POR

MOUNT VERNON CONDOMINIUM

Condominium No. 22

THIS DECLARATION, is made in the County of Washington, State of Minnesota, on this 8 th day of December, 1980, by Thomas Development Corporation, a Minnesota corporation (the "Declarant"), pursuant to the provisions of Minnesota Statutes Sections 515A.1-101 to 515A.4-118, known as the Uniform Condominium Act, and amendments thereto (the "Act").

WHEREAS, Declarant is the fee owner of certain real property located in Washington County, Minnesota, legally described in Exhibit A attached hereto and made a part hereof, and Declarant desires to submit said real property and all improvements thereon (the "Property") to the provisions of the Act, and,

WHEREAS, there is no applicable condominium conversion ordinance (as provided in Section 515A.1-106 of the Act) in the municipality where the Property is located.

THEREFORE, Declarant makes this Declaration and submits the Property to the Act under the name "Mount Vernon Condominium", consisting of a total of 53 seperate Residential and Garage Units as provided in Article II, specifying that this Declaration shall constitute covenants to run with the Property, and that the Property shall be held, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth, all of which shall be binding upon all Persons having any right, title or interest therein, and their heirs, personal representatives, grantees, successors and assigns.

ARTICLE I

DEFINITIONS

The definitions contained in Section 515A.1-103 of the Act shall apply to the corresponding words and terms used in the Governing Documents, except that certain words and terms used in the Governing Documents are defined as follows:

- 1. "Association" Mount Vernon Owners' Association, Inc., a corporation formed pursuant to Section 515A.3-101 of the Act, and the Minnesota Non-Profit Corporation Act (Minnesota Statutes Chapter 317), whose Members consist of all Unit Owners, acting in accordance with the Governing Documents.
- 2. "Building" The structure which is a part of the Property and contains the Units.
 - 3. "Board of Directors" The Board of Directors of the Association.
 - 4. "By-Laws" The By-Laws governing the operation of the Association.

February 27, 1981

-1-

415475

5. "Common Elements" All portions of the Property except the Units, as more fully described in Article IV.

- 6. "Common Expenses" Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.
- 7. "Declaration" This instrument, as from time to time amended, by which the Property is submitted to the provisions of the Act.
- 8. "First Mortgagee" A Person owning a mortgage on any Residential Unit, which mortgage is first in priority upon foreclosure to all other mortgages which may affect such Unit, or a lender in possession of a Residential Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure.
- 9. "Floor Plans" The Floor Plans of the Building prepared pursuant to Section 515A.2-110 of the Act and made a part of this Declaration.
- 10. "Governing Documents" This Declaration and the Articles of Incorporation and By-Laws of the Association.
- 11. "Limited Common Elements" Those Common Elements, such as designated storage compartments, balconies and patios as described in this Declaration and shown on the Floor Plans, which are allocated to certain Residential Units for the exclusive use of their Owners and Occupants.
- 12. "Occupant" Any Person other than a Unit Owner, in possession of or residing in a Residential Unit.
- 13. "Person" A natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real property.
- 14. "Property" The land and all improvements constructed or contained thereon, including the Building, and all the easements, rights and appurtenances belonging thereto.
- 15. "Unit Owner" A declarant who owns a Unit or a Person to whom ownership of a Unit has been conveyed or otherwise transferred, but excluding a holder of an interest as "security for an obligation" as defined in Section 515A.1-103(17) of the Act.
- 16. "Units" Units are defined in Sections 16a and 16B below. The word "Unit" when used in this Declaration shall refer collectively to Residential and Garage Units.
 - a. "Residential Unit" A part of the Property within a Building, including one or more rooms or enclosed spaces, occupying part of one or more floors, designed and intended for use as a one family dwelling, as described in Article II and shown on the Floor Plans.
 - b. "Garage Unit" A part of the Property within a Building, designed for parking of Unit Owners' and Occupants' vehicles, as described in Article II and shown on the Floor Plans.

Bruary 27, 1981

-2.

DESCRIPTION OF UNITS AND APPURTENANCES

1. There is a total of 53 Units, consisting of 25 Residential Units and 28 Garage Units. The designation and location of the Units are as shown on the Floor Plans, which are a part of this Declaration.

2. Unit boundaries are as follows

- a. Residential Units Each Residential Unit shall include and occupy the space enclosed by the undecorated, interior plaster or plasterboard portions of its peripheral walls and ceilings, and the unfinished peripheral floor; provided, that any load bearing portions of any interior or exterior walls, ceilings or floors, and any material contributing to the weathertight integrity of the Building or Unit, shall be Common Elements. The boundary of each Residential Unit shall also extend along the inside surface of its exterior doors and windows (including frames), and such doors and windows (including screens and frames) shall be deemed to be Limited Common Elements appurtenant to such Unit.
- b. Garage Units The dimensions of the Garage Units are as shown on the Floor Plans. The horizontal boundaries of each Garage Unit shall be the bottom surface of the ceiling and the upper surface of the floor of such Garage Unit. The vertical boundaries are the surfaces of any walls, or the planes rising vertically from the center line of any stripes or other marks placed on the garage floor for the purpose of designating such boundaries.
- 3. If any chute, flue, duct, pipe, wire, conduit, bearing wall, bearing column, or any other such component or fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof which does not affect the function of any other Unit or the Common Elements and serves only that Unit is a Limited Common Element allocated exclusively to that Unit, and any portion thereof serving or affecting the function of more than one Unit or any portion of the Common Elements is a part of the Common Elements.
- 4. Any shutters, awnings, window boxes, doorsteps, stoops, balconies, patios or similar appurtenances, and all exterior doors and windows or other fixtures designed to serve only a certain Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.
- 5. Subject to the provisions of Sections 2, 3 and 4 of this Article, all spaces, interior partitions and fixtures and improvements within the boundaries of a Unit are a part of the Unit.
- 5. Each Unit shall have appurtenant easements for ingress and egress to a public street or highway on and across adjoining Common Elements as shown on the Floor Plans and as described in the Declaration, and shall have appurtenant easements of enjoyment on and across the Common Elements.

