

DECLARATION

WILDWOOD STATION TOWN OFFICES

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DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS

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WILDWOOD STATION TOWNOFFICES

DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS

This Declaration of Covenants, Easements and Restrictions (the "Declaration") is made in the County of Washington, State of Minnesota, on this ____ day of _____, 2004, by Wildwood Station, LLC, a Minnesota limited liability company (the "Developer").

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

WHEREAS, Developer desires to establish on the Property a commercial and professional office development, to be owned, occupied and operated primarily for commercial office purposes, but also for optional residential use, for the mutual benefit of Developer and its successors and assigns, and their tenants, customers, invitees and secured parties, and for the purpose of preserving the value, the quality and the architectural character of the Property, and

WHEREAS, the Property is not subject to Minnesota Statutes Chapter 515B by reason of the exemption contained in Section 515B.1-102(e)(1), and is not subject to a master association as defined in said statute.

THEREFORE, the Property shall be subjected to this Declaration under the name "Wildwood Station Townoffices," and this Declaration shall constitute covenants to run with the Property, and the Property and any real estate added thereto shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements, charges and liens set forth herein, all of which shall be binding upon all persons owning or acquiring any right, title or interest therein, and their heirs, personal representatives, successors and assigns.

SECTION I DEFINITIONS

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

1.1 “Act” means the Minnesota Nonprofit Corporation Act, Minnesota Statutes Chapter 317A, as amended.

1.2 “Assessments” means and refers to all Assessments levied by the Association pursuant to Section 6 of this Declaration, including annual Assessments, special Assessments and limited Assessments.

1.3 “Association” means the Wildwood Station Townoffice Association, a nonprofit corporation which has been created pursuant to Minnesota Statutes Chapter 317A, whose members consist of the Owners of Units.

1.4 “Board” means the Board of Directors of the Association, as provided for in the Bylaws.

1.5 “Building” means a commercial office building located on any two platted lots within the Property.

1.6 “Bylaws” means the Bylaws governing the operation of the Association, as amended from time to time.

1.7 “City” means the City of Mahtomedi, Minnesota.

1.8 “Common Area” means all parts of the Property except the Units, including all Improvements thereon. The Common Area is legally described in Exhibit A attached hereto.

1.9 “Common Expenses” means all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including Assessments and items otherwise identified as Common Expenses in the Declaration or Bylaws.

1.10 “Common Stairwell” means the rear stairwell and entrance straddling the boundary of the Units within each Building, and includes the floors, interior walls and ceilings thereof.

1.11 “Developer Control Period” means the time period during which Developer has the exclusive right to appoint the members of the Board, as provided in Section 14 of this Declaration.

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

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

1.13 “Governing Documents” means this Declaration, and the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.

1.14 “Improvement” or “Improvements” means any physical improvement of any kind, including but not limited to any Building, wall, fence, sign, enclosure, screening, utilities system, communications system, irrigation or drainage system, pond, roadway, walkway, parking area, landscaping, or any other type of structure or physical improvement, and any additions or changes thereto, located on the Property.

1.15 “Limited Common Area” shall mean a portion of the Common Area allocated by this Declaration for the exclusive use of one or more, but fewer than all, of the Units.

1.16 “Member” means a Person who is an Owner as defined in this Declaration. The words “Owner” and “Member” may be used interchangeably in the Governing Documents.

1.17 “Occupant” means any Person or Persons, other than an Owner, occupying or conducting a business on a Unit, including but not limited to tenants and their employees.

1.18 “Owner” means a Person who owns a Unit, but excluding contract for deed vendors, mortgagees, and other secured parties and holders of reversionary interests.

1.19 “Party Wall” shall mean the shared wall between two Units.

1.20 “Person” means an individual, corporation, limited liability company, partnership, limited liability partnership, trustee, or other legal entity having the capacity to hold title to real property.

1.21 “Planned Community” shall mean the Wildwood Station Townoffices comprised of all of the real property submitted to this Declaration, including the Units, the Common Area, and all other structures and improvements located thereon now or in the future.

1.22 “Plat” means the recorded plat depicting the Property pursuant to the requirements of Minnesota Statutes Chapter 505, as amended from time to time.

