board of Directors fails to approve or disapprove within sixty (60) days after receipt of said plans and specifications and all other information requested by the Board of Directors, then approval will not be required, and this Section shall be deemed to have been fully complied with so long as the alterations are done in accordance with the plans, specifications and related information which were submitted.

c. If no request for approval is submitted, approval is denied, unless (i) the alterations are reasonably visible and (ii) no written notice of the violation has been given to the Owner in whose Unit the alterations are made, by the Association or another Owner, within six months following the date of completion of the alterations. Notice may be direct written notice or the commencement of legal action by the Association or an Owner. The Owner of the Unit in which the alterations are made shall have the burden of proof, by clear and convincing evidence, that the alterations were completed and reasonably visible for at least six months following completion and that the notice was not given.

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

SECTION 9 MAINTENANCE

9.1. Maintenance by Association. The Association shall provide for all maintenance, repair or replacement (collectively referred to as "maintenance") of the Common Elements. In addition, for the purpose of preserving the architectural character, quality, and uniform and high standards of appearance of the Property, the Association shall (i) provide for exterior maintenance upon the Unit that is subject to assessment as follows: paint, and replace roofs, mailboxes, garage doors (except hardware) exterior siding and other building surfaces; and (ii) provide for lawn, shrub, and tree maintenance for shrubs planted by Declarant, or subsequently by the Association on all Units, except for watering; (iii) provide for snow removal from driveways, walkways and parking areas for all Units; the Association's obligation to maintain exterior building surfaces shall exclude patios (including concrete slab), entry doors, door hardware, air conditioning equipment, air exchanger equipment, glass and window frames, skylights, fireplaces, stacks, flues and chimneys, and any other items not specifically referred to in this Section, unless otherwise approved under Section 9.2. The Association shall have easements and described in Section 13 to perform its obligations under this Section 9.

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

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

responsible Owner fails to or improperly performs and assess the Unit and the Owner for the cost thereof.

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

SECTION 10

PARTY WALLS

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

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

10.3 **Destruction by Fire or Other Casualty.** If 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 Association, 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 Association may assess the responsible Owners for their share of the costs, without prejudice to the right of an owner to recover a larger contribution from the other Owner. Insurance claims shall be made promptly following any casualty.

10.4 **Weatherproofing.** Notwithstanding any other provision of this Section, any Owner who, by his/her negligent or willful act, causes a party wall to be exposed to the

elements shall bear the whole cost of the repairs necessary for protection against such elements.

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

10.6 **Arbitration.** In the event of any dispute arising concerning a party wall, and if the same is not resolved within thirty (30) days of the event causing the dispute, the matter shall be submitted to binding arbitration under the rules of the American Arbitration Association, upon the written demand of the Association or any Owner whose Dwelling shares the party wall. Each party agrees that the decision of the arbitrators shall be final and conclusive of the questions involved. The fees of the arbitrators shall be shared equally by the parties, but each party shall pay his/her own attorney fees or other costs to prove his/her case.

SECTION 11

INSURANCE

11.1 **Required Coverage.** The Association shall obtain and maintain, at a minimum, a master policy or policies of insurance in accordance with the insurance requirements as 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. Such policies may include:

- a. If the Owners do not elect to purchase property insurance individually, the Association may purchase collectively 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 policy or policies shall cover personal property owned by the Association. The policy or policies shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonably available. Such policy or policies shall include such additional endorsements, coverages and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the FHA or Federal National Mortgage Association ("FNMA") as a precondition to their insuring, purchasing or financing a mortgage on a Unit. The Board may also, on behalf of the Association, enter into binding written agreements with a mortgagee, insurer or servicer, including without limitation the FHA or FNMA, obligating the Association to keep certain specified coverages or endorsements in effect.

B. Comprehensive public liability insurance covering the use, operation and maintenance of the Common Elements, with minimum limits of \$1,000,000 per occurrence, against claims of death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a 'severability of interest' endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing a mortgage on a Unit.

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

D. Workers' Compensation insurance as required by law.

E. Directors and officers liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.

F. Such other insurance as the Board may determine from time to time be i the best interests of the Association and the Owners.

G. The fire insurance portion will be paid pro rata by each condominium unit according to the actual replacement cost of each unit. The pro rata premiums will be paid monthly as part of the Association dues. The common fire policy will not cover clothing or other personal property belonging to individual unit owners or any rugs, drapes, wall coverings, furniture or furnishings, nor will these policies cover a unit owner's liability for events occurring within or outside such owner's unit. Each owner will be responsible for obtaining, at his or her own expense, any insurance which such owner may desire to obtain, for coverage upon such property or for such liability. The type and limits of insurance coverage provided by the Association may be changed from time to time by the Board of Directors of the Association, subject to the provisions of the Declaration and applicable law.

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

11.3. Loss Payee; Insurance Trustee.

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

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

11.5. Cancellation; Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least 30 days prior written notice to the Association, to the FHA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees.

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

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

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

11.9. Owner's Personal Insurance. Each Owner should obtain additional personal insurance coverage at his or her own expense covering personal property and/or personal liability and Loss Assessment. All insurance policies maintained by Owners

shall provide that they are without contribution as against the insurance purchased by the Association.

SECTION 12

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

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

12.2 **Condemnation and Eminent Domain.** In the event of a taking of any part of the Property by condemnation or eminent domain, the provisions of the Act shall govern; provided, that notice shall be given pursuant to Section 19.10. Eligible Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by the Act and the Governing Documents, as their interests may appear.

12.3 **Notice.** All Eligible Mortgagees shall be entitled to receive notice of any condemnation proceedings or substantial destruction of the Property, and the Association shall give written notice thereof to an Eligible Mortgagee pursuant to Section 19.10.

SECTION 13

EASEMENTS

13.1 **Easement for Encroachments.** Each Unit and the Common Elements and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Units for fireplaces, walls, roof overhangs, air conditioning systems, patios, utility installations and other appurtenances (i) which are part of the original construction on the adjoining Unit or the Property or (ii) which are added pursuant to Section 8. If there is an encroachment by a Unit, or improvement located in a Unit, upon another Unit as a result of the construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, an appurtenant easement for the encroachment, for the use, enjoyment and habitation of any encroaching Unit or improvement, and for the maintenance thereof, shall exist; provided that with respect to improvements or alterations added pursuant to Section 8, no easement shall exist unless the same have been approved and the proposed improvements constructed as required by

this Declaration. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

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

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

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

SECTION 14

COMPLIANCE AND REMEDIES

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

14.1 **Entitlement to Relief.** The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another

Owner, to enforce compliance with the Governing Documents, the Rules and Regulations, the Act or the decisions of the Association. However, no Owner may withhold any assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations or the Act, as a measure to enforce such Owner's position, or for any other reason.

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

- a. Commence legal action for damages or equitable relief in any court of competent jurisdiction.
- b. Impose late charges of up to 15% of each late payment of an assessment or installment thereof, and interest at up to the highest rate permitted by law.
- c. In the event of default of more than 30 days in the payment of any assessment or installment thereof, all remaining installments of assessments assessed against the Unit owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.
- d. Impose reasonable fines, penalties or charges for each violation of the Act, the Governing Documents or the Rules and Regulations of the Association.
- e. Suspend the rights of any Owner or Occupants and their guests to use any Common Element amenities; provided, that this limitation shall not apply to Limited Common Elements or patio easements, appurtenant to the Unit, and those portions of the Common Elements providing utilities service and access to the Unit. Such suspensions shall be limited to periods of default by such Owners and Occupants in their obligations under the Governing Documents, and for up to 30 days thereafter, for each violation.
- f. Restore any portions of the Common Elements or Limited Common Elements damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents, and to assess the cost of such restoration against the responsible Owners and their Units.
- g. Enter any Unit or Limited Common Element in which, or as to which, a violation or breach of the Governing Documents exist which materially affects, or is likely to materially affect in the near future, the health or safety of the other

Owners or Occupants, or their guests, or the safety or soundness of any Dwelling or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit or Limited Common Elements which is causing the violation; provided, that any improvements which are a part of a Unit may be altered or demolished only pursuant to a court order or with the agreement of the Owner.

h. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure of mortgages by action or under a power of sale in the state where the Property is located.

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

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

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

14.6 Liability for Owners' and Occupants' Acts. An Owner shall be liable for the expense of any maintenance, repair or replacement of the Property rendered necessary by

such Owner's acts or omissions, or by that of Occupants or guests in the Owner's Unit, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Owner or Occupant. However, any insurance deductible amount and/or increase in insurance rates, resulting from the Owner's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Unit.

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

SECTION 15

STREET MAINTENANCE

Section 15.1 **City Assessments.** When fully developed there will be two (2) Units in WATER'S EDGE ADDITION which abut directly to the Woodley Street right of way. It is the intention of Declarant that all Lots in WATER'S EDGE ADDITION shall pay for maintenance and any special assessments assessed for Woodley Street and the boulevard between the WATER'S EDGE ADDITION and Woodley Street. Any city assessments shall be prorated among the unit owners and shall be enforceable by the same manner as Section 6 of this Declaration.

Section 15.2 **Property Street.** The street located on the Property is a private street and will be owned and maintained as a Common Element by the Association members.

SECTION 16

SPECIAL DECLARANT RIGHTS

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

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

16.2 **Relocate Boundaries and Alter Units.** To relocate boundaries between Units and to otherwise alter Units owned by it, to the extent permitted by Section 17.

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

16.4 **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 and on the Common Elements.

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

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

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

SECTION 17

RIGHTS TO ADD ADDITIONAL REAL ESTATE, RELOCATE UNIT BOUNDARIES AND ALTER UNITS

17.1 **Declarant's Rights to Add Additional Real Estate.** Declarant hereby expressly reserves the right to add the Additional Real Estate to the Property, by unilateral action under Section 515B.2-111 of the Act, subject to the following conditions:

- a. The right of Declarant to add the Additional Real Estate to the common interest community shall terminate ten (10) years after the date of recording of this Declaration or upon earlier express written withdrawal of such right by Declarant or a successor Declarant, unless extended by a vote of the Owners pursuant to Section 515B.2-106(2) of the Act. There are no other limitations on Declarant's rights hereunder, except as may be imposed by law.

b. The Additional Real Estate is described in Exhibit C. The Additional Real Estate may be added to the Property in parcels consisting of one or more platted lots, or portions thereof.

c. 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 parcels per phase nor the size of the parcels. Declarant is under no obligations 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.

d. The maximum number of Units that may be created within the additional real estate described as such on the date of this Declaration is 4. All Units created on the Additional Real Estate shall be restricted exclusively to residential use.

e. Any Units and other structures, created upon the Additional Real Estate, when and if added, shall be compatible with the other Structures, and Units which are part of the Property in terms of architectural style, quality of construction, and principal materials employed in construction; subject (i) to any changes required by governmental authorities or lenders and (ii) to any interior and minor exterior changes made by Declarant to meet changes in the market.

f. All covenants and restrictions contained in this Declaration affecting the use, occupancy and alienation of Units shall apply to all Units created on the Additional Real Estate.

g. The statements made in Subsections c through f above shall not apply to any Additional Real Estate which is not added to the Property.