- 8. Garage Units numbered 25, 26 and 27 shall be subject to a permanent casement in favor of all Unit Owners and Occupants, and the Association, for reasonable access to the storage space adjacent to such Garage Units.
- Residential Unit B-1 and Garage Unit 19 must always be conveyed together and may not be owned by different Unit Owners.
- 10. All rights, easements and other appurtenances burdening or benefiting a Unit shall be inseparable from that Unit and shall burden and benefit its Unit Owners and Occupants and their guests. The Governing Documents or the Association shall not unduly restrict access to utilities or ingress and egress to and from any Unit or any Limited Common Elements appurtenant thereto.
- 11. No Unit nor any part of the Common Elements may be subdivided or partitioned without the written approval of all Unit Owners and First Mortgages, except as provided in Article III.

ARTICLE III

RIGHTS TO ADD UNITS AND TO SUBDIVIDE, CONVERT AND ALTER UNITS

Existing or future Residential Units may be created, subdivided, altered and converted only in accordance with the following conditions:

- 1. A Unit Owner may make improvements or alterations to such Unit or, may, after acquiring an adjoining Residential Unit, remove or alter any intervening partition or create apertures therein pursuant to Section 515A.2-113 of the Act and Section 4
- 2. The boundaries between adjoining Residential Units may be relocated in accordance with Section 515A.2-114 of the Act, and Section 4 of this Article.
- 3. A Unit Owner may subdivide a Residential Unit into two or more Residential Units, in accordance with Section 515A.2-115 of the Act, and Section 4 of this Article.
- 4. The creation of additional Units, the subdivision, alteration, conversion or other modification (herein collectively referred to as "alteration") of existing or future Residential Units pursuant to this Article III and Sections 515A.2-113, 515A.2-114 and 515A.2-115 of the Act may be accomplished only in accordance with each of the following conditions:
 - a. No Residential Unit may be altered if, thereafter, the Unit, or any other Unit affected by the alteration, no longer remains habitable or practicably uscable for its intended purpose or violates any code or ordinance of any governmental authority having jurisdication over the Property.

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4

- b. No modification may be made which impairs the structural or functional integrity of any Building system or adversly affects the structural support or weathertight integrity of any portion of any Building.
- c. Each Residential Unit resulting from relocation of boundaries shall be at least 735 square feet in area and shall have at least one living room, one kitchen, one bedroom, one bathroom, two seperate exterior windows, and direct, exclusive access to a Common Element corridor adjacent to the Unit.
- d. The prior written consent of the Association and the First Mortgagee of the Unit or Units proposed to be altered shall be required for the creation, subdivision, alteration, conversion or modification of existing or future Units. Such consent shall be requested by written petition submitted by the Unit Owner or Owners whose Unit(s) are proposed to be altered, accompanied by such explanation of the proposed alterations and specifications relating thereto, as may be reasonably requested by the Association or First Mortgagee(s). The Association and First Mortgagee shall give such Unit Owner(s) notice in an expeditious manner, granting, denying or qualifying their consent. Prior to consenting to such improvements the Association, or First Mortgagee may require the Unit Owner to provide such items, among others, as a hold harmless and indemnification agreement in favor of the Association, the First Mortgagee and other Unit Owners, a bond to cover mechanics liens, assurances that all alterations and improvements will be done in a workmanlike manner and without impairing the structural, mechanical or weathertight integrity of the Buiding, and assurances that the Common Elements and altered Units will be repaired and/or restored in the future as required by the Association.

ARTICLE IV

VOTING RIGHTS, COMMON EXPENSES AND UNDIVIDED INTERESTS

The allocation to each Unit of an undivided interest in the Common Elements, a portion of the votes in the Association and a portion of the Common Expenses of the Association is as follows:

- 1. Voting rights, Common Expense obligations and undivided interests in the Common Elements are allocated to each Unit and shall be allocated to any other Units created in accordance with Article III, on the basis of the proportion of area of each Unit to the area of all Units. The allocation to each Unit existing as of the date of this Declaration is described in Exhibit B attached hereto and made a part hereof.
- 2. The ownership of a Unit shall include the voting rights, Common Expense obligations and percentages of undivided interest in the Common Elements as set forth in Exhibit B, as amended from time to time to reflect any other Units created, and said rights, obligations and interests and the fee title to the Units shall not be separated or separately conveyed. The allocation of the rights, obligations and interests set forth herein may not be changed, except in accordance with the Governing Documents and the Act.

3. The voting rights of the Unit Owners shall be governed by the Governing Documents and the Act. The Unit Owner, or some Person designated to act as proxy on behalf of the Unit Owner, and who need not be a Unit Owner, shall be entitled to east the vote allocated to such Unit at all meetings of the Association.

4. Each Unit Owner shall be a member of the Association by virtue of such ownership, and shall remain as a member until such time as such Person is no longer a Unit Owner, at which point membership shall automatically cease. When more than one Person is a Unit Owner of any single 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.