1.23 “Property” means all of the real property subject to this Declaration, now or in the future, including all Buildings and other Improvements located thereon. The Property is legally described on Exhibit A attached hereto.

1.24 “Rules” means the rules and regulations of the Association as approved from time to time pursuant to Section 3.8.

1.25 “Unit” means any platted lot subject to this Declaration upon which a Building, or any portion thereof intended to be occupied as a single Unit for primarily commercial uses, is

located or intended to be located, as shown on the Plat, including all improvements thereon, but excluding the Common Area. Each Unit is identified in Exhibit A attached hereto.

References to Section numbers refer to Sections of this Declaration, unless otherwise expressly indicated. References to the singular shall include the plural where context requires, and conversely.

SECTION 2 PROPERTY

2.1 Property. The Property subject to this Declaration is described in Exhibit A attached hereto. Exhibit A may be amended from time to time to include other property, as authorized by Section 2.2.

2.2 Annexation of Other Property. Other real property may be annexed to the Property and subjected to this Declaration with the prior approval of (i) Owners, other than the Developer, of Units to which are allocated at least two-thirds of the votes in the Association, (ii) Eligible Mortgagees representing at least two thirds of the Units that are subject to first mortgages held by Eligible Mortgagees, and (iii) the Developer so long as the Developer owns an unsold Unit for sale. Such approvals of the Owners may be obtained in writing or at a meeting of the Association, duly held in accordance with the Bylaws. Consents of Eligible Mortgagees and the Developer shall be in writing. Any property so annexed may be designated as Common Area or Units, or a combination thereof. The Governing Documents shall be amended, as necessary, to subject such property to this Declaration, and to reallocate Common Expense obligations, voting rights and memberships in accordance with the formulas described in this Declaration.

2.3 Deannexation of Property. Portions of the Property may be deannexed and withdrawn from this Declaration with the prior approval of: (i) the Owners, other than the Developer, of Units to which are allocated at least two-thirds of the votes in the Association, (ii) Eligible Mortgagees representing at least two-thirds of the Units that are subject to first mortgages held by Eligible Mortgagees, (iii) the Developer so long as the Developer owns an unsold Unit for sale. Such approvals of the Owners may be obtained in writing or at a meeting of the Association, duly held in accordance with the Bylaws. Consents of Eligible Mortgagees and the Developer shall be in writing. An amendment to this Declaration shall be executed by the Association and recorded, describing the deannexation and the Unit being deannexed. Upon recording of the amendment, the deannexed Unit shall no longer be subject to this Declaration, and all rights and obligations of the Owner of the Unit with respect to the Property and the Association shall terminate.

2.4 Interests Subject to Plan of Development. Every Owner, secured party or other Person holding or acquiring an interest in a Unit, shall take title or hold such interest subject to the Developer's rights pursuant to this Declaration. Notwithstanding anything to the contrary in this Declaration, the Developer's rights or obligations under the Governing Documents may not be changed in whole or in part without the prior written consent of the Developer, which consent may be granted or denied in the Developer's sole and absolute discretion.

SECTION 3
ASSOCIATION STRUCTURE, AUTHORITY AND MEMBERSHIP

3.1 Formation/Purposes. The Association has been created as a Minnesota nonprofit corporation for the purpose of performing the following functions:

3.1.1 To maintain (i) the Common Area and all Improvements thereon; (ii) all portions of the Units for which it is responsible, (iii) any appurtenant easements benefiting the Property, as set forth in such easement(s); and (iv) common signs, entrance monuments and related common design elements identifying Wildwood Station Townoffices.

3.1.2 To administer and enforce the covenants, conditions, restrictions, easements, charges, liens and other rights and obligations, set forth in the Governing Documents, any appurtenant easements, and the Rules.

3.1.3 To control, preserve and enhance the architectural and environmental character of the Property.

3.2 Authority and Administration. The operation and administration of the Association and the Property shall be governed by the Governing Documents, the Rules and the Act.

3.2.1 The Association shall have and exercise all powers necessary to carry out its purposes described in the Governing Documents on behalf of the Owners and Occupants.

3.2.2 The power and authority of the Association is vested in the Board, unless action or approval by the Members is specifically required by the Governing Documents or the Act. All references to the Association mean the Association acting through the Board, unless expressly stated to the contrary.

