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
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CARVER COUNTY, MINNESOTA

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Carl W. Hanson, Jr.
County Recorder

**CARVER COUNTY
COMMON INTEREST COMMUNITY NUMBER 107**

A PLANNED COMMUNITY

VILLAGE HOMES ON THE PARK

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**



**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

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**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION of Covenants, Conditions and Restrictions ("***Declaration***") is made as of the 17th day of July, 2006, by J. Scotty Builders, Inc., a Minnesota corporation, Scotty Land Development, Inc., a Minnesota corporation, JLAW-04, LLC, a Minnesota limited liability company, Jason S. Williams, and Jonathan A. Bullick (collectively, the "***Declarant***"), pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "***Act***").

W I T N E S S E T H :

WHEREAS, the Declarant is the owner in fee simple of the real property situated in the City of Chaska, Carver County, Minnesota, described on Exhibit A attached hereto (hereinafter referred to as the "***Property***"); and

WHEREAS, the Property is subject to that certain Declaration of Development Standards, Covenants, Conditions and Restrictions dated September 12, 2001, recorded October 15, 2001 as Document No. A298082 ("***Covenants***") which Covenants bind and encumber the Property; and

WHEREAS, the Lots on the Property will be improved with single family dwellings ("dwelling" or "dwellings") with street addresses identified on Exhibit B attached hereto (the prospective owners of each dwelling are hereinafter referred to as "***Owner***" or "***Property Owner***"); and

WHEREAS, Declarant is about to construct, sell and convey the Property, together with the buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon, and any and all rights and privileges belonging to or in anyway appertaining thereto, and to accomplish this purpose desires to submit the Property to the requirements of the Act; and

WHEREAS, Declarant has deemed it desirable for the preservation of the value of the Property to submit the same, together with the buildings, structures, improvements and other permanent fixtures thereon to the provisions of the Act, and to incorporate under Chapter 317A of the laws of the State of Minnesota the "Village Homes on the Park Owners Association" for the purpose of administering the Property. The Property is a planned common interest community consisting of single-family dwellings, is not subject to a master association, and is not a conversion CIC within the meaning of Section 515B.1-106(c) of the Act; and

WHEREAS, Village Homes on the Park is a flexible CIC within the meaning of Section 515B.2-106 of the Act. The real property situated in the City of Chaska, Carver County, Minnesota, legally described on Exhibit C attached hereto and incorporated herein by reference (the "***Additional Property***"), is additional property, all or any portion of which Additional Property Declarant may add to the Subject Property at a later date, pursuant to Article VII of this Declaration.

NOW, THEREFORE, Declarant, as the sole owner of the Property and for the purposes set forth above, hereby submits the Property to the following restrictive covenants and easements as follows:

ARTICLE I.
DEFINITIONS

The following words, when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

- (a) “***Additional Property***” shall mean and refer to the real property situated in the City of Chaska, Carver County, Minnesota, legally described on Exhibit C.
- (b) “***Assessments***” shall mean and refer to all assessments levied by the Association pursuant to Article VI, including annual Assessments, special Assessments and limited Assessments.
- (c) “***Association***” shall mean and refer to the Village Homes on the Park Owners Association, Inc., a Minnesota nonprofit corporation, its successors and assigns.
- (d) “***Board***” or “***Board of Directors***” shall mean the Board of Directors of the Association as provided for in the Bylaws.
- (e) “***Bylaws***” shall mean the Bylaws governing the operation of the Association, as amended from time to time.
- (f) “***CIC***” shall mean common interest community as defined under the Act.
- (g) “***Common Area***” or “***Common Elements***” shall mean Outlot G.
- (h) “***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, assessments, charges for maintenance and use of utilities, allocations to reserves and those items specifically identified as Common Expenses in this Declaration or the Bylaws.
- (i) “***Condominium Community***” shall mean the Property, portions of which are designated for separate ownership as Lots and the remainder of which is designated as Common Area which is subject to this Declaration. Specifically, as the term is used herein, it means and refers to Village Homes on the Park, Common Interest Community Number 107, the Condominium Community established by this Declaration.
- (j) “***Declarant Control Period***” shall mean the period commencing on the date of conveyance of the first Lot to an Owner other than the Declarant and continuing until the earlier of the date five (5) years after said date or the date sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Owners other than Declarant.
- (k) “***Declaration***” shall mean this document and all amendments and supplements hereto.
- (l) “***Governing Documents***” shall mean and refer to this Declaration, the Articles of Incorporation and Bylaws of the Association, and the Rules and Regulations, as may be adopted and/or amended from time to time, all of which shall govern the use and operation of the Property.
- (m) “***Lot***” shall mean one of the lots, but not Outlot G, comprising the Property.

- (n) “**Member**” shall mean and refer to all Owners who are members of the Association as provided in Article III, Section 1, hereof.
- (o) “**Occupant**” shall mean any person or persons, other than an Owner, in possession of or occupying a Lot.
- (p) “**Owner**” shall mean and refer to the record Owner or contract vendee, whether one or more persons or entities, of a fee simple title to any Lot situated upon the Property but excluding contract vendors, unless the contract provides otherwise, and others having such interest merely as security for the performance of an obligation.
- (q) “**Person**” shall mean and refer to a natural individual or an artificial entity.
- (r) “**Rules and Regulations**” shall mean the Rules and Regulations of the Association as approved, adopted and/or amended from time to time pursuant to this Declaration.
- (s) “**Property**” shall mean and refer to all of the Lots that are subject to this Declaration.

Any terms used in the Governing Documents, and defined in the Act and not in this Article, shall have the meaning set forth in the Act. References to article or section numbers refer to the articles and sections of this Declaration unless otherwise indicated. References to the singular may refer to the plural, and conversely, depending upon context.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND USE THEREOF

Section 1. EXISTING PROPERTY.

The Property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the City of Chaska, County of Carver and State of Minnesota, and is legally described as shown on Exhibit A.

Section 2. LOTS.

There are initially eight (8) Lots in Village Homes on the Park. Except for any rights reserved to the Declarant under this Declaration, no person may create additional Lots by the subdivision or conversion of Lots pursuant to Section 515B.2-112 of the Act.

Each Lot constitutes a separate parcel of real estate. The Lots shall each be improved with one dwelling. Except as stated otherwise in this Declaration, an Owner shall be responsible for maintenance of the Lot and the dwelling thereon.

Section 3. COMMON AREA.