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

a. **Combining Units.** An Owner may make improvements or alterations to such Unit or, may, after acquiring an adjoining Unit, remove or alter any intervening partition or create apertures therein in accordance with Section 515B.2-113 of the Act and Subsection d. of this Section.

b. **Relocation of Boundaries.** The boundaries between adjoining Units may be relocated in accordance with Section 515B.2-114 of the Act and Subsection d. of this Section.

c. **Subdivision or Conversion.** No additional Units may be created by the subdivision or conversion of a Unit (within the meaning of the Act) into two or more Units, nor into other Units, Common Elements or Limited Common Elements.

d. **Requirements.** The alteration, relocation of boundaries or other modification of Units or the Dwellings or other structures located therein (collectively referred to herein as "alteration" or "alterations") pursuant to this Section, Section 8, and the Act may be accomplished only in accordance with the following conditions:

(1) No Unit may be altered if, thereafter, the Unit located therein, or any other Unit affected by the alteration, would no longer be habitable or practicably usable for its intended purpose or would violate any law, code or ordinance of any governmental authority having jurisdiction over the Property.

(2) No alteration may be made which adversely affects the structural or functional integrity of any building system or the structural support or weather-tight integrity of any portion of any building or other structure.

(3) The prior written consent of the Association shall be required for any alteration, except alterations by Declarant. Where required, such consent shall be requested in writing by each Owner whose Unit is proposed to be altered, accompanied by such explanation, drawing and specifications relating to the proposed alterations as may be reasonably required by the Association or the first mortgagee of the Unit. The Association shall give such Owner(s) notice in an expeditious manner, granting, denying or qualifying its consent.

(4) As a precondition to consenting to alterations, the Association may require, among other things, the following: (i) that all alterations will be done in a workmanlike manner and without impairing the structural, mechanical or weather-tight integrity of the Building; (ii) that the Common Elements and altered Units will be repaired and/or restored in the future as required by the Association; (iii) that the construction of the alterations will not create dangerous conditions for any Owners or Occupants; (iv) that the Property, the first mortgagees and the Owners and Occupants will be protected from liens and other liability arising from the alterations; and (v) that the alterations will be done in compliance with the applicable laws, regulations and ordinance of the governmental authorities having jurisdiction over the Property.

(5) The Association may require that the Owners of the Units to be altered pay all costs of processing and documentation for the request and

the preparation and recording of any necessary amendment to the Governing Documents, including without limitation such costs as filing, architects and attorneys fees, incurred by the Association in connection with the alterations.

SECTION 18

AMENDMENTS

This Declaration may be amended by the consent of (i) Owners of Units to which are allocated at least sixty-seven percent (67%) of the votes in the Association, (ii) the percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 19 as to matters prescribed by said Section and (iii) the consent of Declarant to certain amendments as provided herein. Consent of the Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the By-Laws. Consents of Eligible Mortgagees and the Declarant shall be in writing. Any amendment shall be subject to any greater requirements imposed by the Act. The Amendment shall be effective when recorded as provided in the Act. An affidavit by the Secretary of the Association as to the outcome of the vote or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

SECTION 19

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:

19.1 Consent to Certain Amendments. The written consent of Eligible Mortgagees representing at least fifty-one percent (51%) of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required for any amendment to the Governing Documents which causes any change in the following: (i) voting rights; (ii) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or priority of assessment liens; (iii) reductions in reserves for maintenance, repair and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interest in the Common Elements or Limited Common Elements, or rights to their use; (vi) redefinition of any Unit boundaries; (vii) convertibility of Units into Common Elements or vice versa; (viii) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property except for additional real estate that may be added by Declarant; (ix) hazard insurance or fidelity bonds

requirements; (x) leasing of Units; (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit; (xii) if the common interest community consists of 50 or more Units, a decision by the Association to establish self management when professional management is in effect as required previously by the Governing Documents or by an Eligible Mortgagee; (xiii) restoration or repair of the Property (after a hazard damage or partial condemnation)) in a manner other than that specified in the Governing Documents; (xiv) any action to terminate the legal status of the condominium after substantial destruction or condemnation occurs; or (xv) any provisions that expressly benefit Eligible Mortgagees, or insurers or guarantors of mortgages. Notwithstanding the foregoing, implied approval of a proposed amendment shall be assumed when an Eligible Mortgagee fails to submit a response to any written proposal for an amendment within 30 days after it receives proper notice of the proposal, provided that the notice was delivered by certified mail with a return receipt requested.

19.2 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, Common Expense obligations or interest in the Common Elements; (iii) partition or subdivide a Unit except as permitted by statute; (iv) abandon, partition, subdivide, encumber or sell the Common Elements; or (v) use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law.

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

19.4 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.

19.5 Priority of Lien. Any holder of a first mortgage on a Unit or any purchaser of a first mortgage at a foreclosure sale, that comes into possession of a Unit by foreclosure of the first mortgage or by deed or assignment in lieu of foreclosure, takes the Unit free of any claims for unpaid assessments or any other charges or liens imposed against the Unit by the Association which have accrued against such Unit prior to the acquisition of possession of the Unit by said first mortgage holder or purchaser; (i) except as provided in Section 6.7 and the Act and (ii) except that any unpaid assessments or charges may be reallocated among all Units in accordance with their interests in the Common Elements.

19.6 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.

19.7 Priority for Condemnation Awards. No provision of the Governing Documents shall give an Owner, or any other party, priority over any rights of the Eligible 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 and/or the Common Elements. The Association shall give written notice to all Eligible Mortgagees of any condemnation or eminent domain proceeding affecting the Property promptly upon receipt of notice from the condemning authority.

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

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

19.10 Notice Requirements. Upon written request to the Association, 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 condemnation loss or any casualty loss which affects a material portion of the Property or the Unit securing the mortgage;
- b. a 60 day delinquency in the payment of assessments or charges owed by the Owner of a Unit on which it holds a mortgage;
- c. a lapse, cancellation or material modification of any insurance policy maintained by the Association; and
- d. a proposed action which requires the consent of a specified percentage of Eligible Mortgagees.

SECTION 20

MISCELLANEOUS

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

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

20.3 **Tender of Claims.** In the event that any incident occurs which could reasonably give rise to a demand by the Association against Declarant for indemnification pursuant to the Act, the Association shall promptly tender the defense of the action to its insurance carrier, and give Declarant written notice of such tender, the specific nature of the action and an opportunity to defend against the action.

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

20.5 **Conflicts Among Documents.** In the event of any conflict among the provisions of the Act, the Declaration, the By-Laws or any Rules or Regulations approved by the Association, the Act shall control. As among the Declaration, By-Laws and Rules and Regulations, the Declaration shall control, and as between the By-Laws and the Rules and Regulations, the By-Laws shall control.

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

WATERS EDGE DEVELOPMENT, LLC

By: *Rick D. Black*

Its: *Chief Manager*

WEDECL

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this 14 day of August, 1995, by Richard O. Black the Chief Manager of WATERS EDGE DEVELOPMENT, LLC a Minnesota limited liability company, on behalf of the company.

Catherine A. Black
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:

Catherine Asta
Attorney At Law
311 Ramsey Street
St. Paul, MN 55102

WEDECL

COMMON INTEREST COMMUNITY NUMBER 13

(PLANNED COMMUNITY)

HOMES AT WATERS EDGE

RICE COUNTY, MINNESOTA

EXHIBIT A TO DECLARATION

SCHEDULE OF UNITS/LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION OF PROPERTY

Lots 1, 2, 3, 4, 5 and 10, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota.

LEGAL DESCRIPTION OF UNITS

Lot 1, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Lot 2, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Lot 3, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Lot 4, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Lot 5, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota

wedekl

*Amended
May 5, 2000*

COMMON INTEREST COMMUNITY NO. 13

HOMES AT WATERS EDGE
(Planned Community)

EXHIBIT B TO DECLARATION

LEGAL DESCRIPTION OF COMMON ELEMENTS

Lot 10, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota.

EXHIBIT A
TO BYLAWS

VOTING POWER

Unit No.

1	One (1) Vote
2	One (1) Vote
3	One (1) Vote
4	One (1) Vote
5	One (1) Vote

**V. BYLAWS,
HOMES AT WATERS EDGE
HOMEOWNERS' ASSOCIATION**

COMMON INTEREST COMMUNITY NO. 13

PLANNED COMMUNITY

HOMES AT WATERS EDGE

BYLAWS

HOMES AT WATERS EDGE HOMEOWNERS ASSOCIATION, INC.

These Bylaws serve a dual role. They are the Bylaws of Homes At Waters Edge Homeowners' Association, Inc., a Minnesota nonprofit corporation (the "Association") organized under Minnesota Statutes, Chapter 317A, the Minnesota Nonprofit Corporation Act, and they are also the Bylaws of the common interest community described as Common Interest Community No. 13, Homes At Waters Edge (planned community), Rice County, Minnesota (the "CIC") under Minnesota Statutes, Chapter 515B, the Minnesota Common Interest Ownership Act (the "Act").

DEFINITIONS

Bylaw 1. Definitions. Any words or terms used in these Bylaws which are defined in the Act shall have the meaning there ascribed to them. Any words or terms used in these Bylaws which are defined in the Declaration creating Homes At Waters Edge (planned community), Common Interest Community No. 13, filed for record in the office of the County Recorder for Rice County, Minnesota, ("Declaration") shall have the meaning ascribed to them.

MEMBERS AND VOTING

Bylaw 2. Membership. Each owner of a unit in Homes At Waters Edge (planned community), shall be a member of the Association, and no other person or entity shall be entitled to membership. The Declarant, or its successors in interest or assigns, shall be entitled to membership in the Association only so long as the same is the owner of one or more units in the CIC.

Bylaw 3. Transfer of Membership. Each membership is appurtenant to the unit on which it is based and shall transfer automatically by voluntary or involuntary conveyance of the ownership of that unit. It shall be the responsibility of each owner, upon becoming entitled to membership, so to notify the Association in writing, and until so notified, the Association may continue to carry the name of the former owner as a member, in its sole discretion. In the event the owner of any unit should fail or refuse to transfer the membership to the transferee of title of such unit, the Association shall have the right to record the transfer upon the books of the Association and issue a new

membership to the transferee, and thereupon the old membership outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

Bylaw 4. Multiple Owners. When more than one person holds an ownership interest in a unit, the vote for such unit shall be exercised as they between or among themselves determine and jointly signify in writing to the Secretary of the Association, but in no event shall more than the assigned voting power be cast with respect to any unit nor shall the voting power allocated to a unit be split or otherwise cast separately by the several unit owners. In the event multiple owners of a unit cannot agree on the exercise of voting power for such unit, any one of the owners may apply to the Board of Directors of the Association, which, after hearing all parties at a special meeting, shall determine the manner of exercise of the voting power for said unit by a majority vote of the Directors voting at the special meeting. A Director shall not vote upon such determination with respect to a unit of which said Director is one of the multiple owners.