3.2.3 All agreements and determinations made by the Association in accordance with its authority under the Governing Documents are binding upon all Persons having any interest in or using the Property.

3.3 Units. The Property is divided into Common Area and six Units, on which will be located three Buildings. Within each Building will be two twin offices (one office per Unit) and related Improvements such as landscaping, walkways and open spaces. Each Unit shall correspond to and be identified by its lot and block number and subdivision name, as shown on the Plat, and constitutes a separate parcel of real estate. No additional Units may be created by

subdivision of the Units. Each Building accommodates office space, for commercial and service businesses, and may be partially used for residential purposes, as approved by the Developer and the City. The Common Area contains a surface parking lot, sidewalks, signage, drainage pond, green space, gardens, landscaping, retaining walls and related improvements maintained by the Association. The Units are designated in Exhibit A attached hereto.

3.4 Membership. Membership in the Association is governed by the following qualifications:

3.4.1 Each Owner shall be a member of the Association by virtue of its Unit ownership, subject to the qualifications set forth in this Section 3.4. Except as expressly provided in this Declaration, a membership shall be appurtenant to and shall not be separated from the Unit to which it is attached, and shall be automatically transferred to any successor Owner together with the title to the Unit.

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

3.4.3 No Person holding a security interest in any part of the Property shall be a Member solely by reason of such interest.

3.4.4 The Owners constitute the sole class of voting Members. Each Unit is allocated one vote. The Owner of a Unit is entitled to cast the vote allocated to the Unit it owns, in accordance with the Bylaws. Multiple ownership of a Unit shall not affect the voting rights allocated to the Unit nor authorize the division of the voting rights.

3.5 Bylaws. The Association shall have Bylaws, which shall govern the operation and administration of the Association, subject to this Declaration in the event of a conflict. The Bylaws are binding upon all Owners and Occupants, and their invitees, all secured parties, and all other Persons holding or acquiring any interest in the Property.

3.6 Board of Directors. The Association's affairs shall be administered and managed by the Board, as provided in the Bylaws. Directors shall be appointed, serve and exercise their powers as provided in the Bylaws; provided, that the Developer has the exclusive right to appoint certain directors of the Association during the Developer Control Period, as set forth in Section 14.

3.7 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents. However, such delegation does not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law. The Developer and/or an affiliate of the Developer may be employed as the manager of

the Association and/or the Property pursuant to a separate, written agreement, subject to termination if and as provided by the agreement.

3.8 Rules. The Board has the exclusive authority to approve and implement such reasonable Rules as it deems necessary from time to time for the purpose of facilitating the operation of the Property and exercising its powers; provided that the Rules shall not be inconsistent with the Governing Documents or applicable law. The inclusion in other parts of the Governing Documents of authority to approve Rules is in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules shall be effective only after thirty days' prior notice (including a copy of the changes to the Rules) has been given to the Owners.

SECTION 4 COMMON AREA AND PROPERTY RIGHTS

4.1 Common Area. The Common Area and its characteristics are as follows:

4.1.1 Those parts of the Property owned by the Association and not included within the Units constitute Common Area, which shall be owned by the Association for the benefit of the Owners and Occupants, and their invitees. The Owners and Occupants, and their tenants, customers and invitees to the extent authorized, shall have a reasonable right of use and enjoyment in the Common Area. The rights, interests, easements and obligations attributable to a Unit shall pass with the title to the Unit as an appurtenance thereto, whether or not referenced in the instrument of conveyance.

4.1.2 Except as otherwise expressly authorized by the Governing Documents, the Association shall manage, operate, maintain, repair and replace the Common Area and perform all administrative functions relating to the operation of the Association. Common Expenses for the operation of the Association, and the maintenance, repair, replacement and management of the Common Area, shall be assessed against and collected from the Owners in accordance with Section 6.

4.1.3 When real property is subjected to this Declaration, title to that portion of such property constituting Common Area shall simultaneously be conveyed to the Association. Common Area shall be conveyed and owned subject to: (i) building and zoning laws, and state and federal regulations; (ii) reservations of mineral rights in the State of Minnesota; (iii) the lien of real estate taxes not yet due and payable; (iv) the easements referred to in this Declaration, (v) the rights of the Owners and Occupants in Limited Common Areas appurtenant to their respective Units, (vi) the right of the Association to establish reasonable Rules governing the use of the Property, and (vii) other agreements, easements, covenants, conditions and restrictions of record.