The Common Area shall be owned by the Association and used for ingress and egress to and from the Lots and related activities. Maintenance, replacement and repair of the Common Area is the responsibility of the Association. The Common Area shall be conveyed to the Association as of the date of conveyance of any Lot to an Owner other than Declarant.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION.
POWERS OF THE ASSOCIATION

Section 1. MEMBERSHIP.

Every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Lot which is subject to assessment by the Association. The foregoing is intended to exclude persons or entities holding an interest merely as security for the performance of an obligation including contract vendors (unless the contract for deed provides otherwise) until such time such person or entity acquires a fee simple interest in such Lot by foreclosure or by a proceeding in lieu thereof, or as to a contract under, until such time as the contract for deed is cancelled. Ownership of such Lot shall be the sole qualification for membership.

Section 2. VOTING RIGHTS.

The Association shall have two (2) classes of voting memberships:

Class A. All Members described in Section 1 above, with the exception of the Declarant, its successors and assigns, shall be Class A members and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds the interest in a Lot, all such persons shall be Members but the vote for such Lot shall be exercised as they among themselves shall determine, subject, however, to limitation that the voting power for any Lot may not be split. The vote for any Lot which is owned by more than one (1) Member may not be cast at any meeting unless such members have filed with the Secretary of the Association prior to such meeting the name of one (1) of their number who then shall be the only person authorized to cast such vote at such meeting. In lieu of such filing prior to every meeting, such Members may file a document executed by all of them, designating one (1) of their number as the person authorized to cast their vote at all future meetings and such authorization shall continue to be valid until such time as such authorization shall have been rescinded in writing by all of such Members.

Class B. The Class B Member shall be the Declarant (as defined in Article I), its successors and assigns, which shall be entitled to three (3) votes for each Lot owned by Declarant. The voting power to which the Declarant is entitled shall at all times be calculated to include all Lots owned by Declarant. Upon the end of the Declarant Control Period, the Class B member shall be deemed to be a Class A member, and if then an Owner, shall be entitled to one (1) vote for each Lot in which Declarant holds the interest required for Class A membership.

Section 3. SUSPENSION OF VOTING RIGHTS.

The right of any Member to vote and the right of any Member, his family or guests to use any facilities that may be acquired by the Association shall be suspended during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for any infraction of any rules or regulations adopted by the Association.

Section 4. POWERS OF THE ASSOCIATION.

Declarant hereby delegates to the Association, and the Association is hereby permitted to exercise, all powers described in the Governing Documents, the Act and the statute under which it was incorporated.

ARTICLE IV
PROPERTY RIGHTS AND OBLIGATIONS IN THE COMMON AREA

Section 1. MEMBERS' EASEMENT AND ENJOYMENT.

Subject to the provisions of Section 2 below, every Member shall have a non-exclusive easement of ingress and egress over the Common Area and a non-exclusive easement and right of enjoyment in and to the Common Area, and such easements shall be appurtenant to and shall pass with the title to every Lot.

Section 2. EXTENT OF MEMBERS' EASEMENTS.

The rights and easements in favor of the Members created hereby and the title of the Association to the Common Area shall be subject to the following and as further provided herein:

- (a) The right of the Association, as provided in the Governing Documents, to borrow money for the purpose of improving, repairing and maintaining the Common Area or any improvements thereon, and in aid thereof to mortgage said properties, which rights of such mortgagee in said properties shall be subordinate to the rights of the Members hereunder;
- (b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure;
- (c) The right of the Association, as provided in the Governing Documents, to suspend the voting and enjoyment rights of any Member for any period during which any assessments remain unpaid, and to suspend the said enjoyment rights for any period not to exceed sixty (60) days and to impose a fine for each infraction of its published rules and regulations, each day during which infractions exist being deemed a separate and distinct infraction; provided, however, that nothing contained in this Section 2(c) shall be deemed to deny an Owner access to and from his or her Lot or Dwelling located on the Property;
- (d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members. Except for the installation of utilities pursuant to the easements created by Article X hereof, no such dedication or transfer shall be effective unless an instrument signed by all Members has been recorded agreeing to such dedication or transfer, and unless written notice of the proposed agreement and action thereunder is sent to every Member at least ninety (90) days in advance of any action taken. The consent requirements of Article XII, Section 5, must also be met to effect a valid dedication or transfer;
- (e) Rights, if any, of the City of Chaska, Minnesota, to maintain the Common Area in the event of failure by the Association to do so;
- (f) Encroachments, if any, created pursuant to Section 5 of this Article; and
- (g) The Covenants, as referenced in the recitals above. In the event of a conflict between the provisions of the Covenants and the provisions of this Declaration, the more restrictive provisions in one shall control over the other.

Section 3. DELEGATION OF USE.

Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Area and facilities to the members of his or her immediate family, guests, assigns, or to his or her invitees who may enter upon the Property from time to time.

Section 4. TAXES AND MUNICIPAL SPECIAL ASSESSMENTS ON COMMON AREAS.

Taxes and special assessments that would normally be levied against the Common Area shall be divided and levied against the individual Lots in the Property in equal proportion, or as the governmental taxing authorities shall determine, which levies shall be a lien against said individual Lots.

Section 5. ENCROACHMENTS.

Notwithstanding any other provisions contained herein, in the event any dwelling or appurtenance on any Lot as originally constructed (or as reconstructed or added to in accordance with the provisions of Article VIII herein) encroaches upon or overhangs upon any part of the Common Area or utility easement, then a perpetual easement appurtenant to such encroaching or overhanging Lot shall exist for the continuance of such encroachment or overhang upon the Common Area.

Section 6. PARKING RIGHTS.

Ownership of each Lot shall entitle the Owner to the right of ingress and egress in and to the exclusive use of the driveway/parking area located on the Owner's Lot.

Section 7. ASSOCIATION'S EASEMENTS.

The Association or its agents or employees shall have the right to go upon any Lot in connection with the maintenance or repair of the Common Area or any improvements thereon or in connection with its maintenance responsibilities set forth in Article XIII.

**ARTICLE V
SPECIAL DECLARANT RIGHTS**

Section 1. RESERVATION OF RIGHTS.