Bylaw 5. Voting. Each unit shall be entitled to the voting power set forth in Exhibit A to the Declaration. Cumulative voting shall not be permitted. A majority of those voting shall govern all determinations of the unit owners, except where a greater vote is required by the Act, the Declaration, or these Bylaws. No vote shall be cast with respect to any unit while it is owned by the Association. During any period when the assessments against a unit are unpaid for more than sixty (60) days after due and payable, the unit's voting rights may be suspended.

Bylaws 6. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of owners representing 50% of the voting power of the Association shall constitute a quorum. If the voting power of a unit is suspended by reason of delinquency in payment of assessments, such voting power shall be deducted from the quorum requirement.

Bylaw 7. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. A person designated by a proxy to act for a member need not be a member.

MEETINGS

Bylaw 8. Place of Meetings. Meetings of the Association shall be held at the CIC or such other suitable place within Rice County, Minnesota, and convenient to the unit owners as may be designated by the Board of Directors.

Bylaw 9. Annual Meetings. The first meeting of the members following the termination of the "period of Declarant control" (as described in the Declaration under the authority of Section 515B.3-103 of the Act) shall be deemed to be the "first annual meeting" of the Association. The exact date of such first annual meeting shall be set by the Board of Directors, but such date shall conform to the requirements of Section 515B.3-103 of the Act. At such first annual meeting of the members, the members may

designate a regular date for successive annual meetings. If the members fail to designate such a regular date, the Board of Directors may continue to designate the date of the next annual meeting until such a designation is made by the members. If any designated date falls upon a legal holiday, it shall be understood that the actual date of the meeting shall be the next business day succeeding such designated date. At such meetings in accordance with the requirements of Bylaw 18 of these Bylaws, Directors shall be elected by ballot of the unit owners. The unit owners also may transact such other business of the Association as properly may come before them. In all events, a meeting of the members shall be held at least once each year. If a regular meeting of the members has not been held during the preceding 15 months, ten percent or more of the members with voting rights may demand a meeting in accordance with Minnesota Statutes, Section 317A.431, Subdivision 2.

Bylaw 10. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon the presentation to the Secretary of a petition therefor signed by owners of two or more units or by three directors. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless all of the members with voting rights have waived notice of the meeting under Minnesota Statutes, Section 317A.435. One or more special meetings may be held before there has been a "first annual meeting."

Bylaw 11. Notice of Meetings. It shall be the duty of the Secretary to send to each unit owner, at least twenty-one days, and not more than thirty days, in advance of an annual meeting of the unit owners, and not less than seven days and not more than thirty days in advance of any other meeting, notice of the date, time, place, and complete agenda of the meeting and the procedures for appointing proxies. The notice shall be hand-delivered or sent by United States mail, postage prepaid, to all unit owners of record at the address of their respective units or to such other address or addresses as any of them may have designated in writing to the Secretary.

Bylaw 12. Adjourned Meetings. If any meeting of unit owners cannot be organized because a quorum is not present, the unit owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than sixty (60) days from the time the original meeting was called, with no further notice than that given at such adjourned meeting, and the quorum at such adjourned meeting shall be one-half of the ordinary quorum.

Bylaw 13. Order of Business. The order of business at all annual meetings of the unit owners shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.

- c. Reading of minutes of preceding meeting.
- d. Report of officers.
- e. Report of committees.
- f. Designation of regular date for annual meetings (if necessary).
- g. Election of Board of Directors.
- h. Unfinished business.
- i. New business.
- j. Open forum.
- k. Announcement of date, time and place of organization meeting of new Board of Directors.
- l. Adjournment.

Bylaw 14. Fair Voting Procedures. The following shall be considered minimum standards to assure fair voting procedures:

- a. All proxies should be available for inspection prior to and during a members meeting, so that a reasonable opportunity is afforded to challenge and count proxies.
- b. All mail ballots and all proxies cast at a meeting should be first opened at the time the votes on an election or issue are counted and tallied.
- c. In the case of an election of a director, every candidate or designee of a candidate may observe the counting and tallying of votes; and on any other issue, a reasonable number of observers from both sides of each issue shall observe the counting and tallying of votes.
- d. The vote count on each election and issue shall be announced before adjournment of the meeting, and shall be available to all members in written form, signed by the secretary of the Association, within seven days of the meeting.
- e. A member who is delinquent in the payment of assessments may reinstate voting rights for a meeting by payment of the delinquency by delivering a check to the secretary, treasurer or president of the Association before the meeting is called to order, unless a different requirement is adopted by the

Board and the delinquent member is given written notice thereof at least 15 days before the meeting.

BOARD OF DIRECTORS

Bylaw 15. First Board of Directors. The first Board of Directors shall consist of three persons designated in the Articles of Incorporation, who need not be unit owners, and who shall serve until the "first annual meeting" of the members or until their successors are elected and qualified. Should any vacancy occur in the first Board of Directors it shall be filled by Declarant. The first Board of Directors shall have the power to adopt the Bylaws of the Association, to elect officers, to establish a schedule of assessments which shall be effective until December 31st of the year in which occurs the "first annual meeting" of the Association and shall have generally the powers and duties as set forth in Bylaw 19.

Bylaw 16. Number and Qualification. The number of Directors constituting the Board of Directors after the first Board of Directors shall be three (3). All Directors elected by the unit owners shall themselves be unit owners, officers or employees of a corporate unit owner, or partners or employees of a partnership unit owner.

Bylaw 17. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations also may be made by any two members in a written nomination to the Secretary or by motion and second from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Bylaw 18. Term and Election. The term of office of each Director shall be fixed at one (1) year. Directors shall be elected by plurality, subject however to Declarant's rights during the "Period of Declarant Control" as specified in the Declaration. Each Director shall hold office until his or her respective successor has been elected.

Bylaw 19. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the CIC and may act on behalf of the Association and do all such acts and things except as by the Act or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the unit owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, those set forth in Section 515B.3-102 of the Act.

Bylaw 20. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal and substitution by a corporate or partnership unit owner under Bylaw 40, shall be filled by a special election of the members and each person so elected shall be a Director until a successor is elected and qualified at the next annual meeting of the Association.

Bylaw 21. Removal of Directors. At any regular or special meeting of the unit owners duly called, any one or more of the Directors may be removed with or without cause by a majority of the unit owners present in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the unit owners shall be given an opportunity to be heard at the meeting.

Bylaw 22. Organization Meeting. The first meeting of the Board of Directors each year following the annual meeting of unit owners shall be held within ten (10) days of the annual owners' meeting, and if the date, time and place are announced at the annual owners' meeting, no further notice shall be necessary.

Bylaw 23. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place within the State of Minnesota, as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Director, at least twenty-five (25) days prior to the day named for such meeting.

Bylaw 24. Special Meetings. Special meetings of the Board of Directors may be called by the President on not less than seven (7) days' notice to each Director, which notice shall state the time, place within the State of Minnesota, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two Directors.

Bylaw 25. Open Meetings. Except as otherwise provided in the Act, meetings of the Board of Directors must be open to the unit owners. To the extent practicable, the Board shall give reasonable notice to the unit owners of the date, time, and place of a board meeting. If the date, time, and place of meetings are announced at a previous meeting of the Board, posted in a location accessible to the unit owners and designated by the Board from time to time, or if an emergency requires immediate consideration of a matter by the Board, notice is not required.

Bylaw 26. Telephone Conference. A meeting of the Directors or any committee of the Board may be conducted by a telephone conference or any means of communication through which the participants may simultaneously hear each other during the meeting, if notice of the meeting has been given as would be required for a meeting and if the number of persons participating in the conference is sufficient to

constitute a quorum. Participating in a conference constitutes personal presence at the meeting. A Director may participate in a Board meeting by means of communication through which the Director, other Directors participating, and all other Directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means constitutes personal presence at the meeting.

Bylaw 27. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Bylaw 28. Board of Directors' Quorum and Voting. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the meeting may be adjourned from time to time until a quorum is present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Bylaw 29. No Proxies. Directors shall not vote by proxy.

Bylaw 30. Action Without a Meeting. Any action that could be taken at a meeting of the Board of Directors may be taken without a meeting when authorized in a writing signed by all of the Directors.

Bylaw 31. Compensation. The Directors will receive no compensation for their services as Directors. However, when authorized by the Board, Directors and officers may be reimbursed for actual expenses incurred in connection with the business of the Association, and officers may be compensated for bookkeeping or recordkeeping functions.

OFFICERS

Bylaw 32. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. All principal officers shall be elected by and from the Board of Directors. The offices of Treasurer and Secretary may be filled by the same person. The Board may from time to time appoint an assistant secretary and such other officers, with such duties, as in their judgment may be desirable, and such officers need not be Directors.

Bylaw 33. Election of Officers. The principal officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board. All officers shall hold office at the pleasure of the Board.

Bylaw 34. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall see that all orders and resolutions of the Board are carried out; and shall sign all leases, mortgages, deeds and other written instruments (except to the extent that the Board of Directors authorizes or mandates the delegation of such authority).

Bylaw 35. Vice-President. The Vice-President shall act in the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other Director to act on an interim basis. The Vice-President also shall perform such other duties as shall from time to time be required by the Board of Directors.

Bylaw 36. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. If the Association adopts a seal, the Secretary shall keep the corporate seal of the Association and affix it on all papers requiring said seal. The Secretary shall give notice of all current records showing the members of the Association, together with their addresses, and shall perform such other duties as may be required by the Board.

Bylaw 37. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall sign all checks and shall be responsible for the deposit of all moneys and valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors, except to the extent that the Board of Directors authorizes or mandates the delegation of such authority to a manager or agent.

Bylaw 38. Committees. The Board shall appoint members of a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors may establish other committees and appoint their members as deemed appropriate in carrying out its purposes.

ANNUAL REPORT

Bylaw 39. Annual Report. The Association shall prepare and provide to each unit owner at or prior to each annual meeting a report of the affairs of the Association including at least the following information:

- a. A statement of any capital expenditures in excess of two percent of the current budget or \$3,000.00 (whichever is greater) approved by the Association for the current year or succeeding two fiscal years;
- b. A statement of the balance of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board of Directors;
- c. A copy of the statement of revenues and expenses for the Association's last fiscal year and a balance sheet as of the end of said fiscal year;
- d. A statement of the status of any pending litigation or judgments to which the Association is a party;
- e. A statement of the insurance coverage provided by the Association; and
- f. A statement of the total past due assessments on all units, current as of not more than 60 days prior to the date of the meeting.