4.1.4 The easements and other rights of the Owners and Occupants with respect to the Common Area shall be subject to the obligations, conditions and restrictions described in or authorized by this Declaration, all of which shall be appurtenant to and pass with the title to each Unit.

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

4.2.1 Chutes, flues, ducts, pipes, wires, conduit or other utility installations, bearing walls, bearing columns, floor trusses, or any other components or fixtures lying partially within and partially outside the boundaries of a Unit, and serving only that Unit, are allocated to the Unit they serve. Any portion of such installations serving or affecting the function of more than one Unit or any portion of the Common Area is a part of the Common Area, but is not a Limited Common Area.

4.2.2 Heating, ventilating or air conditioning equipment, and fencing serving only a certain Unit or Units, and located wholly or partially outside the Unit or Unit's boundaries, are allocated to the Unit or Units served by such equipment or fencing.

SECTION 5 EASEMENTS

The following appurtenant easements and rights are hereby granted, conveyed, dedicated and reserved on, over, under and across the Property, as applicable.

5.1 Utilities and Drainage. The Property shall be subject to nonexclusive easements for authorized public and private utilities providers, for the installation, use, maintenance, repair and replacement of storm and sanitary sewers, drainage systems, and electrical, natural gas, telephone and water lines, and metering and control devices, which exist or are constructed as part of the development of the Property, or which are referred to in the Plat, otherwise described in this Declaration or other recorded instruments, or approved by the Board on the Common Area.

5.2 Communications. The Property shall be subject to nonexclusive easements for authorized public and private providers, for the installation, use, maintenance, repair and replacement of telephone, cable TV, fiber optic, security and other communication and electronic services benefitting the Property, which exist or are constructed as part of the development of the Property, or which are referred to in the Plat, otherwise described in this Declaration or other recorded instruments, or approved by the Board on the Common Area.

5.3 Encroachments. Each Unit and the Common Area, and the rights of the Owners and Occupants therein shall be subject to an exclusive easement for encroachments in favor of the adjoining Unit for walls, roof overhangs, heating and ventilating and air conditioning systems, utility installations and other appurtenances which are part of the original construction of the adjoining Unit or which are added in compliance with Section 8. In addition, there is an exclusive easement for encroachments for the benefit of the encroaching Improvement in the event that a Building or any other Improvement now or hereafter constructed encroaches upon an adjoining Unit or the Common Area due to nonmaterial inaccuracies in survey, construction,

reconstruction, repair, settlement, movement or the like. The easement shall continue for as long as the encroachment exists and shall not affect the marketability of title to the Unit. This easement for encroachments shall also include an easement for the maintenance and use of the encroaching Improvements.

5.4 Entrance Signs and Monuments. There are nonexclusive easements in favor of the Developer and the Association to erect, use, maintain, repair and replace common entrance monuments, signs and related Improvements identifying the Property or its common features, on, under and across the Common Area and those parts of the Units identified as easement areas in the Plat or any other recorded instruments.

5.5 Pedestrian Access. There are nonexclusive appurtenant easements in favor of the Owners and Occupants of the Units, and their customers and other invitees, for pedestrian access to businesses located on the Units on and over those parts of the Common Area and the Units which are (i) designed, designated, surfaced or otherwise improved as walkways, sidewalks, driveways, parking areas or plazas, or (ii) identified as such on the Plat or site plans for the Property, or (iii) contained in a recorded instrument.

5.6 Rear Hallway and Entrance. Each Unit within a Building shall be benefited and burdened by a nonexclusive easement across and through the rear stairwell and hallway to the rear exterior entrance door for pedestrian ingress and egress.

5.7 Parking and Vehicular Access. There are nonexclusive appurtenant easements in favor of the Owners and Occupants of the Units, and their customers and other invitees, for vehicular access and parking on and over those parts of the Common Area and those parts of the Units which are (i) designed, designated, surfaced or otherwise improved as access drives or parking areas, (ii) identified as such on the Plat or site plans for the Property, or (iii) contained in a recorded instrument. No Person shall construct any Improvement, obstruct, nor abandon or store anything on, the parking areas or access drives, nor undertake or permit any activity, which may impair access to or use of such facilities.