The Declarant shall have and hereby reserves for its benefit the exclusive and unconditional right to:

- (a) complete improvements, if any, on any Common Area;
- (b) create Lots and/or Common Area on the Property or relocate boundaries between Lots or to otherwise alter Lots owned by it;
- (c) maintain a sales dwelling, a management dwelling, model Lots and Dwellings, sales and rental facilities and signs advertising the Property within any Lots owned by the Declarant from time to time, located anywhere on the Property;
- (d) merge the planned common interest community with any other common interest community (as defined in the Act); and

- (e) control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board of Directors of the Association pursuant to Section 515B.3-103 of the Act, until the earlier of the voluntary surrender of control by Declarant or the end of the Declarant Control Period. Notwithstanding the foregoing, the Members other than Declarant shall have the right to nominate and elect not less than thirty-three and one-third percent (33-1/3%) of the directors of the Association at a meeting of the Members which shall be held within sixty (60) days following the conveyance by Declarant of fifty percent (50%) of the total number of Lots authorized to be included in the Property and built on the Additional Property.

Additionally, for so long as Declarant is a Class B Member of the Association, Declarant's written consent shall be required for any amendment to the Governing Documents which directly or indirectly affects or may affect Declarant's rights under the Governing Documents.

Section 2. DECLARANT'S EASEMENT.

The Declarant shall convey fee simple title to the Common Area to the Association no later than the date of conveyance of any Lot to an Owner other than Declarant; provided, however, that Declarant shall have and does hereby reserve the right and easement to enter upon and pass through, on and over such Common Area for the purpose of maintaining, developing and improving the Common Area or Lots and marketing and selling Lots, and provided further that Declarant may place a mortgage or other lien upon the Common Area in connection with the development and improvement thereof, but any and all such mortgages and liens shall be released as to the Common Area prior to conveyance thereof to the Association. The Association shall at all times have responsibility for management and maintenance of the Common Area and shall govern and control the same to the same extent as if the Common Area were owned by the Association, except for the rights and easements of Declarant provided in this Section 2. The cost of such maintenance shall be assessed against the various Lots as set forth in Article VI herein.

ARTICLE VI COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATIONS OF ASSESSMENTS.

The Declarant, for each Lot owned by it within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges, and (b) special assessments. Such assessments, together with interest, costs of collection and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs of collection and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them, but may continue to be a lien on the Lot. No Owner may avoid the lien of, or personal liability for, such assessment by nonuse of the Common Area or abandonment of the Owner's Lot. All assessments shall be fixed, established and collected in the manner provided in this Article. A lien created under this Article is prior to all other liens and encumbrances on a Lot except (i) liens and encumbrances recorded before the Declaration; (ii) any first mortgage encumbering the fee simple interest in the Lot; and (iii) liens for real estate taxes and other governmental assessments or charges against the Lot.

Section 2. PURPOSE OF ASSESSMENTS.

The assessments levied by the Association shall be used exclusively to maintain, modify, repair and/or replace the Common Area and to maintain other areas that the Association may become obligated to maintain as provided herein. The annual assessments shall be payable in regular installments and shall be used for (but not limited to) hazard insurance premiums required or permitted to be incurred; maintenance to be performed by the Association pursuant to Article XIII; an adequate reserve fund for maintenance, repairs and replacement of the Common Area and improvements thereon and other areas that must be replaced on a periodic basis; and maintenance, repairs and replacement of water, sewer and the utility lines and fixtures that are not the responsibility of the City of Chaska, Minnesota, which serve the Common Area. Said annual assessments may also be used for maintenance and replacement of lawn, landscaping and shrubbery on the Common Area or Lots, as provided in this Declaration, and shall be used for snow removal from the Common Area or from public sidewalks; for maintenance and replacement of lawn sprinkler components and landscaping and shrubbery installed by Declarant and located along public boulevards. Each Owner shall be responsible for maintaining, repairing and replacing as and when needed all exterior surfaces of the dwelling.

Section 3. BASIS AND MAXIMUM OF ANNUAL ASSESSMENTS.

Except as provided in Section 8 below, annual and special assessments shall be levied equally between all the Lots and may be collected on a monthly basis, provided, however, that assessments arising out of the negligence or nonperformance of any obligation of an Owner shall be for additional non-uniform amounts and shall be immediately due in full from the Owner and assessments against fewer than all Lots shall be set pursuant to Section 7 below. In addition, upon determination by the Board, the costs of insurance may be assessed in proportion to risk or coverage of the Lot being assessed.

Section 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.

In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of a capital improvement, including the necessary fixtures and personal property related thereto, provided that any such assessment shall be approved by Members holding at least seventy-five percent (75%) of the voting power of the Association and who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. CHANGE IN BASIS AND MAXIMUM OF ANNUAL ASSESSMENTS.

The limitations of Section 3 hereof shall not apply to any change in the maximum and basis of assessments undertaken as incident to a merger or consolidation in which the Association is authorized to participate. The consent requirements of Article XII, Section 5, must also be obtained to effect a valid change in the method of determining the assessments.

Section 6. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4.

Written notice of any meeting of the general membership required for an action authorized under Sections 3 or 4 of this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the entire voting power of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the

quorum required at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. ANNUAL AND SPECIAL ASSESSMENTS.

Except as provided in Section 8, below, both annual and special assessments must be allocated equally between all the Lots. This requirement shall not apply to:

- (a) common expenses or portions thereof benefiting fewer than all of the Lots, which may be assessed exclusively against those Lots benefited in equal proportion;
- (b) reasonable attorneys' fees incurred by the Association in connection with the collection of assessments or the enforcement of the Governing Documents against a Member, which may be assessed against the Member's Lot;
- (c) fees and charges, interest, fines and late charges for: services provided to specific Lots, late payments of assessments, violations of the Governing Documents, fees for preparation of Association documents, resale certificates, or similar items; and
- (d) costs or expenses attributable to or caused by willful or negligent acts, as more fully set forth in Section 11 below.

Section 8. ALTERNATIVE ASSESSMENT PROGRAM FOR DECLARANT.

The Declarant hereby establishes an alternative assessment program as permitted by Minnesota Statutes, Section 515B.3-115(b). Specifically, if a common expense assessment has been levied, any Lot owned by the Declarant shall be assessed at the rate of twenty-five percent (25%) of the assessment that would otherwise be levied on such Lot until such Lot is substantially completed, as evidenced by a certificate of occupancy issued with respect to such Lot by the City of Chaska, Minnesota; provided, however, that that part of any assessment allocated to a replacement reserve shall be fully levied against each Lot, including Lots owned by Declarant, upon substantial completion of the exterior of the building containing the Lot. Following issuance of a certificate of occupancy, each Lot owned by Declarant shall be assessed at the full rate. This reduced assessment shall apply to each Lot owned by the Declarant, and shall continue as to each such Lot until such Lot is substantially completed as evidenced by 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.