ARTICLE V

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. Common Elements

a. All of the Property not included within a Unit represents Common Elements and is allocated to the Units in accordance with the percentages of undivided interest expressed in Exhibit B. The Common Elements include (but are not limited to) all the areas and items listed in this Article and as shown on the Floor Plans.

b. Common Elements shall include such things as the land on which the Building is located, driveways or sidewalks, gardens, recreational areas or facilities, trees, shrubs, foundations, bearing walls, columns or girders, roofs, patios and balconies, lobbies, stairways, windows and doors not a part of any Unit, corridors, common storage spaces outside the Unit, pipes, wires, conduit, utility connections, ducts, flues, chutes, and heating and other mechanical systems, and any fixtures and appurtenances used in connection with the above items even though not specifically mentioned herein.

c. The Common Elements shall be subject to appurtenant easements for Building services, utilities and enjoyment in favor of each Unit and its Unit Owners and Occupants, subject to the specific rights of Unit Owners and Occupants in Limited Common Elements appurtenant to their respective Units.

d. Subject to the provisions of Article IX, all maintenance, repair, management and operation of the Common Elements shall be the responsibility of the Association, but nothing herein contained shall be construed so as to preclude the Association from delegating to a Person or Persons of its choice such duties as may be imposed upon the Association by the Governing Documents or the Act, and as are approved by the Board of Directors, so long as such delegation does not interfere with the performance by the Association's officers and directors of their duties.

- e. Expenses incurred or to be incurred for the maintenance, repair, management and operation of the Common Elements shall be assessed and collected from the Unit Owners, in accordance with provisions of Article VIII.
- f. The undivided interest of a Unit and its Unit Owner in the Common Elements is appurtenant to such Unit Owner's Unit and is inseparable from that Unit.
- 2. <u>Limited Common Elements</u> The Limited Common Elements include such things as designated storage compartments, balconies and patios. Balconies and patios are allocated to the respective Residential Units to which they are adjacent. Storage compartments are allocated to the Residential Units as set forth in Exhibit B. The description and allocation of the other Limited Common Elements is set forth in Article II.

ARTICLE VI

RESTRICTIONS ON USE OF PROPERTY

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

- 1. The Property shall be held, conveyed, encumbered, leased, used and occupied subject to all covenants, conditions, restrictions, uses, limitations and obligations expressed in the Governing Documents and the Act, as amended from time to time. All such covenants and obligations are in furtherance of a plan for the Property, and shall be deemed to run with the land and be a burden and benefit to Declarant, its grantees, successors and assigns and any Person acquiring or owning an interest in the Property, their heirs, personal representatives, grantees, successors and assigns.
- 2. The Common Elements shall remain undivided, and no Unit Owner or Occupant may bring any action for partition or subdivision.
- 3. The Residential Units shall be used by Unit Owners and Occupants and their guests as private residential dwellings only, and not for transient or hotel purposes, all as described in and authorized by the Governing Documents. All Unit Owners, Occupants and their guests shall have a right of quiet enjoyment in the Property, and shall use the Property in such a manner as will not unduly restrict, interfere with or impede the use thereof by other Unit Owners and Occupants and their guests.
- 4. Leasing of Residential Units shall be allowed, subject to reasonable regulation by the Association, provided: (i) that, with the exception of a First Mortgagee in possession of a Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure,

415475

no Unit Owner or Occupant shall be permitted to lease his Unit for transient or hotel purposes, (ii) that no Unit may be subleased by the Unit Owner or Occupant (other than the Association) and no Unit Owner or Occupant may lease less than his entire Unit, (iii) that any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents and the Act and that any failure of the lease to comply with the terms of such documents shall be a default under the lease, and (iv) that all leases shall be required to be in writing.

- 5. The Garage Units shall be used only for parking of Unit Owners' and Occupants' vehicles, subject to reasonable regulations by the Association. Title to Garage Units may be held only by Unit Owners, and may be conveyed provided (i) that any transfer, assignment or conveyance of any interest, other than a leasehold or security interest, in the Garage Unit to a Person other than a Unit Owner shall be prohibited, (ii) that Garage Units may be leased only to another Unit Owner or Occupant, and only if there are no delinquent assessments against the leased Garage Unit, and (iii) Each Unit Owner of a Residential Unit shall own at least one Garage Unit. Any lease of a Garage Unit shall terminate when either the lessee or lessor ceases to be a Unit Owner or Occupant. Any conveyance, agreement or transfer of any type made in contravention of the provisions of this Section shall be void.
- 6. No child under the age of eighteen (18) years may be a permanent resident of any Unit or own a Unit. No Unit may be sold, transferred, conveyed, leased or rented to any Person who has a child under the age of eighteen (18) years and intends that that or any other child will reside with such Person more than sixty (60) days during any calendar year. The Board of Directors may grant exceptions to the foregoing restrictions in the event of emergencies or extenuating circumstances.
- 7. The keeping of any pet on the Property shall be restricted according to provisions of the Association's Rules and Regulations as amended by the Board of Directors from time to time; provided, however, that in no case may any type of fish, fowl or animal be bred, or kept or maintained for commercial purposes, on the Property.
- 8. No use shall be made of the Property which would violate the then existing municipal ordinances or state or federal laws, nor shall any act or use be permitted which would cause an increase in insurance rates on the Property or otherwise tend to cause liability or unwarranted expense for the Association or any Unit Owner or Occupant.
- 9. No business, trade, occupation or profession of any kind, whether carried on for profit or otherwise, shall be conducted, maintained or permitted in any Unit or the Common Elements; except (i) a Unit Owner or Occupant may keep his business or professional records in the Unit, or handle matters relating to his business by telephone or correspondence therefrom, such uses being customarily incidental to the principal residential use; (ii) the Association may maintain offices on the Property for management purposes; and (iii) the Declarant may exercise its rights as set forth in Article XII.