5.8 Maintenance Access. There is a nonexclusive easement in favor of the Association, including any management agent or service vendor retained by the Association, for access on and across the Common Area and the open space areas of the Units for the purpose of performing maintenance, repair and replacement for which the Association is responsible under the Governing Documents or any agreement with the City. There is a nonexclusive easement in favor of each Unit Owner for reasonable access on and across those parts of an adjoining Unit which abut the Unit in question for access to maintain the Building and other Improvements located on the benefitted Unit. The easement rights shall be exercised, whenever practicable, upon reasonable notice to any Owner whose Unit is directly affected.

5.9 Structural Support. Those Buildings which share any Party Walls, Common Stairwells or other structural Improvements or attachments to the Building shall be subject to and the beneficiary of reciprocal, nonexclusive easements for structural support in the walls, roofs, columns, joists, girders, footings or other structural components of the Buildings which provide support for the shared Improvement.

5.10 Public Safety and Health. There are nonexclusive easements in favor of the City and other applicable governmental authorities or agencies as shall from time to time have jurisdiction over the Property, on and across drives, walkways, parking areas, plazas and other open space areas of the Property for reasonable access to perform such duties related to law enforcement, fire protection, life safety, health and sanitation as are reasonably required from time to time.

5.11 Developer Rights. There are exclusive easements in favor of the Developer for the exercise of its Developer rights under Section 12, which easements shall terminate when the Developer no longer owns a Unit.

5.12 Duration, Restrictions and Use. The rights and easements granted or reserved by this Section 5 shall be permanent, shall run with the land, unless otherwise expressly indicated, and shall be subject to the following qualifications:

5.12.1 The easements shall supplement and not limit any easements described elsewhere in this Declaration or any recorded instrument.

5.12.2 The easements shall be subject to reasonable regulation by the Association and shall be subject to such reasonable limitations as to location and routing as may be established by the Association or any governmental authority.

5.12.3 The easements shall include reasonable access over, under and across the Property to maintain, repair, replace and reconstruct the easement areas and any Improvements located thereon.

5.12.4 No Improvement shall be erected or maintained, no excavation, grading or reshaping shall be undertaken, and no fill or other material shall be placed, in an easement area, which may damage or interfere with the installation, use or maintenance of such area, or which may change or impede the flow of water through any drainage easement area.

5.12.5 Except for those public employees properly exercising easement rights, in the course of their duties, under Section 5.10, Persons exercising easement rights shall (i) take reasonable care to avoid damaging the Property or creating safety hazards; (ii) promptly repair any damage to the Property which they or their employees or agents caused; (iii) promptly reimburse the Association for all costs incurred by it for repairing damage to an easement area caused by the Person exercising the easement rights; and (iv) hold harmless, indemnify and defend the Association and other Owners, and their officers and directors, from and against all claims, damages, losses and other liabilities arising out of the exercise of the easement rights.

5.12.6 The Developer's easement rights described in this Declaration shall terminate when Developer no longer owns a Unit.

5.12.7 No grant, dedication or creation of an easement under this Declaration shall constitute a dedication of the easement area or the use thereof to the public, it being the intent of this Declaration that the Common Area be and remain private property subject to operation and regulation by the Association, and that the Units be and remain private property subject to operation and regulation by the respective Owners thereof and/or the Association, as applicable, all in compliance with the Governing Documents.

5.13 Restriction on Third Party Easement Grants. Except for the Developer in the exercise of its rights under this Declaration, and the Board in the exercise of authority granted by the Governing Documents, no Person shall create, grant or convey any easement or comparable rights upon any portion of the Property without the prior written approval of the Board; provided, that the Board shall authorize an Owner to grant an easement over its own Unit if (i) the easement will not adversely affect the Common Area or another Unit and (ii) the easement is consistent with the overall design and plan for the Property as established by the Developer.

SECTION 6 ASSESSMENTS

6.1 General. Assessments shall be determined and assessed against the Units by the Board, in its exclusive discretion; subject to the requirements and procedures set forth in this Section 6 and the Bylaws.