MISCELLANEOUS

Bylaw 40. Right of Corporate or Partnership Unit Owner to Substitute. Whenever a director or officer of the Association is an officer or employee of a corporate unit owner or a partner or employee of a partnership unit owner, the respective corporation or partnership may by written notice to the Association remove such director or officer of the Association and designate another such person to serve the unexpired balance of the term.

Bylaw 41. Indemnification of Officers and Directors. To the full extent permitted by Minnesota Statutes, Section 317A.521 as amended from time to time, or by other provisions of law, each person who was or is a party or is threatened to be made a party to any proceeding by reason of a former or present official capacity in the Association shall be indemnified.

Bylaw 42. Termination of Contracts. If entered in prior to expiration of the period of Declarant control, (i) any management contract, employment contract, or lease of recreational facilities, units, garages or other parking facilities, (ii) any contract, lease or license binding the Association to which a Declarant or an affiliate of a Declarant is a party, or (iii) any contract, lease or license binding the Association or any unit owner other than the Declarant or an affiliate of the Declarant which is not bona fide or which was unconscionable to the unit owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the expiration of Declarant control upon not less than 90 days' notice to the other party.

Bylaw 43. Notice. "Notice" has the meaning given in Section 317A.011, subdivision 14 of the Minnesota Nonprofit Corporation Act.

Bylaw 44. Amendments to Bylaws. These Bylaws may only be amended in a manner authorized by Minnesota Statutes, Section 317A.181.

Bylaw 45. Conflicts. In case any of these Bylaws conflicts with the provisions of the Act, the provisions of the Act will apply. In case any of these Bylaws conflicts with the provisions of the Declaration or Articles of Incorporation, the provisions of the Declaration or Articles of Incorporation will apply.

Bylaw 46. Inspection of Books and Records. Current copies of the Declaration, Bylaws, other rules concerning the CIC, and the books, records, and financial statements of the Association shall at all times, during reasonable and normal business hours, be available for inspection by any unit owner, prospective purchaser, unit lender or the holder, insurer and guarantor of a mortgage on any unit at the principal office of the Association or the holder, insurer and guarantor of a mortgage on any unit at the principal office of the Association, and copies of the same may be purchased at reasonable cost.

Bylaw 47. Financial Statements. The Association shall have no obligation to have its financial statements audited, but any mortgage holder shall be entitled, upon written notice, to have an audited financial statement of the Association for the immediately preceding fiscal year prepared at its expense (unless one is otherwise available, in which case it shall be provided free of charge to the party so requesting) . Any financial statement shall be furnished free of charge within a reasonable time upon request from any such owner, lender, holder, issuer or guarantor or any prospective owner, lender, holder, insurer or guarantor.

Bylaw 48. Notice to Association. An owner who mortgages his or her unit shall notify the Association through the management agent, if any, or the President or the Board of Directors in the event there is no management agent, of the name and address of the mortgagee and the Association shall maintain such information in a book entitled "Mortgagees of Units."

Legal Notice to Unit Owners

To: Unit Owners of Homes at Waters Edge

From: Waters Edge Development, LLC and Richard Black

Re: Addition of Real Estate to Planned Community

Dated: May 5, 2000

Homes at Waters Edge was set up initially as a two phase development. Phase one was lots 1, 2, 3, 4, 5, and 10. This corresponds to the addresses 1501, 1503, 1505, 1507, 1509 and the common element land surrounding the units. (See plat map attached) We amended the Waters Edge Articles some time ago adding phase two, lots 6, 7, 8, and 9 (units 1511, 1513, 1515 and 1517) but inadvertently did not amend the Waters Edge Declaration.

Enclosed is the amendment to the Declaration adding lots 6, 7, 8 and 9, Block 1, WATER'S EDGE ADDITION, City of Northfield, Rice County, Minnesota. Also enclosed is a copy of the Amended Declaration.

Legal Notice to Unit Owners

To: Unit Owners of Homes At Waters Edge
From: Richard Black, Waters Edge Development, LLC
Re: Addition of Real Estate to Condominium
Dated: December 20, 2000

On May 5, 2000 you received a notice stating that the Waters Edge Declaration was being amended. A copy is enclosed. We wish to record this amendment but the Rice County Recorder wanted us make some changes including adding to it the percent of interest each unit has in the common elements before we record. Enclosed is a revised amendment showing each unit's percent of interest in the common elements to be 11.112 %. This figure is calculated by dividing 100% by 9 units.

The Minnesota statutes say that prior to recording, each unit owner must be served with this Notice and sign a statement saying that they received notice of the amendment.

✓ PLEASE SIGN AND DATE THE NOTICE AND MAIL BACK TO US IN THE ENCLOSED ENVELOPE WITHIN 3 DAYS. ✓

Once we receive the Acknowledgements of Service back from the nine owners at Waters Edge we can record the Amendment.

Thank you for your cooperation.

**NOTICE OF INTENTION
TO ADD REAL ESTATE
BY DECLARANT**

Pursuant to Minnesota Statutes Section 515B.2-111 this is to notify the Association that Declarant is going to add real estate to Homes at Waters Edge. The real estate being added is Lots 6, 7, 8, and 9, Block 1, Water's Edge Addition, Rice County, Minnesota. The Unit identifier assigned to each unit in the existing and additional real estate is set forth on Exhibit "A". The allocation of the common element interest, votes on the association, and the common expense liabilities are set forth in Exhibit "B" attached hereto. There are no additional common areas being formed out of the additional real estate added to Homes at Waters Edge by this amendment. Attached to this notice is an Amended Declaration with Exhibits A, B, and C adding said real estate.

Dated: 12-22-2000

DECLARANT

Waters Edge Development, LLC

By: Richard Blauke

Its: CM

COMMON INTEREST COMMUNITY NUMBER 13

PLANNED COMMUNITY

HOMES AT WATERS EDGE

AMENDED DECLARATION

This Amended Declaration (the "Declaration") is made this 5th day of May, 2000, by Waters Edge Development, LLC, a Minnesota limited liability company (the "Declarant") pursuant to the provision of Minnesota Statutes Chapter 515B, and the original declaration as hereinafter defined.

WHEREAS, the Declaration of the Homes at Waters Edge dated August 14, 1995 was filed in the office of the County Recorder of Rice County on August 16, 1995, as Document No. 20042;

WHEREAS, the Declarant has the right to add additional real estate; and

WHEREAS, Lots 6, 7, 8, and 9, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota are being added to the common interest community known as Homes at Waters Edge.

NOW THEREFORE, the Declarant declares the addition of real estate as set out in Exhibit A, and the Declaration is amended as follows:

Section 2.1 Units. Lots 6, 7, 8, and 9, Block 1, Waters Edge Addition, Rice County, Minnesota, are being added to the common interest community known as Homes at Waters Edge. There are 9 Units, all of which are restricted exclusively to residential use. No additional Units may be created by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act. The Unit Identifier assigned to each unit in the existing and additional real estate is set forth on Exhibit "A". The allocation of the common element interest, votes on the association, and common expense liabilities are set forth in Exhibit "B" attached hereto. There are no additional common areas being formed out of the additional real estate added to Homes at Waters Edge by this amendment. The Unit identifier for a Unit shall be its lot number.

Exhibit A: Attached hereto

Exhibit B: Attached hereto

Exhibit C: Attached hereto

All other terms of the Declaration remain the same.

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

WATERS EDGE DEVELOPMENT, LLC

By: Richard Black

Its: C. M.

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

The foregoing instrument was acknowledged before me this 22 day of December, 2000, by Richard Black the Chief Manager of WATERS EDGE DEVELOPMENT, LLC a Minnesota limited liability company, on behalf of the company.

Catherine A. Black
Notary Public

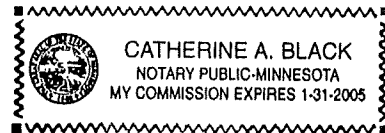


EXHIBIT A TO DECLARATION

COMMON INTEREST COMMUNITY NUMBER 13

(PLANNED COMMUNITY)

HOMES AT WATERS EDGE

RICE COUNTY, MINNESOTA

LEGAL DESCRIPTION OF PROPERTY SUBMITTED TO THE ACT

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota

UNIT IDENTIFIER AND LEGAL DESCRIPTION OF UNITS

Unit 1	Lot 1, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 2	Lot 2, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 3	Lot 3, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 4	Lot 4, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 5	Lot 5, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 6	Lot 6, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 7	Lot 7, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 8	Lot 8, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota
Unit 9	Lot 9, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota

EXHIBIT B TO DECLARATION

COMMON INTEREST COMMUNITY NUMBER 13

(PLANNED COMMUNITY)

HOMES AT WATERS EDGE

RICE COUNTY, MINNESOTA

LEGAL DESCRIPTION OF COMMON ELEMENTS

Lot 10, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota

SCHEDULE OF EACH UNIT'S PERCENT OF INTEREST

<u>UNIT #</u>	<u>% INTEREST</u>
Unit 1	11.112 %
Unit 2	11.112 %
Unit 3	11.112 %
Unit 4	11.112 %
Unit 5	11.112 %
Unit 6	11.112 %
Unit 7	11.112 %
Unit 8	11.112 %
Unit 9	11.112 %
	<hr/>
	100.0 %

EXHIBIT C TO DECLARATION

COMMON INTEREST COMMUNITY NUMBER 13

(PLANNED COMMUNITY)

HOMES AT WATERS EDGE

RICE COUNTY, MINNESOTA

LEGAL DESCRIPTION OF ADDITIONAL REAL ESTATE

There is no additional real estate to be added after the amendment dated May 5, 2000.

NOTICE OF INTENTION
TO ADD REAL ESTATE
BY DECLARANT

Pursuant to Minnesota Statutes Section 515B.2-111 this is to notify the Association that Declarant is going to add real estate to Homes at Waters Edge. Attached to this notice is an Amended Declaration adding said real estate.

Dated: May 5, 2000

DECLARANT

Waters Edge Development, LLC

By: Richard J Black

Its: Chief Manager

COMMON INTEREST COMMUNITY NUMBER 13

PLANNED COMMUNITY

HOMES AT WATERS EDGE

AMENDED DECLARATION

This Amended Declaration (the "Declaration") is made this 5th day of May 2000, by Waters Edge Development, LLC, a Minnesota limited liability company (the "Declarant") pursuant to the provision of Minnesota Statutes Chapter 515B, and the original Declaration as hereinafter defined.

WHEREAS, the Declaration of the Homes at Waters Edge dated August 14, 1995 was filed in the office of the County Recorder of Rice County on August 16, 1995, as Document No. 20042.

WHEREAS, the Declarant has the right to add additional real estate.