Section 9. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS, DUE DATES.

The annual assessments provided for herein shall commence as to all Lots on the date that the first Lot is sold to an Owner other than Declarant (or its affiliates).

The first annual assessment shall be made for the balance of the calendar year and shall become due and payable in equal installments on payment dates to be established by the Board of Directors.

The amount of annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in the year bear to twelve.

The due date of any special assessment under Section 4 of this Article shall be fixed by the resolution authorizing such assessment.

Section 10. DUTIES OF THE BOARD OF DIRECTORS.

The Board of Directors of the Association shall fix the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period.

Written notice of the assessment shall be sent to every Owner subject thereto, provided, however, that the failure to send such written notice shall not render any assessment invalid.

The Board shall have the right to collect any annual or special assessment on a monthly basis. The Association shall, upon demand, and for a reasonable charge, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a given Lot have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 11. ASSESSMENT OF COST DUE TO WILLFUL OR NEGLIGENT ACTS.

If the need for maintenance or repair is due to the willful or negligent acts of an Owner or the Owner's employees, representatives, guests, tenants or invitees, the cost of such maintenance less the net insurance proceeds received by the Association due to such act or neglect, if any, shall be assessed against such Owner's Lot and shall be added to and become a part of the current annual assessment against that Lot and, at the option of the Board, shall be payable in full with the next monthly installment of the then-current annual assessment, or divided equally over the remaining months for the then-current annual assessment and payable with and in addition to the monthly installments of the then-current annual assessment.

Section 12. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum. The Association may bring (a) an action at law against the Owner personally obligated to pay the assessments, and/or (b) foreclose its lien for the amounts owed by the Owner and sell the Lot in satisfaction of any amounts awarded pursuant to its power of sale.

To evidence a lien for sums assessed pursuant to this Article, the Association may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot, and a description of the Lot and file or record the same, but such notice of lien shall not be recorded until such assessment has been wholly or partially unpaid for at least thirty (30) days from the due date. Such lien may be enforced and foreclosed by the Association in the same manner in which mortgages on real property may be foreclosed by action or by advertisement under a power of sale in Minnesota. Each Owner, by acceptance of a deed for any Lot, does further hereby give full and complete power of sale to the Association and does consent to a foreclosure of the assessment lien as if such lien were a mortgage containing a power of sale. In the event of any such foreclosure, and in the further event that the Association shall prevail in any such foreclosure, the person personally obligated to pay the same shall be required to pay all costs of foreclosure, including but not limited to, reasonable attorneys' fees. The person personally obligated to pay such lien shall also be required to pay the Association any assessments against the Lot which shall become due during the period of foreclosure. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the Lot as the Owner thereof. Prior to reselling the Lot after foreclosure, no assessments shall be levied against the subject dwellings; provided, however, that if the Association rents or leases the dwelling prior to sale, the Association shall once again have the right to levy assessments against

said Dwelling. A release or satisfaction of the notice of lien shall be executed by an officer of the Association and recorded upon payment of all sums secured by such lien.

Section 13. SUBORDINATION OF LIEN TO MORTGAGES.

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed upon a Lot. Sale or transfer of any Lot shall not extinguish or discharge the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof (including the delivery of a deed in lieu thereof) shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall release such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments.

All other parties acquiring liens on any Lot after this Declaration is recorded shall be deemed to consent that their liens shall be and remain inferior to future liens provided for herein.

The Association shall, upon written request, report to any first Mortgagee or other encumbrancer of a Lot the amount of the assessments remaining unpaid for a period longer than ninety (90) days after the same shall become due.

Section 14. EXEMPT PROPERTY.

The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) All properties dedicated and accepted by the local public authority and devoted to public use;
- (b) All properties exempted from taxation by the laws of the State of Minnesota upon the terms and to the extent of such legal exemption; and
- (c) All Common Area as defined in Article I hereof.

Notwithstanding any provision herein, no land or improvements devoted to use as a dwelling shall be exempt from said assessments, charges or liens.

ARTICLE VII
ADDITIONAL PROPERTY

Section 1. RESERVATION OF RIGHTS TO ADD ADDITIONAL UNITS.

The Declarant hereby reserves the right to add all or any portion of the Additional Property to the Property. The Declarant's right to add any portion of the Additional Property to the Property will terminate ten (10) years following the date of recording of this Declaration. Portions of the Additional Property may be added at different times. The Declarant reserves the right to add no more than seventeen (17) Lots as Additional Property. All buildings built on the Additional Property shall be restricted to residential use and shall be compatible with buildings constructed on the Subject Property in terms of architectural style, quality of construction, and principal materials employed in construction. Notwithstanding any provision set forth in this Declaration to the contrary, buildings constructed on the Additional Property may vary in size (including the number of stories) from those constructed on the Subject Property. All restrictions contained in this Declaration affecting the use, occupancy, ownership and alienation of Lots will apply to the

Additional Property that may be made subject to this Declaration. None of the assurances regarding the Subject Property contained in this Declaration shall apply to any portion of the Additional Property not subjected to this Declaration pursuant to this Article. The Declarant makes no other assurances with regard to the Additional Property pursuant to Minn. Stat. § 515B.2-106.

Section 2. AMENDED DECLARATION.

The Declarant may add all or any portion of the Additional Property to the Property at any time within the time limit set forth in this Declaration or Section 515B.2-106 of the Act by recording an Amendment to the Declaration in substantial conformance with Exhibit D, identifying that portion of the Additional Property that is being subjected to this Declaration. All improvements on the Additional Property being subjected to this Declaration by such an amendment shall be substantially completed prior to recording such amendment. Notice to existing Owners of annexing Additional Property shall be in substantial conformance with Exhibit E.

Section 3. TREATMENT OF ADDITIONAL PROPERTY.

The Additional Property shall not be subject to the provisions of this Declaration unless and until added to the Subject Property by the filing of an Amendment to the Declaration as described in this Article, but, once added, shall be treated in the same manner as the Subject Property.