11. All Units and Limited Common Elements are subject to entry, without notice, by an officer or member of the Board of Directors, and any public safety personnel contacted by them, in case of emergency.

ARTICLE VE

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:

- 1. The operation and the administration of the Association and the Property shall be governed by the Governing Documents, the Act and the Minnesota Non-profit Corporation Act (Minnesota Statutes Chapter 317). The Association shall, subject to the rights of the Unit Owners set forth in the Governing Documents and the Act, be responsible for the management and control of the Property. The power and authority of the Association shall be vested in the Board of Directors, and the Association shall act through the Board of Directors, unless action by the individual Unit Owners is specifically required by the Governing Documents or the Act. All references to the Association shall mean the Association acting through the Board of Directors, unless specifically stated to the contary.
- All agreements and determinations made by the Association in accordance with the voting rights established by the Governing Documents and the Act shall be binding on all Unit Owners and Occupants and their successors and assigns.
- 3. The By-Laws governing the operation and administration of the Association shall be in the form approved by the Association and recorded in the office of the County Recorder in which the Property is located.
- 4. The Board of Directors may delegate to a manager or managing agent the management duties imposed upon it by the Governing Documents and the Act, provided that such delegation does not interfere with the performance by the Association officer or directors of their duties as prescribed by the Governing Documents and the Act.
- 5. The Board of Directors may approve and implement such reasonable rules and regulations as it deems necessary from time to time for the purpose of operating and administering the Association and the use of the Property consistent with the Governing Documents and the Act.

6. All funds and real or personal property acquired by the Association, and any net proceeds from the operation of the Association, shall be held and used for the benefit of the Unit Owners for the purposes stated in the Governing Documents.

ARTICLE VIII

ASSESSMENTS BY ASSOCIATION

- 1. Assessments for Common Expenses of the Association shall be determined and assessed by the Board of Directors, in its sole discretion, and shall be paid by the Unit Owners to the Association, in accordance with the allocation of Common Expense obligations set forth in Exhibit B. The Association may assess any Common Expense, such as unique utilities costs or expenses arising from a repair or reconstruction project, benefitting fewer than all of the Units, among only the Units benefitted, and such Common Expense shall be allocated among such benefitted Units in proportion to their Common Expense liability.
- 2. Each Unit Owner shall be personally liable for the share of the Common Expenses assessed against such Unit Owner's Unit. No Unit Owner may be exempted from liability for payment of his share of Common Expenses by waiver of use or enjoyment of the Common Elements, by absence from or abandonment of his Unit or by the waiver of any other rights of a Unit Owner or Occupant. The Association may invoke the charges, sanctions and remedies set forth in Article XIV, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder.
- 3. All sums assessed by the Association for Common Expenses shall constitute a lien on each such Unit from the date the assessment is payable, and shall be prior to all other liens except only:
 - $\boldsymbol{\epsilon}_{\star}$. A lien or encumbrance recorded before the recordation of this Declaration; and
 - b. The lien of real estate taxes and other governmental assessments or charges against a Unit; and
 - c. The lien of any recorded first mortgage against a Unit securing a First Mortgagee, as provided in Section 5 of this Article VIII.
- 4. A lien for Common Expenses may be foreclosed against a Unit under the laws of this state as if it were 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 Unit Owner, by the acceptance of any conveyance of any interest in the Unit grants to the Association full authority, including without limitation a power of sale, to accomplish such foreclosure, acquisition and sale. During any such foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Unit, and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver

- 5. Where the mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, or a deed or other conveyance in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of Common Expenses or assessments may, at the discretion of the Association, be deemed to be a lien against and a Common Expense collectible from all of the Units, including the acquired Unit, the acquirer and his successors and assigns. Notice of a default of more than thirty (30) days in payment of any installment of any assessment for Common Expenses by any Unit Owner shall be given in writing to the First Mortgagee of that Unit (upon request) by the Secretary of the Association.
- 6. In a voluntary conveyance of a Unit the grantee shall be jointly and severally liable with the grantor for all unpaid assessments by the Association against the grantor up to the time of conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any grantee shall be entitled to a statement, in recordable form, from the Association setting forth the amount of the unpaid assessments against the Unit, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any assessments in excess of the amount set forth in the statement.

ARTICLE IX

MAINTENANCE AND REPAIR

The following provisions shall govern the maintenance and repair of the Property:

- 1. The Association shall, at its expense, be responsible for the maintenance, repair and replacement of:
 - a. All portions of the Building which contribute to the structural or weathertight integrity of the Building, including without limitation outside walls, floors, structural slabs, roofs, load-bearing columns, Common Element windows, doors and screens, and such portions of the interior boundary walls of the Units as are not defined as part of the Units;
 - b. All conduits, ducts, flues, plumbing, wiring, heating, water softening, and other systems and components for the furnishing of Building and utility services, other than those defined as part of a Unit:
 - c. All other Common Elements; including without limitation driveways, parking areas, curbs and gutters, walkways, lawns, trees and shrubs, common lighting, roofs, Bullding exteriors, entryways, stairways, and