NOW THEREFORE, the Declarant declares the addition of real estate as set out in Exhibit A, and the Declaration is amended as follows:

Section 2.1 Units. There are 9 Units, all of which are restricted exclusively to residential use. 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 CIC Plat, which is incorporated herein by reference, and a schedule of Units is set forth on Exhibit A. The Unit identifier for a Unit shall be its lot and block number and the subdivision name.

Exhibit A: Attached hereto

Exhibit C: Attached hereto

All other terms of the Declaration remain the same.

COMMON INTEREST COMMUNITY NUMBER 13

(PLANNED COMMUNITY)

HOMES AT WATERS EDGE

RICE COUNTY, MINNESOTA

EXHIBIT A TO DECLARATION

SCHEDULE OF UNITS/LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION OF PROPERTY

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota.

LEGAL DESCRIPTION OF UNITS

Lot 1, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 2, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 3, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 4, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 5, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 6, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 7, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 8, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,
Lot 9, Block 1, WATER'S EDGE ADDITION, Rice County, Minnesota,

COMMON INTEREST COMMUNITY NUMBER 13

HOMES AT WATERS EDGE
(Planned Community)

EXHIBIT C TO DECLARATION

LEGAL DESCRIPTION OF ADDITIONAL REAL ESTATE

There is no additional real estate to be added after the amendment dated May 5, 2000.



NP
11-1780

MINNESOTA SECRETARY OF STATE

AMENDMENT OF ARTICLES OF INCORPORATION

READ INSTRUCTIONS LISTED BELOW, BEFORE COMPLETING THIS FORM.

1. Only complete the "Amendment of Articles of Incorporation" form if you are making changes Registration" form (reverse side).
2. Type or print in black ink.
3. There is a \$35.00 fee payable to the Secretary of State for filing this "Amendment of Article
4. Return Completed Amendment Form and Fee to the address listed on the bottom of the form

This is a recorded copy of the amendment to the Articles of Incorporation. Please file this along with the enclosed amended Declaration with your other Townhome materials

CORPORATE NAME: (List the name of the company prior to any desired name change)

Homes at Staters Edge Homeowners Association, Inc.

This amendment is effective on the day it is filed with the Secretary of State, unless you indicate another date, no later than 30 days after filing with the Secretary of State.

The following amendment(s) are articles regulating the above corporation were adopted: (Insert full text of newly amended article(s) indicating which article(s) is (are) being amended or added.) If the full text of the amendment will not fit in the space provided, attach additional numbered pages. (Total number of pages including this form ___.)

ARTICLE _____

ARTICLE II shall be amended by deleting the words "Lots 1-5", and adding in its place the words "Lots 1-9".

*ARTICLE VIII shall be amended by deleting the names ^{and addresses} of the first board of directors whose names are Hilja Carlson, Richard Black and Catharine Asta. In their place insert the following names and addresses: Chuck Hoeg, 1517 Waters Edge Circle, Northfield, Jack Berdan, 1505 Waters Edge Circle Northfield, Pat Forsyth, 1501 Waters Edge Circle Northfield

*ARTICLE VI shall be amended by deleting Richard Black's name and address and inserting "Pat Forsyth, 1501 Waters Edge Circle Northfield, MN 55057". This amendment has been approved pursuant to Minnesota Statutes chapter 302A or 317A. I certify that I am authorized to execute this amendment and I further certify that I understand that by signing this amendment, I am subject to the penalties of perjury as set forth in section 609.48 as if I had signed this amendment under oath.

New address
1501 Waters Edge Circle
Northfield, MN 55057

[Signature]
(Signature of Authorized Person) ^{outgoing} President

If you have any questions please contact the Secretary of State's office at (651)296-2803.

RETURN TO:

Secretary of State/Records Processing Section
180 State Office Bldg., 100 Constitution Ave.
St. Paul, MN 55155-1299

08921340RP Rev 9/98

696762

FOR OFFICE USE ONLY

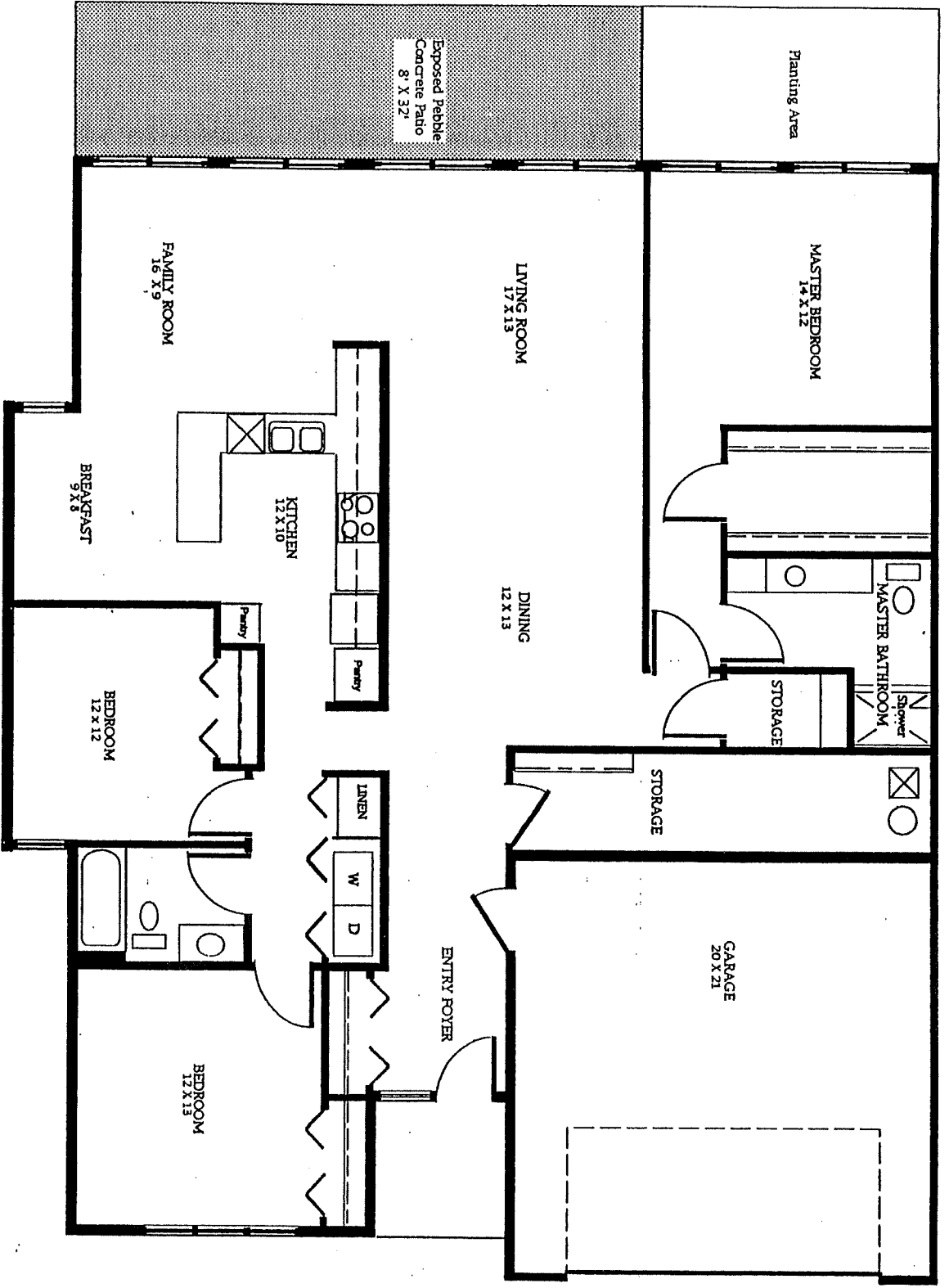
STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

SEP 16 1999

[Signature]
Secretary of State

[Handwritten initials]