ARTICLE VIII
ARCHITECTURAL CONTROL COMMITTEE

No construction of any outbuilding of any sort or exterior additions, removals or alterations (including changes in color or appearance) to any dwelling, additional fences, hedges, walls, walkways or other structures shall be commenced, erected or maintained except such as are installed or approved by the Declarant in connection with the initial construction of the improvements on the Property, until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of same shall have been submitted to, and approved in writing as to harmony of the external design and location in relation to surrounding buildings erected upon the Property by, an architectural committee composed of the Board of Directors of the Association or three (3) or more representatives appointed by the Board of Directors. In the event said Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval shall be deemed to have been given. If no application has been made to the architectural committee or their representatives, or if such application has been rejected, a suit to enjoin or remove such additions, alterations or changes may be instituted at any time by the Association or any Owner, in which suit the Association or any Owner shall have the right to collect reasonable attorneys' fees, costs and expenses. None of the members of the architectural committee shall be entitled to any compensation for their services performed pursuant to this paragraph, but compensation may be allowed to independent professional advisors retained by such committee. During the time in which the Association has a Class B membership, any decisions of the architectural committee may be vetoed by the Declarant.

ARTICLE IX
BUILDING AND USE RESTRICTIONS

Section 1. LAND USE.

No Lot shall be used for other than residential purposes. The Property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Act and the Governing Documents, as amended from time to time.

An Owner may utilize up to one hundred (100) square feet of the rear portion of a Lot for a vegetable or flower garden, the maintenance of which (including watering) shall be solely that of the Owner. The Association shall have no obligation to maintain or water gardens created or planted by an Owner.

Section 2. NUISANCES.

No noxious or offensive activities shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. PETS.

No reptiles, rabbits, livestock, fowl, poultry or animals of any kind shall be raised, bred or kept in any dwelling or in the Common Area, other than duly trained service animals necessary to assist a person with a disability or domestic pets. Under no circumstances shall a pet or service animal be kenneled or tied up anywhere in that portion of a Lot fronting on any public drive, boulevard or thoroughfare, and under all circumstances the Owner of a pet or service animal shall use a leash outside the dwelling and shall clean up all pet deposits wherever deposited.

Section 4. GARBAGE AND REFUSE DISPOSAL.

No portion of any Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers in a designated receptacle in that portion of the Lot fronting on Outlot G. No burning of refuse shall be done in or on the Lot or Common Area.

Section 5. PROHIBITED STRUCTURES, WINDOW TREATMENTS AND LAWN ORNAMENTS.

No structure of a temporary character, trailer, shack, boat house, barn or other out-building shall be constructed on or adjacent to any Lot. Window treatments must be in harmony with the design of the dwelling and the surrounding area and must be properly installed. No blankets, sheets, loose fabric or excessively-brightly colored window treatments shall be permitted. No lawn ornaments or sculptures shall be permitted on or adjacent to any Lot. The Architectural Control Committee shall be the final arbiter of any disputes under this Section.

Section 6. STORAGE.

No boats, snowmobiles, trailers, camping vehicles, recreational vehicles, unlicensed or inoperable automobiles or trucks or other vehicles (except automobiles belonging to the Owner or an Owner's employee, representative, guest or invitee) shall at any time be stored or parked on or adjacent to any Lot. No such vehicles shall be stored or parked on any part of the Common Area.

Section 7. SEWER FACILITIES.

The sewer disposal facilities in the Property shall be limited to the municipal sanitary sewer system.

Section 8. TIME SHARES.

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 Lot into separate time periods, is prohibited.

Section 9. RENTAL OF DWELLINGS.

A dwelling may be rented by the Owner. In no event, however, shall an dwelling be rented by the Owner thereof for transient, commercial or other uses prohibited by this Declaration.

Any lease agreement between an Owner and a Tenant shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents, that any failure by the tenant to comply with the terms of the Governing Documents shall be a default under the lease, and that the Association shall have the right to enforce the Governing Documents by any legal means.

ARTICLE X
EASEMENTS

Section 1. UTILITIES AND DRAINAGE EASEMENTS.

Easements for installation and maintenance of utilities and drainage facilities are hereby created and dedicated in, over and upon the Common Area owned by the Association. Within these easements, no structure, fence, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements, or which may interfere with snow plowing or snow storage within these easements.

Section 2. WATER AND ELECTRICITY EASEMENTS.

The rights and easements of enjoyment by the Owner of each Lot and the title of such Owner in said Lot shall be subject to the rights of the Association to an exclusive easement on and over said Lot and the dwelling for the purpose of installing or maintaining a source of water or electricity from dwellings to serve any sprinkler system or component serving the owner's respective Lot. Each Owner shall be separately responsible for water metered to the sprinkler system serving the Lot on which the Owner's dwelling is located.

ARTICLE XI
INSURANCE

Section 1. REQUIRED COVERAGE.

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

- (a) Comprehensive public liability insurance covering the ownership, existence, use, operation or management of the Common Area, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location, and use to the Property. Lot owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, operation or maintenance of the Common Area. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or

occupant of a Lot because of the negligent acts of the Association or other owners or occupants and shall cover claims of one or more insured parties against other insured parties. 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 Lot.

- (b) Fidelity bond or insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees or persons responsible for handling funds belonging to or administered by the Association if deemed to be advisable by the board or required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing a mortgage on a Lot. 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 a mortgage on a Lot, 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 Lots 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.
- (c) Worker's compensation insurance, if any, as required by law.
- (d) Any policies carried pursuant to subsection (b) shall provide that:
 - (1) each Member and any secured party of the Member's Lot is an insured person under the policy with respect to liability arising out of the Member's interest in the Common Area or the Member's membership in the Association;
 - (2) the insurer waives its rights to subrogation under the policy against any Member (or members of Member's household) and against the Association and Directors;
 - (3) no act or omission by any Member or secured party, unless acting within the scope of authority on behalf of the Association, shall void the policy or be a condition to recovery under the policy; and
 - (4) the Association's policy shall be the primary insurance if, at the time of a loss under the policy, there is other insurance in the name of a Member covering the same property covered by the Association's policy.

Section 2. CANCELLATION; NOTICE OF LOSS.

All policies of comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for any reason, without at least thirty (30) days' prior written notice to the Association, all of the insureds, and all mortgagees of Lots (including, if applicable, the FHA or FNMA).

Section 3. REVIEW OF POLICIES.

All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

**ARTICLE XII
SPECIAL PROVISIONS**

Section 1. OVERRIDING PROVISIONS.

The provisions of this Article control over any other conflicting provisions of this Declaration.

Section 2. NOTICE OF DEFAULT.

A first mortgagee of a Lot, upon request, is entitled to written notification from the Association of any default in the performance by the Owner of any obligation under the Governing Documents known to the Association which is not cured within sixty (60) days.