415475

recreational facilities; but excluding repair, replacement and maintenance of individually owned, self-contained heating, ventilating and air conditioning units and routine housekeeping maintenance to the Limited Common Elements; and

- d. All incidental damage caused to a Unit by such work as may be done by the Association pursuant to its responsibilities hereunder.
- 2. The Unit Owner shall, at his expense, be responsible for maintenance, repair and replacement as follows:
 - a. To maintain, repair and replace, at the Unit Owner's expense, all portions of the Unit, except the portions to be maintained, repaired and replaced by the Association, and to do routine housekeeping maintenance of the Limited Common Elements assigned to the Unit;
 - b. To perform his responsibilities in such manner as not to unreasonably disturb other persons residing within the Building:
 - e. Not to alter or otherwise decorate or change the appearance of any portion of the Common Elements, and not to make any major interior alterations, or any alterations which affect the Common Elements, unless prior written authorization is obtained from the Board of Directors;
 - d. To promptly report to the Association any defect or need for repairs to the Common Elements; and
 - e. Not to do anything that could jeopardize or impair the safety and/or soundness of the Building or its systems without prior written consent from the Board of Directors, and not to impair any easement without prior written consent from the Board of Directors and the Unit Owner for whose benefit such easement exists.
- 3. Each Unit and the Common Elements are subject to appurtenant easements for maintenance and repair of the other Units and Common Elements. Access to the Units and Limited Common Elements for maintenance and repair shall be upon reasonable notice and limited to reasonable hours, except that access may be had without notice and at any time in case of emergency.
- 4. Notwithstanding anything to the contrary in this Article IX, the Association may cause routine housekeeping maintenance to be effected to the Limited Common Elements if, in the opinion of the Board of Directors, such maintenance is required but has been neglected by the Unit Owner of the Unit to which such Limited Common Element is appurtenant. The expense of such repair shall be a personal obligation of such Unit Owner, and shall be a lien against the affected Unit in favor of the Association, with the same rights and priority as an assessment lien.
- 5. Nothing herein contained shall be construed so as to impose a contractual liability upon the Association for maintenance, repair and replacement, and the Association's liability shall be limited to damages proximately resulting from its negligence.

ARTICLE X

INSURANCE

- 1. The Board of Directors of the Association shall, effective as of the date of the execution and delivery of a deed conveying the first Unit by the Declarant, obtain and maintain a master policy or policies of insurance issued by a reputable insurance company or companies authorized to do business in the State of Minnesota, as follows:
 - a. Fire and standard extended coverage insurance in an amount equal to one hundred percent (100%) of the insurable 'replacement cost" of the Property exclusive of land, foundation, excavation and other items normally excluded from coverage (but including all building service equipment and machinery), except such perils as may be separately insured or are uninsurable. The policy or policies shall cover personal property owned in common by all of the Unit Ownersor by the Association. The policy or policies shall contain an "Inflation Guard" endorsement, or an agreed amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. Such insurance shall afford protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement for projects similar in construction, location and use to the Property; together with the following additional coverage if required by the requirements of the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") in connection with mortgage loan commitments issued by any First Mortgagees:
 - (1) If there is a steam boiler in the Building the policy shall afford protection against boiler explosion, evidenced by a broad form of boiler and machinery endorsement, in the minimum amount of \$50,000 per accident per location.
 - (2) If the Building is located in an area identified by the Secretary of Housing and Urban Development es an area having special flood hazards, a "blanket" policy of flood insurance on the Property shall be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Apartments or the maximum limits of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less.
 - (3) The policy shall cover sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage.
 - (4) The policy shall cover demolition and contingent liability from operation of building laws endorsements, increased cost of construction, earthquake damage and other applicable hazards.

In the event that the Association shall fail to pay currently the premiums due with respect to such insurance, then and in such event any First Mortgages may make payment of such due premiums, and such payment so made by any First

415475

Mortgagee shall be a sum immediately due and owing by the Association to such First Mortgagee, together with interest at the highest rate allowed by law from the date of payment of the money by the First Mortgagee to the date of reimbursement by the Association. Any First Mortgagee shall have the right to sue upon and enforce the foregoing covenant for its benefit in the event that it shall advance money for the benefit of the Association and the Property, and this covenant shall have the same effect and stand in lieu of any separate agreement covering such rights between the Association and such First Mortgagee advancing funds. The Association is further authorized to enter into a separate agreement in favor of all First Mortgagees, which shall further authorize the First Mortgagee to secure its own replacement policy in the event that the insurance policy held by the Association fails to comply with the requirements of this Declaration.

- b. Comprehensive public liability insurance covering the use, ownership and maintenance of the Common Elements, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. Such public liability insurance shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner or Occupants because of negligent acts of the Association or other Unit Owners or Occupants. If required by the lending requirements of any First Mortgagee the coverage shall include water damage liability, liability for non-owned and hired automobiles, liability for property of others, and, if applicable, elevator collision, garage keeper's liability and host liquor liability.
- c. Fidelity coverage against dishonest acts on the part of directors, officers, managers who are employees of the Association, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and 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. Such other insurance as the Board of Directors may determine from time to time to be in the best interests of the Association and the Unit Owners.
- 2. All insurance premiums shall be assessed and paid as a Common Expense, and the Association may charge any insurance deductible amounts back against the responsible Unit Owners if the occurrence of the insured event arose out of the wilfull conduct or negligence of such Unit Owners...
- 3. 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 Unit Owners and other holders of any interest in the Units, including First Mortgagees, which suffer loss. The Association, or any insurance Trustee selected by it, shall have exclusive authority to negotiate and settle any claims or losses under any insurance policy maintained by the Association.