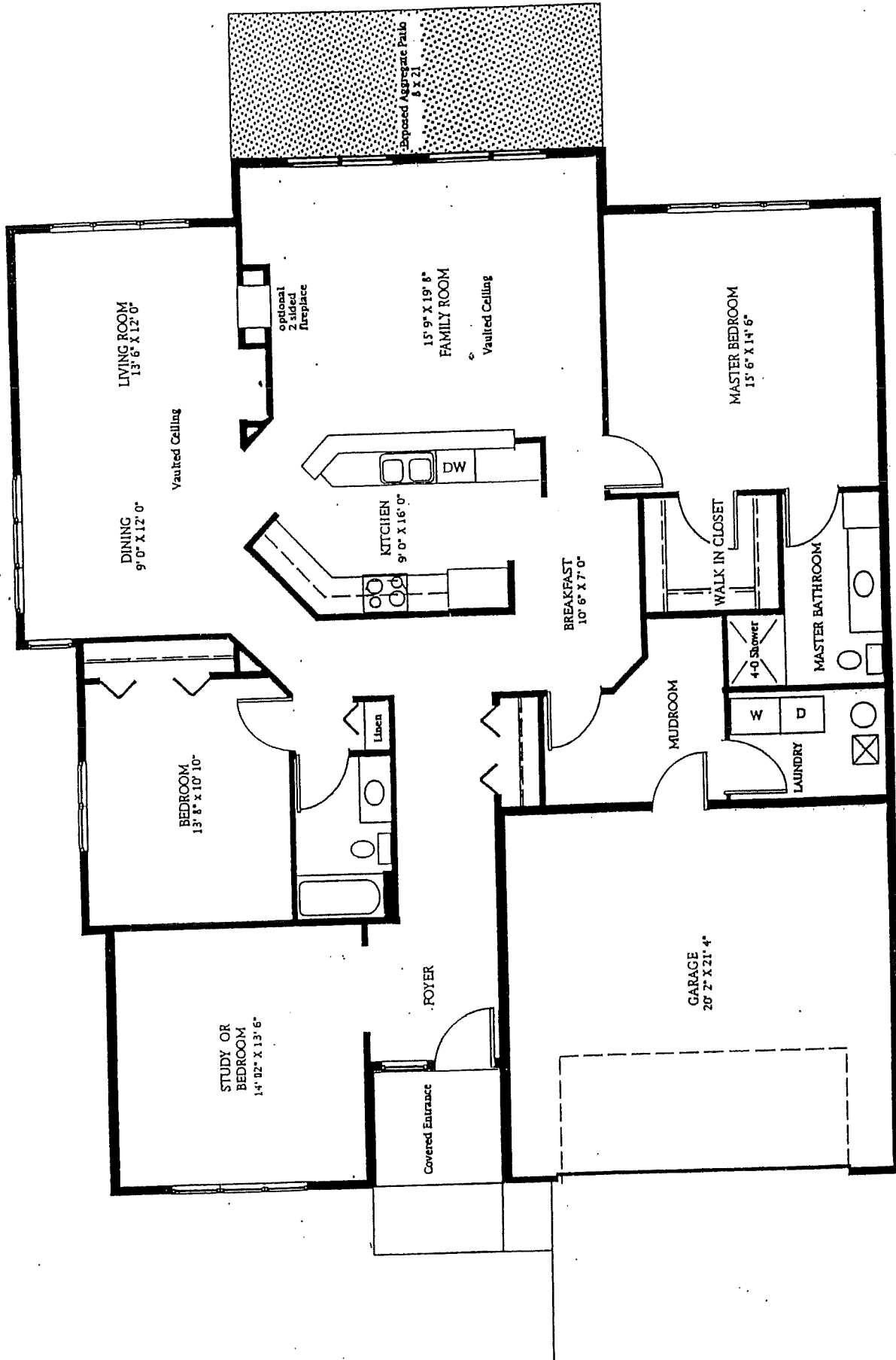
VI. FLOOR PLANS



HOMES AT WATERS EDGE

Standard Plan Left Unit With Walk In Closet

2040 SF
L (W19)

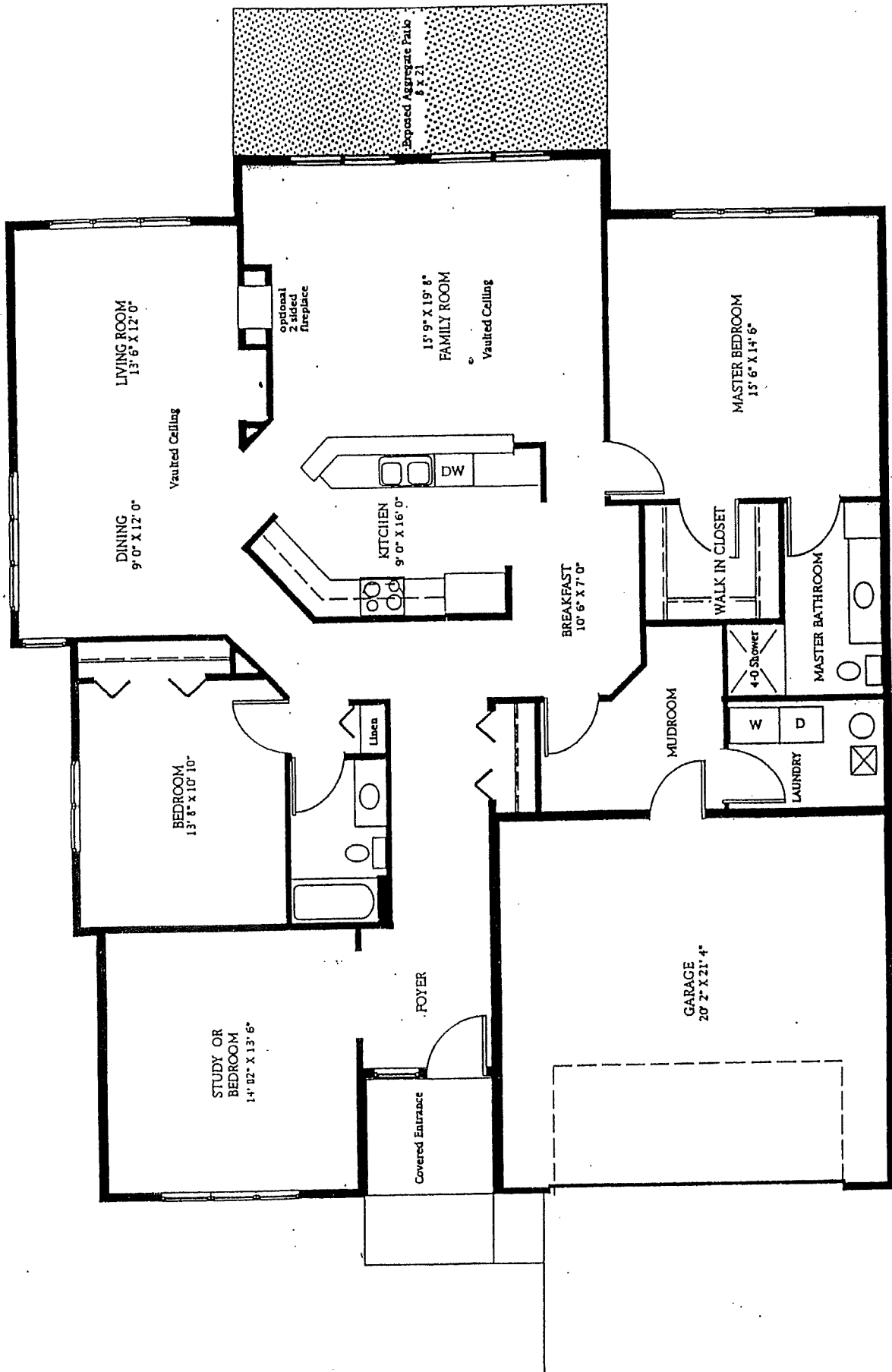


↑ reverse this plan

HOMES AT WATER'S EDGE

1569 Waters Edge Circle

Approximately 2090 sq. ft.
Dimensions may vary
2/16/98



↑ Reverse this plan

HOMES AT WATER'S EDGE

1569 Waters Edge Circle

Approximately 2090 sq. ft.
Dimensions may vary
2/16/98

**VII. HOUSING AND HOME
IMPROVEMENTS STATUTORY
WARRANTIES**

§ 327A.07 TRADE REGULATIONS

Historical Note

The 1981 amendment inserted "or the home improvement contractor" following "of the vendor", and "or owner" following "to the vendee". For effective date and application of Laws 1981, see the Historical Notes under § 327A.01.

Library References

Contracts § 205.

C.J.S. Contracts §§ 327, 342.

327A.08 Limitations

Notwithstanding any other provision of Laws 1981, chapter 119, sections 1 to 10:

(a) The terms of the home improvement warranties required by Laws 1981, chapter 119, sections 1 to 10 commence upon completion of the home improvement and the term shall not be required to be renewed or extended if the home improvement contractor performs additional improvements required by warranty;

(b) The home improvement warranties required by Laws 1981, chapter 119, sections 1 to 10 shall not include products or materials installed that are already covered by implied or written warranty; and

(c) The home improvement warranties required by Laws 1981, chapter 119, sections 1 to 10 are intended to be implied warranties imposing an affirmative obligation upon home improvement contractors, and Laws 1981, chapter 119, sections 1 to 10 do not require that written warranty instruments be created and conveyed to the owner.

Added by Laws 1981, c. 119, § 11, eff. Jan. 1, 1982.

Text to become effective January 1, 1982.

Historical Note

For effective date and application of Laws 1981, c. 119, see the Historical Notes under § 327A.01.

HOUSING WARRANTIES § 327A.07

shall have a cause of action against the home improvement contractor for damages arising out of the breach, or for specific performance. Damages shall be limited to the amount necessary to remedy the defect or breach.

Laws 1977, c. 65, § 5, eff. Jan. 1, 1978. Amended by Laws 1981, c. 119, § 9, eff. Jan. 1, 1982.

*Amendments to become effective January 1, 1982,
included in text.*

Historical Note

The 1981 amendment designated "section 327A.02"; and added subd. the existing section as "Subdivision 2.
1. New home warranties."; inserted, For effective date and application of Laws 1981, c. 119, see the Historical Notes under § 327A.01.
in the introductory paragraph of subd. 1, " , subdivision 1" following

327A.06 Other warranties

The statutory warranties provided for in section 327A.02 shall be in addition to all other warranties imposed by law or agreement. The remedies provided in section 327A.05 shall not be construed as limiting the remedies in any action not predicated upon breach of the statutory warranties imposed by section 327A.02.

Laws 1977, c. 65, § 6, eff. Jan. 1, 1978.

Library References

Contracts ◊205.

C.J.S. Contracts §§ 327, 342.

327A.07 Variations

The commissioner of administration may approve pursuant to section 15.0412, variations from the provisions of sections 327A.02 and 327A.03 if the warranty program of the vendor or the home improvement contractor requesting the variation offers at least substantially the same protections to the vendee or owner as provided by the statutory warranties set forth in section 327A.02.

Laws 1977, c. 65, § 7, eff. Jan. 1, 1978. Amended by Laws 1981, c. 119, § 10, eff. Jan. 1, 1982.

*Amendments to become effective January 1, 1982,
included in text.*

§ 327A.04 TRADE REGULATIONS

the dwelling without the defect and the value of the dwelling with the defect, as determined and attested to by an independent appraiser, contractor, insurance adjuster, engineer or any other similarly knowledgeable person selected by the vendee; the price reduction; the date the construction was completed; the legal description of the dwelling; the consent of the vendee to the waiver; and the signatures of the vendee, the vendor, and two witnesses.

A single waiver agreed to pursuant to this subdivision may not apply to more than one major construction defect in a dwelling.

The waiver shall not be effective unless filed for recording with the county recorder or registrar of titles who shall file the waiver for record.

Laws 1977, c. 65, § 4, eff. Jan. 1, 1978. Amended by Laws 1981, c. 119, § 8, eff. Jan. 1, 1982.

Amendments to become effective January 1, 1982, included in text.

Historical Note

The 1981 amendment inserted, in the first sentence of subd. 2, "or a contract for home improvement work is entered into by and between a home improvement contractor and an owner" following "a vendor and a vendee"; and made subd. 2 applica-

ble to "or the owner" and "or the home improvement contractor".

For effective date and application of Laws 1981, c. 119, see the Historical Notes under § 327A.01.

Library References

Contracts ⇨205.

O.J.S. Contracts §§ 327, 342.

327A.05 Remedies

Subdivision 1. New home warranties. Upon breach of any warranty imposed by section 327A.02, subdivision 1, the vendee shall have a cause of action against the vendor for damages arising out of the breach, or for specific performance. Damages shall be limited to:

- (a) The amount necessary to remedy the defect or breach; or
- (b) The difference between the value of the dwelling without the defect and the value of the dwelling with the defect.

Subd. 2. Home improvement warranty. Upon breach of any warranty imposed by section 327A.02, subdivision 3, the owner

HOUSING WARRANTIES § 327A.04

Historical Note

The 1981 amendment made the section applicable to "or the home improvement contractor" and "or the home improvement" and "or the owner"; and added subd. (p).

For effective date and application of Laws 1981, c. 110, see the Historical Notes under § 327A.01.

Library References

Contracts § 205.

C.J.S. Contracts §§ 327, 342.

327A.04 Waiver and modification limited

Subdivision 1. Except as provided in subdivisions 2 and 3 of this section, the provisions of sections 327A.01 to 327A.07 cannot be waived or modified by contract or otherwise. Any agreement which purports to waive or modify the provisions of sections 327A.01 to 327A.07, except as provided in subdivisions 2 and 3 of this section, shall be void.