Section 3. EXEMPTION FROM RIGHT OF FIRST REFUSAL.

Any first mortgagee of a Lot who obtains title to a Lot pursuant to the remedies provided in its mortgage, or by foreclosure of its mortgage, or by deed or assignment in lieu of foreclosure, will be exempt from any right of first refusal contained in the Declaration or Bylaws.

Section 4. LIABILITY FOR UNPAID ASSESSMENTS.

Any first mortgagee of a Lot who obtains title to a Lot pursuant to the remedies provided in its mortgage or by foreclosure of its mortgage shall not be liable for the unpaid assessments of the Lot which accrue prior to the acquisition of title to such Lot by the mortgagee.

Section 5. RESTRICTED ACTIVITIES.

Until the Association has received written approval from all of the first mortgagees of Lots, all Owners other than the Declarant and the Class B Member for so long as a Class B membership exists, the Association shall not be entitled to:

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned, directly or indirectly, by the Association for the benefit of the Lots. The granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area shall not be deemed a transfer within the meaning of this subsection;
- (b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;
- (c) By act or omission change, waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Dwellings, the maintenance of the Common Area, party walls or common fences and driveways, or the upkeep of lawns and plantings;

- (d) Fail to maintain first and extended coverage on insurable Common Areas on a current replacement cost basis in an amount not less than one-hundred percent (100%) of the insurable value, based on current replacement costs; or
- (e) Use hazard insurance proceeds received for losses to any Common Areas other than for the repair, replacement or reconstruction of such Common Areas.

Section 6. EXAMINATION OF BOOKS AND RECORDS.

First mortgagees shall have the right to examine the books and records of the Association.

Section 7. RIGHT TO CURE DEFAULT.

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums in hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Section 8. PRIORITY OF FIRST MORTGAGEES.

No provision of the Declaration or Bylaws shall be construed as giving to the Owner or to any other party priority over any rights of first mortgagees of Lots pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Area.

Section 9. FORECLOSURE OF FIRST MORTGAGES AND CONTRACTS.

The sale or transfer of any Lot pursuant to the foreclosure of a first mortgage, or pursuant to any other proceeding or arrangement in lieu of such foreclosure or cancellation, shall extinguish the lien of all other assessments as to the installments which became due prior to the effective date of such sale, transfer or acquisition by the mortgagee to the end that no assessment liability shall accrue to an acquiring mortgagee except with respect to installments of assessments becoming due after possession has passed to such acquiring mortgagee, whether such possession has passed at the termination of any period of redemption or otherwise; provided, however, that if a first mortgage on a Lot is foreclosed, the first mortgage was recorded after June 1, 1994, and no Owner redeems during the Owner's period of redemption provided by Minnesota Statutes Chapters 580, 581 or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Lot subject to unpaid assessments for Common Expenses levied pursuant to Sections 515B.3-115 (a), (e)(1) to (5), (f), and (i) 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. In the event of the extinguishment of such assessment lien as aforesaid, the entire amount of such unpaid assessment shall be reallocated and assessed against, and payable by the Owners of, all other Lots in the Association, exclusive of such encumbered Lot. No such sale, transfer or acquisition of possession shall relieve an Owner of a Lot from liability for any assessments thereafter becoming due or from the lien thereof, nor shall it relieve the person personally obligated to pay the assessments which were levied prior to the transfer of such Lot from the personal obligation to pay the same.

ARTICLE XIII **MAINTENANCE**

Section 1. MANDATORY MAINTENANCE.

The Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for, and be vested with, the exclusive management and control of the Common Area and all improvements thereon, and shall keep the same in good, clean, attractive condition, order and repair. In addition to maintenance upon the Common Area, the Association shall provide maintenance as set forth in Article VI, Section 2. Such maintenance shall not include any exterior maintenance of a dwelling, air conditioning units, gardens, shrubs and other plantings established by an Owner and not by the Association or private decks or patios except that if an Owner, after notice, continues to neglect to maintain the exterior of the dwelling, or to replace broken glass in exterior surfaces, or fails to maintain the appearance of its air conditioning unit, or private deck or patio, the Association may do so, charging the cost thereof to such Owner. The Association shall remove snow from the Common Area and sidewalks (including sidewalks located on or adjacent to Owners' Lots), but shall not be required to remove snow from driveways, stoops, decks or patios. Each Owner shall be responsible for snow removal from the Owner's driveways, stoops, decks, and patios and shall remove the snow in a manner so that the removed snow is not pushed into any alley way, Common Area or sidewalk.

Section 2. ACCESS AT REASONABLE HOURS.

For the purpose solely of performing the maintenance and repairs authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter any dwelling and upon any Lot with such persons and material as the Association deems necessary at reasonable times during the day.

Section 3. EMERGENCY ACCESS.

For the purpose of performing emergency action to prevent damage or destruction to any dwelling or sprinkler system components, the Association, through its duly authorized agents or employees, shall have the right to enter any Dwelling, and upon any Lot at any time, without notice, with such persons and material as the Association deems necessary to accomplish such emergency repairs or to take such emergency action.

Section 4. LAWN AND PLANTING MAINTENANCE.

The Association shall maintain the sprinkler/irrigation system serving an Owner's lawn on the Lot. The Association may draw water for such purpose from the Owner's dwelling.

ARTICLE XIV **EMINENT DOMAIN**

Section 1. TOTAL TAKING OF LOT OR DWELLING.

If a Lot is acquired by eminent domain, or if so much of a Lot is acquired by eminent domain as to effectively leave the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award, including severance damages, shall compensate the Owner of the Lot and holder of a first mortgage or other security interest of record as their interests may appear. Any such remnant of a Lot remaining after part of a Lot is taken shall be conveyed to the Association and shall

thereafter be Common Area. The voting rights and liability for expenses attributable to the Lot acquired by eminent domain shall be reapportioned among the remaining Lots.

Section 2. PARTIAL TAKING OF LOT OR DWELLING.

Unless treated as a total taking under Section 1, if part of a Lot is acquired by eminent domain, the award shall compensate the Owner and first mortgagee of the Lot as their interests may appear for the reduction in value of the Lot. A partial taking of a Lot shall not affect the voting rights or liability of that Lot for Common Expenses.

Section 3. TAKING OF COMMON AREA.

If part of the Common Area is acquired by eminent domain, the award shall be paid to the Association. The Association shall divide any portion of the award not used for any restoration or repair of the remaining Common Area among the Owners and first mortgagees as their interests may appear in proportion to their Class A votes in the Association before the taking.