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- 5. All policies of insurance and 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 30 days prior written notice to FHLMC and/or FNMA, whichever may be applicable, all of the insureds and all First Mortgagees and/or FNMA, whichever may be applicable, in writing whenever the estimated damage and/or FNMA, whichever may be applicable, in writing whenever the estimated damage single occurrence, or whenever the estimated damage with respect to any Unit covered by a mortgage purchased in whole or in part by FIILMC and/or FNMA, whichever may be applicable, exceeds One Thousand (\$1,000.00) Dollars.
- 6. 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 written approval of the Association (or any Insurance Trustee) or (ii) without the prior with the provisions of any Insurance Trust Agreement to which the Association may
- 7. All policies of insurance maintained by the Association shall provide, where applicable, that such insurance may not be brought into contribution with any insurance purchased by Unit Owners or their First Mortgagees.
- 8. Each Unit Owner may obtain additional insurance at his own expense covering fire and other easualty to his Unit, his personal property and his personal liability, but all such insurance shall be subject to the provisions and requirements of Section
- 9. All policies of insurance maintained by the Association shall provide that the coverage shall not be prejudiced by (i) any act or neglect of the Unit Owners when such act or neglect is not within the control 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.

ARTICLE XI

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

1. The procedures for the repair, reconstruction or disposition of the Property following damage to or destruction thereof shall be governed by the provisions of in accordance with the plans and any repair or reconstruction shall be substantially and subsequently improved upon.

- a. If such taking is confined to the Common Elements, and the initial award made by the condemnation authority is less than \$10,000, the Association shall have a duty to reconstruct and restore the Common Elements to substantially their previous condition, taking into consideration those portions thereof that were taken by condemnation.
- b. In the event that the initial award made by the condemning authority is in excess of \$10,000 and/or a part or all of any Unit or Units are taken by condemnation, the obligation to recontruct and restore shall be determined substantially as prescribed by the provisions of Section 515A.3-112(g) of the Act.
- c. In any case where a decision to reconstruct is made, the procedures for the receipt, escrow and disbursement of funds, and other matters relating to such reconstruction shall be determined under this Article XI and shall be substantially similar to a case involving damage or destruction (as opposed to condemnation).
- d. All First Mortgagees shall be entitled to receive notice of any and all condemnation proceedings, and the Association shall give written notice thereof to all First Mortgagees promptly upon its receipt thereof from the condemning authority. First Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by the Governing Documents, as their interests may appear.

ARTICLE XII

SPECIAL DECLARANT RIGHTS AND OBLIGATIONS

Declarant hereby reserves, for the period specified in Section 4 of this Article, the following special declarant rights as defined in Section 515A.1-103(18) of the Act:

- 1. To complete improvements indicated on the Floor Plans and/or allowed by the Declaration, as amended from time to time, under Section 515A.2-110 of the Act; and
- 2. To construct, operate and maintain a sales office, model Unit and other development, rental and sales facilities within Residential Unit No. 107. Declarant shall have easements for construction, removal, access and enjoyment and use of such facilities, for itself, its employees, agents and prospective purchasers, until the earlier of the date upon which the sales of all Units are consummated, or the expiration of the period of Declarant control specified in Section 4 of this Article. Declarant may display signs offering the Units for sale or lease on any Unit owned by Declarant and the Common Elements, and no Unit Owner or Occupant may interfere with Declarant's rights under this Section by amendment of the Governing Documents or otherwise; and
- To have and use easements through the Common Elements for the purpose of making improvements on the Property, pursuant to Article III of the Declaration and Section 515A.2-118 of the Act; and

4. To control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board of Directors, until the earliest of: (i) voluntary surrender of control by Declarant, (ii) within 60 days after conveyance of 75% of the Residential Units to Unit Owners other than Declarant, or (iii) December 31, 1982.

ARTICLE XIE

AMENDMENTS

This Declaration may be amended by the vote of Unit Owners (other than Declarant or any successor or affiliate of a declarant) who have at least two-thirds (2/3) of the voting power of the members, computed in accordance with the percentages as set forth in Exhibit B, G) in writing, or Gi) at a meeting of the Association duy held in accordance with the provisions of the By-Laws; provided that until the earlier of the date upon which Declarant no longer owns any Units or the period of Declarant control specified in Article XII, this Declaration may not be amended without Declarant's prior written consent. Any amendment shall be subject to the rights of First Mortgagess as set forth in Article XIV and such greater requirements as may be imposed by the Act, and shall be effective only when recorded in the office of the County Recorder for the county in which the Property is located. In the case of an amendment by vote at a meeting of the Unit Owners, an acknowledgement by the Secretary or other officer of the Association as to the procedural sufficiency of the vote shall be adequate evidence thereof for all purposes, including without limitation the recording of the amendment.

ARTICLE XIV

RIGHTS OF FIRST MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, but subject to provisions of the Act, and other applicable state and federal laws, First Mortgagees shall have the following rights and protections:

- 1. Any material amendment to this Declaration or the By-Laws, any action by the Association which restricts the rights granted by this Declaration to any one or more First Mortgagers or any amendment or action which otherwise accomplishes the acts described in Subsections a. through e. hereafter shall, in addition to the required consent of the Unit Owners as set forth in Article XIII, also require the prior written approval of all of the First Mortgagees.
 - a. Abandons or terminates the condominium project, except as provided by law in the case of substantial described by casualty or in the case of a taking by condemnation or eminent domain.
 - b. Changes the pro rata interest or obligations of any individual Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the undivided interest of each Unit in the Common Elements, provided, however, that changes made pursuant to Article III shall not be deemed to be within the purview of the foregoing prohibitions.