Subd. 2. At any time after a contract for the sale of a dwelling is entered into by and between a vendor and a vendee or a contract for home improvement work is entered into by and between a home improvement contractor and an owner, any of the statutory warranties provided for in section 327A.02 may be excluded or modified only by a written instrument, printed in bold face type of a minimum size of ten points, which is signed by the vendee or the owner and which sets forth in detail the warranty involved, the consent of the vendee or the owner, and the terms of the new agreement contained in the writing. No exclusion or modification shall be effective unless the vendor or the home improvement contractor provides substitute express warranties offering substantially the same protections to the vendee or the owner as the statutory warranties set forth in section 327A.02. Any modification or exclusion agreed to by vendee and vendor or the owner and home improvement contractor pursuant to this subdivision shall not require the approval of the commissioner of administration pursuant to section 327A.07.

Subd. 3. If a major construction defect is discovered prior to the sale of a dwelling, the statutory warranty set forth in section 327A.02, subdivision 1, clause (c) may be waived for the defect identified in the waiver instrument, after full oral disclosure of the specific defect, by an instrument which sets forth in detail: the specific defect; the difference between the value of

§ 327A.03 TRADE REGULATIONS

- (d) Loss or damage from normal wear and tear;
- (e) Loss or damage from normal shrinkage caused by drying of the dwelling or the home improvement within tolerances of building standards;
- (f) Loss or damage from dampness and condensation due to insufficient ventilation after occupancy;
- (g) Loss or damage from negligence, improper maintenance or alteration of the dwelling or the home improvement by parties other than the vendor or the home improvement contractor;
- (h) Loss or damage from changes in grading of the ground around the dwelling or the home improvement by parties other than the vendor or the home improvement contractor;
- (i) Landscaping or insect loss or damage;
- (j) Loss or damage from failure to maintain the dwelling or the home improvement in good repair;
- (k) Loss or damage which the vendee or the owner, whenever feasible, has not taken timely action to minimize;
- (l) Loss or damage which occurs after the dwelling or the home improvement is no longer used primarily as a residence;
- (m) Accidental loss or damage usually described as acts of God, including, but not limited to: fire, explosion, smoke, water escape, windstorm, hail or lightning, falling trees, aircraft and vehicles, flood, and earthquake, except when the loss or damage is caused by failure to comply with building standards;
- (n) Loss or damage from soil movement which is compensated by legislation or covered by insurance;
- (o) Loss or damage due to soil conditions where construction is done upon lands owned by the vendee or the owner and obtained by him from a source independent of the vendor or the home improvement contractor;
- (p) In the case of home improvement work, loss or damage due to defects in the existing structure and systems not caused by the home improvement.

Laws 1977, c. 65, § 3, eff. Jan. 1, 1978. Amended by Laws 1981, c. 119, § 7, eff. Jan. 1, 1982.

Amendments to become effective January 1, 1982, included in text.

HOUSING WARRANTIES § 327A.03

(b) In a sale or in a contract for the sale of home improvement work involving the installation of plumbing, electrical, heating or cooling systems, the home improvement contractor shall warrant to the owner that, during the two year period from and after the warranty date, the home improvement shall be free from defects caused by the faulty installation of the system or systems.

(c) In a sale or in a contract for the sale of any home improvement work not covered by paragraphs (a) or (b) of this subdivision, the home improvement contractor shall warrant to the owner that, during the one year period from and after the warranty date, the home improvement shall be free from defects caused by faulty workmanship or defective materials due to non-compliance with building standards.

Laws 1977, c. 65, § 2, eff. Jan. 1, 1978. Amended by Laws 1981, c. 119, § 6, eff. Jan. 1, 1982.

*Amendments to become effective January 1, 1982,
included in text.*

Historical Note

The 1981 amendment added subd. 3 relating to home improvement warranties. For effective date and application of Laws 1981, c. 119, see the Historical Notes under § 327A.01.

Library References

Contracts ⇐205.

C.J.S. Contracts §§ 327, 342.

327A.03 Exclusions

The liability of the vendor or the home improvement contractor under sections 327A.01 to 327A.07 is limited to the specific items set forth in sections 327A.01 to 327A.07 and does not extend to the following:

(a) Loss or damage not reported by the vendee or the owner to the vendor or the home improvement contractor in writing within six months after the vendee or the owner discovers or should have discovered the loss or damage;

(b) Loss or damage caused by defects in design, installation, or materials which the vendee or the owner supplied, installed, or had installed under his direction;

(c) Secondary loss or damage such as personal injury or property damage;

§ 327A.01 TRADE REGULATIONS

Historical Note

The 1981 amendment included, in subd. 5, "or the home improvement"; added to subd. 8, the second sentence; and added subds. 9 to 11.

Laws 1981, c. 110, approved May 8, 1981, provided by section 12:

"This act is effective January 1, 1982, and shall apply to all contracts for home improvement work entered into on or after that date."

Law Review Commentaries

Statutory warranties on new homes. 1980, 64 Minn. Law Review 413.

327A.02 Statutory warranties

Subdivision 1. In every sale of a completed dwelling, and in every contract for the sale of a dwelling to be completed, the vendor shall warrant to the vendee that:

(a) During the one year period from and after the warranty date the dwelling shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards;

(b) During the two year period from and after the warranty date, the dwelling shall be free from defects caused by faulty installation of plumbing, electrical, heating, and cooling systems; and

(c) During the ten year period from and after the warranty date, the dwelling shall be free from major construction defects.

Subd. 2. The statutory warranties provided in this section shall survive the passing of legal or equitable title in the dwelling to the vendee.

Subd. 3. (a) In a sale or in a contract for the sale of home improvement work involving major structural changes or additions to a residential building, the home improvement contractor shall warrant to the owner that:

(1) During the one year period from and after the warranty date the home improvement shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards; and

(2) During the ten year period from and after the warranty date the home improvement shall be free from major construction defects.

HOUSING WARRANTIES § 327A.01

use of the dwelling or the home improvement for residential purposes. "Major construction defect" does not include damage due to movement of the soil caused by flood, earthquake or other natural disaster.

Subd. 6. "Vendee" means any purchaser of a dwelling and includes the initial vendee and any subsequent purchasers.

Subd. 7. "Vendor" means any person, firm or corporation which constructs dwellings for the purpose of sale, including the construction of dwellings on land owned by vendees.

Subd. 8. "Warranty date" means the date from and after which the statutory warranties provided in section 327A.02 shall be effective, and is the earliest of

(a) The date of the initial vendee's first occupancy of the dwelling; or

(b) The date on which the initial vendee takes legal or equitable title in the dwelling.

In the case of a home improvement, the warranty date is the date on which the home improvement work was completed.

Subd. 9. "Home improvement" means the repairing, remodeling, altering, converting or modernizing of, or adding to a residential building. For the purpose of this definition, residential building does not include appurtenant recreational facilities, detached garages, driveways, walkways, patios, boundary walls, retaining walls not necessary for the structural stability of the building, landscaping, fences, nonpermanent construction materials, off-site improvements, and all other similar items.

Subd. 10. "Home improvement contractor" means a person who is engaged in the business of home improvement either full-time or part-time, and who holds himself or herself out to the public as having knowledge or skill peculiar to the business of home improvement.

Subd. 11. "Owner" means any person who owns a residential building on which home improvement work is performed, and includes any subsequent owner of the residential building.

Laws 1977, c. 65, § 1, eff. Jan. 1, 1978. Amended by Laws 1981, c. 119, §§ 1 to 5, eff. Jan. 1, 1982.

*Amendments to become effective January 1, 1982,
included in text.*

Chapter 327A

HOUSING AND HOME IMPROVEMENT STATUTORY WARRANTIES

Sec.

- 327A.01 Definitions.
- 327A.02 Statutory warranties.
- 327A.03 Exclusions.
- 327A.04 Waiver and modification limited.
- 327A.05 Remedies.
 - 1. New home warranties.
 - 2. Home improvement warranty.
- 327A.06 Other warranties.
- 327A.07 Variations.
- 327A.08 Limitations.

327A.01 Definitions

Subdivision 1. As used in sections 327A.01 to 327A.07, the terms in this section shall have the meanings assigned to them.

Subd. 2. "Building standards" means the structural, mechanical, electrical, and quality standards of the home building industry for the geographic area in which the dwelling is situated.

Subd. 3. "Dwelling" means a new building, not previously occupied, constructed for the purpose of habitation; but does not include appurtenant recreational facilities, detached garages, driveways, walkways, patios, boundary walls, retaining walls not necessary for the structural stability of the dwelling, landscaping, fences, nonpermanent construction materials, off-site improvements, and all other similar items.

Subd. 4. "Initial vendee" means a person who first contracts to purchase a dwelling from a vendor for the purpose of habitation and not for resale in the ordinary course of trade.

Subd. 5. "Major construction defect" means actual damage to the load-bearing portion of the dwelling or the home improvement, including damage due to subsidence, expansion or lateral movement of the soil, which affects the load-bearing function and which vitally affects or is imminently likely to vitally affect

The Pella® Pledge

A legacy of quality . . .

Since 1925, Pella Corporation and its sales and service organization have earned a reputation for quality products, professional service, and customer satisfaction. This reputation is our pledge of assurance to you.

. . . built into every product . . .

We believe that the best guarantee is the one you never have to use, and our priority has always been the enduring quality that is designed and built into every product we sell.

. . . with our pledge to you . . .

While Pella® products are built to provide years of satisfaction, should you ever have any problems with your products, this warranty represents our commitment to address and fairly resolve them. Our warranty provides specific information about our products and your rights as our customer. Please make sure to see the important information and limitations on the back.

. . . for years of comfortable ownership.

The comfort, security, and satisfaction you'll experience with Pella products is our greatest reward. Thank you for making Pella a part of your project. We sincerely appreciate your trust.

Limited Warranty Certificate

Pella® Quality for Years to Come

FOR THE FIRST TWENTY YEARS . . .

The glass in Pella products is guaranteed for twenty years after the date of sale. If a premature failure of the glass or a permanent material obstruction of vision due to a failure of the glass seal is brought to our attention during this period, Pella will ship replacement glass and/or sash or door panels to the retailer where the product was purchased.

FOR THE FIRST TEN YEARS . . .

If a defect in materials or workmanship of your Pella product not covered by the glass warranty is brought to our attention during the first ten years from the date of sale, Pella Corporation will, at its option: 1) Repair the product (*After the first two years, there will be a charge for labor, but any repair parts will be provided free of charge during the entire warranty period.*); 2) Provide replacement part(s) or product(s) (*If replacement is elected, the replacement part(s) or product(s) will be shipped to the retailer where the product was purchased.*); or 3) If we determine that repair or replacement is not practicable, we may elect to refund the original purchase price.

FOR YEARS TO COME . . .

Proper care can help extend the performance and enjoyment of your Pella products. The booklet "Caring for Your Pella Windows & Doors" is designed to guide you through the benefits, operation, and maintenance of your products so that the Pella quality, performance, and beauty that you enjoy today are yours for years to come. If you have not received your complimentary copy of this booklet, please contact your nearest Pella representative or call 1-800-54-PELLA.