**ARTICLE XV
GENERAL PROVISIONS**

Section 1. ENFORCEMENT.

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

Section 2. RULES AND REGULATIONS.

The Association may make reasonable rules and regulations governing the use of the Lots and of the Common Areas, which rules shall be consistent with the rights and duties established in this Declaration. The Declaration shall supersede any conflicting rules by the Association.

Section 3. SEVERABILITY.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way effect any other provisions which shall remain in full force and effect.

Section 4. ENFORCEMENT AND AMENDMENT.

The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of, and be enforceable by, the Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

Except as provided in the Act or as hereinafter provided, the covenants and restrictions of this Declaration may be amended only by the assent of Members holding at least seventy-five percent (75%) of the voting power of each class of Members. Any amendment must be properly recorded and a recorded certificate of the Secretary of the Association certifying that the amendment was approved by Members holding at least seventy-five percent (75%) of the voting power of each class of Members shall be sufficient evidence of such fact. The prior written approval of all the first mortgagees of Dwellings or Owners other

the Declarant shall be required for any amendment of this Declaration which would affect the right of the Association to do any of the acts specified in Article XII, Section 5(a), (b), (c), (d) and (e).

Section 5. NOTICES.

Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed postage-paid to the last known address of the person who appears as Member or Owner on the records of the Association at the time of mailing.

Section 6. MERGERS.

Upon a merger or consolidation of the Association with another corporation as provided in its Articles and Bylaws, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or corporation, or, alternatively, the properties, rights and obligations of another corporation may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated corporation may administer the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or additions to the covenants established by this Declaration within the Property except as hereinabove provided.

Section 7. FHA APPROVAL.

For as long as there is a Class B Member and if required by Federal Housing Administration rules or regulations, the following actions will require the approval of the Federal Housing Administration: annexation of additional properties, dedication of Common Area, and amendment of this Declaration.

(signature page and notary blocks follow)

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have hereunto caused these presents to be executed this 17th day of July, 2006.

J. SCOTTY BUILDERS, INC.,
a Minnesota corporation

By: [Signature]
Its: [Signature]

SCOTTY LAND DEVELOPMENT, INC.,
a Minnesota corporation

By: [Signature]
Its: CEO

JLAW-04, LLC,
a Minnesota limited liability company

By: [Signature]
Its: Chief manager

JASON S. WILLIAMS

[Signature]

JONATHAN A. BULLICK

[Signature]

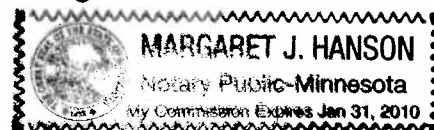
STATE OF MINNESOTA }

ss.

COUNTY OF CARVER

On this 17th day of July, 2006, before me, a Notary Public, personally appeared Jeffrey Williams, who, after being first duly sworn, did state that he is the President of J. Scotty Builders, Inc., a Minnesota corporation, and that he signed the same with the authority and on behalf of said corporation.

[Signature]
Notary Public



STATE OF MINNESOTA }

ss.

COUNTY OF CARVER

On this 17th day of July, 2006, before me, a Notary Public, personally appeared Laurie Williams, who, after being first duly sworn, did state that he is the CEO of Scotty Land Development, Inc., a Minnesota corporation, and that he signed the same with the authority and on behalf of said corporation.

Margaret J. Hanson
Notary Public

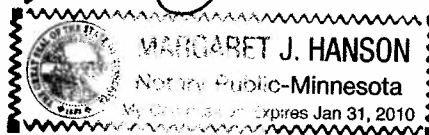
STATE OF MINNESOTA }

ss.

COUNTY OF CARVER

On this 17th day of July, 2006, before me, a Notary Public, personally appeared Jeffrey Williams, who, after being first duly sworn, did state that he is the Chief Manager of JLAW-04, LLC, a Minnesota limited liability company, and that he signed the same with the authority and on behalf of said corporation.

Margaret J. Hanson
Notary Public



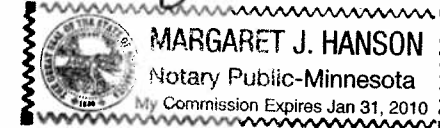
STATE OF MINNESOTA }

ss.

COUNTY OF CARVER

On this 17th day of July, 2006, before me, a Notary Public, personally appeared Jason S. Williams, who, after being first duly sworn, did state that he signed the same.

Margaret J. Hanson
Notary Public



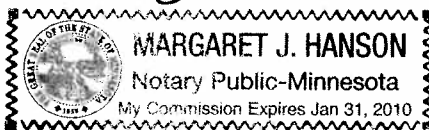
STATE OF MINNESOTA }

ss.

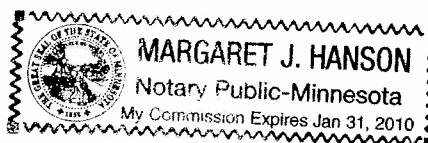
COUNTY OF CARVER

On this 17th day of July, 2006, before me, a Notary Public, personally appeared Jonathan A. Bullick, who, after being first duly sworn, did state that he signed the same.

Margaret J. Hanson
Notary Public



THIS INSTRUMENT DRAFTED BY:
MEAGHER & GEER, PLLP
33 South Sixth Street, Suite 4400
Minneapolis, Minnesota 55402
612-338-0661
(KJY/1295675v6)



**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

EXHIBIT A TO DECLARATION

Legal Description of Property

Lots 1 through 4, Block 2; Lots 1 through 4, Block 3; and Outlot G, Clover Field 4th Addition.

Subject to restrictions, reservations and easements of record, if any.

County of Carver, Abstract.

**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

EXHIBIT B TO DECLARATION

Street Addresses

**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

EXHIBIT C TO DECLARATION

Legal Description of Additional Property

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

Lots 1 through 5, Block 9, Clover Field 4th Addition; Lots 1 through 5, Block 1, Clover Field 4th Addition; and Lots 1 through 7, Block 4, Clover Field 4th Addition, according to the recorded plat thereof in the office of the County Recorder for Carver County, Minnesota.