- c. Abandons, partitions, subdivides, encumbers, sells or transfers the Common Elements; provided, however, that to the extent that the Association is acting within the scope of the Governing Documents and the Act, the granting of easements for public utilities consistent with the intended use of the Property shall not be deemed a transfer within the meaning of the foregoing prohibition.
- d. Authorizes the use of hazard insurance proceeds for other than the reconstruction, replacement and repair of the Property as provided by the Act and by Article XI hereof.
- e. Terminates professional management and institutes self-management of the Association.
- 2. No Unit may be partitioned or subdivided without the prior written approval of the Unit Owner thereof, the Association, the First Mortgagee of such Unit and two-thirds (2/3) of all First Mortgagees (based upon one vote for each Residential Unit for which a first mortgage is owned), except as provided in Article III.
- 3. No right of first refusal or other similar restriction in favor of the Association shall impair the rights of a First Mortgagee to: (i) fored osure or take title to a Unit pursuant to the remedies provided in the mortgage, (ii) accept a deed for assignment in lieu of fored osure) in the event of default by a mortgagor, of (iii) sell or lease a Unit acquired by the mortgagee.
- 4. Any First Mortgagee, or any purchaser at a foredosure sale, that comes into possession of a Unit by foredosure of the mortgage or by deed or assignment in lieu, of foredosure, will take the Unit free of any claims for unpaid assessments or any other charges or liens imposed against the Unit by the Association which have accurated against such Unit prior to the acquisition of possession of the Unit by said First Mortgagee or purchaser, except for a share of such assessments or charges resulting from and based upon a reallocation of the same among all Units in accordance with their percentage of interest in the Common Elements.
- 5. 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:
- 6. No provision of the Governing Decuments shall give a Unit Owner, or any other party, priority over any rights of the First Mortgagee of the Unit pursuant to its mortgage in the case of distribution to such Unit 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 First Mortgagees of any condemnation or eminent domain proceeding affecting the Property promptly upon receipt of notice from the condemning authority.
- 7. A First Mortgagee shall be entitled to prompt, written notification from the Association of any default in the performance by a Unit Owner of any obligation under the Governing Documents which is not cured within thirty (30) days of the date of such default.

February

9. First Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours, and to receive, upon request, copies of the Association's annual reports and other financial statements within ninety (90) days of the end of the Association's fiscal year.

ARTICLE XV

ENCROACHMENTS

If there is an encroachment by a Unit upon the Common Elements or upon another Unit, or by the Common Elements upon a Unit, as a result of the construction, reconstruction, repair, shifting, settlement or movement of the Property, an appurtenant easement for the encroachment and for the maintenance thereof shall exist for so long as the encroachment exists. Such encroachments and easements shall not affect the marketability of title.

ARTICLE XVI

COMPLIANCE AND DEFAULT

Each Unit Owner and Occupant shall be governed by and comply with the provisions of the Act, the Governing Documents, the decisions and resolutions of the Association, and such amendments thereto as may be made from time to time. A failure to comply shall entitle the Association (and/or Unit Owners in certain stated instances) to the relief set forth in this Article, in addition to the rights and remedies authorized by the By-Laws and the Act.

- 1. A Unit Owner or the Association may commence legal action to recover sums due, for damages, injunctive relief, foreclosure of lien or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner, but in no case may any Unit Owner or Occupant withhold any assessments due and payable to the Association, or take (or omit) other action in violation of the Governing Documents or that Act, as a measure to enforce such Unit Owner or Occupants position, or for any other reason.
- 2. 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 Unit Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents.

- a. Impose interest charges, at the highest rate allowed by law, for any delinquent assessment payments.
 - b. Impose reasonable charges for late payment of assessments.
- e. 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 defaulting Unit Owner or Occupant may be accelerated and shall then be payable in full, forthwith at the call of the Board of Directors. Prior written notice of such acceleration shall be given to the defaulting Unit Owner or Occupant.
- d. Impose reasonable fines, penalties or charges for each violation of the Governing Documents or Rules and Regulations of the Association.
- e. Suspend the rights of any Unit Owner or Occupant and their guests to use any recreational facilities or Common Elements; except Limited Common Elements appurtenant to their Unit and those portions of the Common Elements providing utilities service and ingress and egress to such Unit Owner's or Occupant's Unit. Such suspensions shall be limited to periods of default by such Unit 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 which were damaged or altered, or suffered to be damaged or altered, by any Unit Owner or Occupant in violation of the Governing Documents, and to assess the cost of such restoration against the Unit Owner or Occupant who was the violator.
- g. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure of mortgages under a power of sale in the state where the Property is located.

Any assessments, charges, fines, penalties or interest imposed under this Article shall be a lien against the Unit of the Unit Owner or Occupant against whom the same are imposed in the same manner and with the same priority as a lien for Common Expenses, and shall also be a personal obligation of such Unit Owner or Occupant. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations appealed under Section 3 of this Article until affirmed in writing following the hearing.