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YEAR • WARRANTY

Your Satisfaction Is Important To Us...

In the event you need Pella's help, please contact the store where your Pella product was purchased or the contractor who installed it. If you do not know this information, call 1-800-420-9658 to locate the nearest Pella representative, or, if you wish, write us at:

Pella Corporation
Customer Service Department
102 Main Street
Pella, Iowa 50219

To help us provide you with the best service possible, please provide the following information when writing:

- Your name, address, phone number, and the installation address (if different)
- Description of the product, purchase price, and the date and location of purchase
- A description of the product concerns; photos are particularly helpful
- Briefly detail any attempts that have been made to address the concerns.

We will do our best to contact you within seven (7) days after your inquiry reaches us, and if necessary, arrange for a service representative visit as soon as possible.

Pella may charge a fee for on-site product inspections. However, the fee will be fully refunded if the product is found to have a defect covered by this warranty.

IMPORTANT INFORMATION

The warranties detailed in this document are the only statements of the legal responsibility of Pella Corporation and any seller of Pella products with respect to Pella products manufactured on or after October 1, 1996, sold by an authorized Pella reseller and installed in the United States or Canada. No one is authorized to make any different or additional warranties. In no event shall the liability of Pella Corporation or any seller of Pella products arising out of a product defect exceed the price paid for the product.

NOTHING IN THIS DOCUMENT SHALL GIVE RISE TO OR EXTEND THE PERIOD OF ANY WARRANTIES IMPLIED UNDER STATE OR PROVINCIAL LAW, AND NO IMPLIED WARRANTY SHALL EXTEND BEYOND THE PERIODS COVERED BY THIS WRITTEN WARRANTY.

Some states do not allow limitations on how long an implied warranty lasts, so the above limitation may not apply to you.

LIMITATIONS

This warranty does not cover: non-Pella products, problems caused by improper storage, handling, installation, finishing, use, modification, or maintenance; Acts of God; accidents, including accidental glass breakage; products subjected to conditions outside their design limitations; minor imperfections in glass that do not affect the product's structural integrity or obscure vision; minor variations in glass color; normal wear or discoloration of finish; finish problems caused by mechanical damage or abrasion; damage caused by acid rain, salt spray, or other corrosive elements; brass hardware finishes; problems caused by high humidity (condensation and frost); variations in wood grain or color; discoloration of non-visible parts; wood rot due to improper maintenance or installation; or problems due to water leakage which is not the fault of the Pella product. All glass warranties are void if any film is applied to the glass surface. Labor connected with insulating glass replacement (including replacement of sash or door panels), or labor in any other case where Pella elects replacement, is not covered by the warranty and is the responsibility of the owner. In no case does this warranty cover the costs of finishing any repaired or replacement product or component or any trim or other carpentry work that may be required. Replacement products will be the closest equivalent current product and may not exactly match the original. The warranty on any replacement product will extend for the balance of the original warranty period.

NEITHER PELLA CORPORATION NOR ANY SELLER OF PELLA PRODUCTS WILL BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES WHICH MAY RESULT FROM A PRODUCT DEFECT OR MALFUNCTION. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU.

This warranty gives you specific legal rights and you may have additional rights which vary from state to state.

*Purchased May 19, 1997
1501 Waters Edge Circle*

Pella® Windows & Doors Limited Warranty

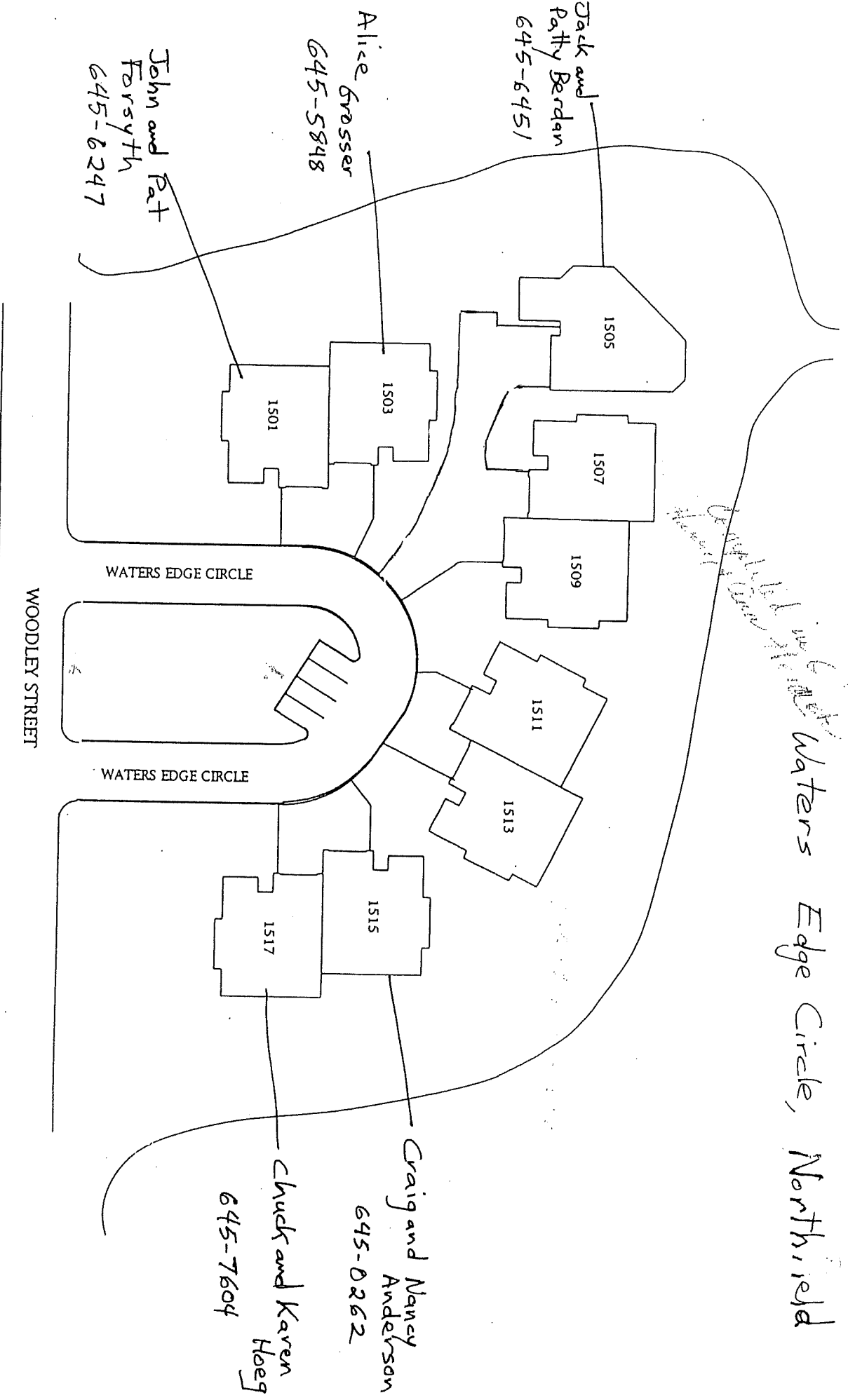


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YEAR • WARRANTY

Waters Edge Circle, Northfield



APPENDIX "A"

HOMES AT WATERS EDGE

Proposed Rules and Regulations

GENERAL RULES

1. All guests must be accompanied by a resident/owner unless the guest is familiar with the rules and regulations of the Association.
2. Residents/owners may use barbecue grills, provided the grills are placed five (5) feet or more from the building or any fences.
3. Personal property shall not be left unattended in any common areas other than the garage spaces or individual patio areas.
4. For the safety of all residents/owners, please limit driving speeds through the complex.
5. All rubbish recycling or other such containers must be kept in owners garage until the day of pickup.
6. No boats, trailers or other items may be stored outside the dwelling unit for more than three days.

GARAGES

1. Residents/owners are prohibited from using or storing flammables or explosive items in the garages.
2. Garage doors shall be kept closed except for movement of a car and/or personal items in or out of the garage

OUTSIDE PARKING

1. Owners cars should be parked in Owners garage and not left in the driveway.
2. No vehicle shall be parked on the street or parking area within Waters Edge Addition unless a guest of an owner, and in no event may a vehicle be left parked for more than 24 hours.

PETS

1. Residents/owners shall be permitted to have no more than one (1) dog and one (1) cat or two (2) cats or two (2) dogs per unit.
2. Those residents/owners with pets shall be responsible for caring for their pets in such a way as to keep them from becoming a nuisance to other residents/owners.
3. Pets shall be leashed at all times when they are outside their owner's unit.
4. Pet Owners shall be responsible for cleaning up after their pets whenever the pets are outside their owner's unit. Failure to promptly clean up after a pet will subject the pet's owner to an assessment from the association for the cost of such clean up.

MAINTENANCE

Items paid by the Association. For the purpose of maintaining the character, quality, and uniform high standards of appearance of the Property, the Association shall; (i) provide for exterior maintenance upon the dwelling in each unit that is subject to assessment as follows: Paint, replace roofs, gutters, downspouts, roads, driveways, sidewalks, mailboxes, garage doors (except hardware) exterior siding and other building surfaces, (ii) provide for lawn, shrub and tree maintenance except for watering for landscaping planted by the Declarant or subsequently added by the Association on all units; (iii) provide for snow removal from streets, driveways, walkways and parking areas for all Units and (iv) provide for maintenance of Waters Edge Circle roadway.

Items paid by an Owner. Except for exterior maintenance provided by the Association, all maintenance of the dwelling and units shall be the sole responsibility and expense of the owner. Owner expense items might include maintenance, repair or replacement of patios (including the concrete slab), entry doors, door hardware, air conditioning equipment, air exchange equipment, glass and window frames, skylights, fireplace stacks, flues and chimneys, landscaping not planted by the association, all items within the dwelling and any other items not required to be provided by the Association for his/her respective unit or dwelling.

STREET ADDRESSES OF UNITS

HOMES AT WATERS EDGE

- ✓ Unit 1: 1501 Waters Edge Circle, Northfield, MN 55057
- : Unit 2: 1503 Waters Edge Circle, Northfield, MN 55057
- ✓ Unit 3: 1505 Waters Edge Circle, Northfield, MN 55057
- Unit 4: 1507 Waters Edge Circle, Northfield, MN 55057
- Unit 5: 1509 Waters Edge Circle, Northfield, MN 55057

(The units below may be added to the Association by Declarant as additional real estate.)

- Unit 6: 1511 Waters Edge Circle, Northfield, MN 55057
- Unit 7: 1513 Waters Edge Circle, Northfield, MN 55057
- ✓ Unit 8: 1515 Waters Edge Circle, Northfield, MN 55057
- ✓ Unit 9: 1517 Waters Edge Circle, Northfield, MN 55057

Note: Units 1 and 2 are scheduled to be completed on or about July of 1996. The building schedule for the remainder of the units is unknown at this time.