**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

EXHIBIT D TO DECLARATION

Sample Amendment Annexing Additional Property

**_____ AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS**

VILLAGE HOMES ON THE PARK

COMMON INTEREST COMMUNITY NUMBER 107

(ANNEXING ADDITIONAL PROPERTY)

THIS _____ AMENDMENT is executed this ____ day of _____, 20____, by J. Scotty Builders, Inc., a Minnesota corporation, Scotty Land Development, Inc., a Minnesota corporation, JLAW-04, LLC, a Minnesota limited liability company, Jason S. Williams, and Jonathan A. Bullick (collectively, the "Declarant").

RECITALS:

A. The following described real property in Carver County, Minnesota ("Property") is subject to that certain Declaration of Covenants, Conditions and Restrictions of Village Homes on the Park, Common Interest Community Number 107, dated _____, 200____, and recorded in the office of the Carver County Recorder's Office on _____, 200____, as Document No. _____ (the "Declaration"):

Lot(s) _____, Block _____, Clover Field 4th Addition, according to the recorded plat thereof in the office of the County Recorder for Carver County, Minnesota.

B. Article VII of the Declaration reserves unto the Declarant the right to add Additional Property to the Condominium Community, by unilateral action under Minnesota Statutes Section 515B.2-111.

C. The Declarant now desires to annex portions of the Additional Property into the Condominium Community.

AMENDMENT:

1. Annexation of Additional Property. The Declaration is hereby amended by adding the following to the definition of the "Property" or "Subject Property" subject to the Declaration:

Lot(s) _____, Block _____, Clover Field 4th Addition, Carver County, Minnesota; all of which shall be "Units," as defined in the Declaration (hereinafter "Annexed Property").

The Annexed Property is hereby subjected to the Declaration. The Annexed Property shall be transferred, held, sold, conveyed and developed always subject to all the easements, covenants, restrictions, conditions and other terms and provisions of the Declaration to the same extent as though the Annexed Property had been designated as "Property" in the Declaration as originally executed.

2. Reduction of "Additional Property." The Declaration is hereby amended such that the "Additional Property," from and after the effective date of this Amendment, shall be that property legally described as Lot(s) _____, Block _____, Clover Field 4th Addition, Carver County, Minnesota [*or if no Additional Property remains* There is no further existing "Additional Property," as defined in the Declaration.].

3. Amendment Limited. All provisions of the Declaration remain in full force and effect, except as expressly amended hereby.

IN WITNESS WHEREOF, the Declarant has executed this Amendment as of the day and year first above-written.

J. SCOTTY BUILDERS, INC.,
a Minnesota corporation

By: _____

Its: _____

SCOTTY LAND DEVELOPMENT, INC.,
a Minnesota corporation

By: _____

Its: _____

JLAW-04, LLC,
a Minnesota limited liability company

By: _____

Its: _____

JASON S. WILLIAMS

JONATHAN A. BULLICK

STATE OF MINNESOTA }

ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me, a Notary Public, personally appeared _____, who, after being first duly sworn, did state that he is the _____ of J. Scotty Builders, Inc., a Minnesota corporation, and that he signed the same with the authority and on behalf of said corporation.

Notary Public

STATE OF MINNESOTA }

ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me, a Notary Public, personally appeared _____, who, after being first duly sworn, did state that he is the _____ of Scotty Land Development, Inc., a Minnesota corporation, and that he signed the same with the authority and on behalf of said corporation.

Notary Public

STATE OF MINNESOTA }

ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me, a Notary Public, personally appeared _____, who, after being first duly sworn, did state that he is the _____ of JLAW-04, LLC, a Minnesota limited liability company, and that he signed the same with the authority and on behalf of said corporation.

Notary Public

STATE OF MINNESOTA }

ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me, a Notary Public, personally appeared Jason S. Williams, who, after being first duly sworn, did state that he signed the same.

Notary Public

STATE OF MINNESOTA }

ss.

COUNTY OF _____

On this _____ day of _____, 20____, before me, a Notary Public, personally appeared Jonathan A. Bullick, who, after being first duly sworn, did state that he signed the same.

Notary Public

THIS INSTRUMENT DRAFTED BY:
MEAGHER & GEER, PLLP
33 South Sixth Street, Suite 4400
Minneapolis, Minnesota 55402
612-338-0661
(KJY/1295675v6)

**COMMON INTEREST COMMUNITY NUMBER 107
A Planned Community Consisting of Residential Lots**

VILLAGE HOMES ON THE PARK

EXHIBIT E TO DECLARATION

Sample Letter to Owners Annexing Additional Property

[TO BE TYPED ON DECLARANT'S LETTERHEAD]

_____, 20__

By U.S. Mail, Postage Prepaid

Unit Owner Entitled to Legal Notice
c/o [Name of Unit Owner]
[Address of Unit Owner]

Notice of Expansion of
Common Interest Community

Dear _____ Resident:

Village Homes on the Park, Common Interest Community Number 107, is a "flexible common interest community" under the Minnesota Common Interest Ownership Act ("MCIOA"). This means it can be expanded to include additional property. We are pleased to inform you that, as the Declarant, we are annexing additional property, consisting of _____ units, into Village Homes on the Park.

This notice is given to you pursuant to Section 515B.2-111(b)(2) of MCIOA. Under the terms of MCIOA, you are entitled to receive, upon your request, a free copy of the amendment to the Declaration of Covenants, Conditions and Restrictions of Village Homes on the Park, that annexes the additional property. Please write to us at the above address to request a copy of the amendment.

Very truly yours,

J. Scotty Builders, Inc.

Scotty Land Development, Inc.

By: _____

By: _____

Its: _____

Its: _____

JLAW-04, LLC

By: _____

Its: _____

Jason S. Williams

Jonathan A. Bullick

STATE OF MINNESOTA

}

ss.

COUNTY OF _____

AFFIDAVIT OF
SERVICE BY MAIL

_____, being first duly sworn on oath, deposes and states that s/he is the _____ of J. Scotty Builders, Inc., a Minnesota corporation, and that on behalf of the Declarant under that certain Declaration of Village Homes on the Park, Common Interest Community Number _____, and on _____, 200____, s/he mailed the attached Notice of Expansion of Common Interest Community by postage prepaid first class U.S. Mail to all of the unit owners. The names of all unit owners are listed on Exhibit A attached hereto.

All envelopes and notices were addressed to "Unit Owner Entitled to Legal Notice" in care of the Unit Owners named above at their respective addresses.

[type name]

Subscribed and sworn to before me
this ____ day of _____, 20__.

Notary Public

CARVER COUNTY ABSTRACT & TITLE CO., INC.
411 CHESTNUT ST.
PO BOX 105
CHASKA, MN 55318