3. In the case of imposition of any of the remedies authorized by Section 2d, 2e and 2f of this Article XVI, the Board of Directors shall cause to be mailed or delivered to the Unit Owner or Occupant against whom the remedy is sought to be imposed written notice specifying the general nature of the violation and the remedy to be imposed, which notice must be delivered at least 10 days prior to the effective date of such imposition. Said Unit Owner or

Occupant shall have the right, upon written request delivered to the Board of Directors within the foregoing 10 day period, to a hearing before the Board of Directors, or a committee of no fewer than three disinterested Unit Owners appointed by the Board of Directors to hear such matters. The hearing shall be set by the Board of Directors at a reasonable time and place, with reasonable notice to the parties involved, but in no case later than 30 days after the request for a hearing. The Board of Directors shall establish, and make known to all parties involved, uniform and fair rules for the conduct of such hearings. If a hearing is requested, the remedy imposed shall not take effect until the hearing is completed or the matter is otherwise resolved by mutual agreement of the Board of Directors and all Unit Owners or Occupants who requested the hearing, whichever event occurs first. The decision of the Board, or the hearing committee, and the rules for the conduct of hearings established by the Board, shall be final and binding on all parties. The decision shall be delivered in writing to the Unit Owner or Occupant involved.

- 4. In any legal or arbitration proceeding arising between the Association and a Unit Owner or Occupant, or between Unit Owners or Occupants, because of an alleged default or violation by a Unit Owner or Occupant, the prevailing party shall be entitled to recover the expenses and costs of the proceeding and such reasonable attorneys' fees as may be determined by the court or arbitration board. In any other action, legal or administrative, which the Association takes against a violating Owner or Occupant to enforce the provisions of the Governing Documents or Rules and Regulations, the Association may charge the violator with any expenses incurred in connection with such enforcement, including without limitation attorneys fees.
- 5. A Unit Owner or Occupant shall be liable for the expense of any maintenance, repair or replacement rendered necessary by their willful acts or negligence, or by that of their guests, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association or such Unit Owner or Occupant. Notwithstanding the foregoing, any insurance deductible amount and/or increase in insurance rates occasioned by such use, misuse, occupancy or abandonment of the Common Elements or of any Unit or its appurtenances may be charges or assessed against the Unit Owner or Occupant responsible for the condition. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

ARTICLE XYE

REAL ESTATE TAXES

The Act provides that each Unit and its percentage of undivided interest in the Common Elements is to be taxed as a separate parcel of real property by the state or its local taxing subdivision. In the event that, for any year, such taxes are not separately assessed and taxed to each Unit, but are assessed and taxed on the Property as a whole, then each Unit Owner shall be responsible for a share thereof in accordance with his respective percentage of undivided interest in the Common Elements.

ARTICLE XVIII

MISCELLANEOUS

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

- 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.
- The right of a Unit Owner to sell, transfer or otherwise convey his Unit shall not be subject to any right of first refusal or any similar restriction in favor of the Association.
- 4. In the event that any incident occurs which could reasonably give rise to a demand by the Association against Declarant for indemnification pursuant to Section 515A.3-111 of the Act, the Association shall promptly tender the defense of the claim or action to its insurance carrier and give Declarant written notice of the specific nature of the claim or action.
- 5. In the event of any conflict among the provisions of the Act, the Declaration, the By-Laws or any Rules and 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, Declarant has executed this instrument the day and year first set forth.

THOMAS DEVELOPMENT CORPORATION, a Minnesota corporation

Thomas A. Glere, President

STATE OF MINNESOTA)
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 8th day of December, 1980, by Thomas A. Glere as President of Thomas Development Corporation, a Minnesota corporation on behalf of the corporation.

DAVID G. REINHART

1014Y TOTAL APPOINT

EASSLY COUNTY

My Commission Papers: Aug. 9, 1986

NOTATIVE PUNIS

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This instrument drafted by FROMMELT, EIDE & REITE, LTD. Attorneys at Law 4430 IDS Center 80 South Eighth Street Minneapolis, Minnesota 55402

-22-

February 27, 1981

Lots 9 thru 12, inclusive, and the South 50.0 feet of Lots 1 thru 3, inclusive, all in Block 12 of the Original Town, (now City) of Stillwater, County of Washington, State of Minnesota.

EXHIBIT A TO DECLARATION

SCHEDULE OF UNITS AND ALLOCATION OF COMMON ELEMENT INTERESTS, VOTES, AND COMMON EXPENSE LIABILITIES

RESIDENTIAL UNITS

Unit Number	Type	Allocation Expressed as a Percentage	Approximate Area in Square Peet	Designated Storage Compartment
101	D	3.688	1060	51
102	E,	4.176	1200	82
103	В	2.644	760	83 and \$26
104	c	2.979	855	54
105	A .	2,557	735	85
106	Á	2.557	735	58
107	A	2,557	735	57
108 -		2.587	735	58
109	C	2,979	853	59
110	8	2.644	760	510 and 527
111 .	, E	4.176	1200	811
, 112	D	3.688	1060	512
201	D	3.688	1060	513
202 -	· E	4.176	1200	\$14
203	. B	2,544	760	515
204	C	2.979	855	516
205	A	-2.557	735	S17
208	A	2,557	735	516
207	A	2.557	735	519
208	A	2,557	735	526
209 -	С	2.979	#55	521

EXHIBIT B TO DECLARATION

Residential Units

Types A and B - One Bedroom
Type C - Two Bedrooms,
Type D - Two Bedrooms, 1-3/4 Bath
Type E - Two Bedrooms, Den
Type F - Two Bedrooms, Lower Level

GARAGE UNITS

There are 28 Garage Units, each of which is approximately 220 square feet in area. The allocation of Common Eement interests, votes and Common Expense Liability for each Garage Unit is .763.