6.2 Allocation of Assessments. Annual and special Assessments for Common Expenses shall be allocated among and levied equally against the Units, except that special allocations of Common Expenses shall be permitted as provided in Section 6.5.

6.3 Annual Assessments. Annual Assessments shall be established and levied annually by the Board. Each annual Assessment shall cover all of the anticipated Common Expenses of the Association for that year which are to be shared by all Units as set forth herein. Annual Assessments shall be payable in equal quarterly installments, as established by the Board. Annual Assessments shall provide, among other things, for a reserve fund for the maintenance, repair and replacement of the Common Area and those parts of the Units for which the Association is responsible.

6.4 Special Assessments. In addition to annual Assessments, and subject to the limitations set forth hereafter, the Board may levy in any Assessment year a special Assessment against all Units in accordance with the allocation formula referred to in Section 6.2. Special Assessments shall be used for the purpose of defraying in whole or in part the cost of any unforeseen and unbudgeted, or any underbudgeted, Common Expenses.

6.5 Limited Assessments. In addition to annual and special Assessments, the Board may levy the following limited Assessments against only a certain Unit or Units:

6.5.1 Any Assessment or portion thereof associated with the maintenance, repair or replacement of any Limited Common Area shall be assessed exclusively against the Unit or Units to which the Limited Common Area is assigned.

6.5.2 Any Assessment or portion thereof benefiting fewer than all of the Units may be assessed exclusively against the Unit or Units benefited.

6.5.3 The costs of insurance may be assessed in proportion to the square footage or actual cost per Unit, and the costs of utilities may be assessed in proportion to usage.

6.5.4 If any damage to the Common Area or any Unit which the Association is obligated to maintain is caused by the act or omission of any Owner or Occupant, or their employees, agents or invitees, the Board may cause the damaged Improvement to be repaired and assess the costs of repairing the damage exclusively against the offending Owner's Unit (to the extent not covered by insurance).

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

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

Assessments levied under this Section 6.5 may, at the Board's discretion, be assessed as a part of, or in addition to, other Assessments levied under Section 6.

6.6 Working Capital Fund. At the time of the initial sale of each Unit is closed, the purchaser of the Unit shall pay the Association an amount equal to the first full quarterly installment of Assessments for such Unit which the Association shall add to a working capital fund. The Association shall use and apply this sum for start-up costs and as an operating fund in connection with the initial and ongoing operating expenses of the Planned Community. This payment is non-refundable. The amounts paid into this fund are in addition to the regular installments of Assessments and are not in prepayment of or substitution for annual or special Assessments. Notwithstanding the foregoing, Developer shall have no obligation to pay the aforementioned sum so long as Developer is the Owner of a Unit and holds such Unit for sale or as a model.

6.7 Liability of Owners for Assessments. The obligation of an Owner to pay Assessments shall be as follows:

6.7.1 The Owner of a Unit at the time an Assessment is payable with respect to the Unit shall be personally liable for the Assessment. Such liability shall be joint and several where there are multiple Owners of the Unit. Except as provided in Section 6.7.2, the liability is absolute and unconditional, and no Owner is exempt from

liability for payment of Assessments by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Unit, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or for their failure to fulfill any obligations under the Governing Documents.

6.7.2 Notwithstanding anything to the contrary in the Governing Documents, the Developer shall not be liable to pay any Assessment with respect to any Unit owned by it, nor shall the Unit be subject to a lien for such Assessments, until the date on which a Building located on the Unit and the adjoining Unit has been substantially completed. A substantially completed Building is a Building with respect to which a certificate of occupancy or other comparable certification has been issued by the City.

6.8 Assessment Lien. Subject to Section 6.7.2, the Association has a lien on a Unit for any Assessment levied against that Unit, from the time the Assessment is levied. If an Assessment is payable in installments, the full amount of the Assessment is a lien against the Unit from the time the first installment thereof becomes due. Fees, charges, late charges, fines and interest charges imposed by the Board against the Unit or its Owner are also liens, and are enforceable as Assessments. Recording of this Declaration constitutes record notice and perfection of any lien under this Section 6, and no further recordation of any notice of or claim for the lien is required. The release of the lien shall not release the Owner from personal liability unless agreed to in writing by the Association.

6.9 Foreclosure of Lien; Remedies. A lien for Assessments may be foreclosed against a Unit under the laws of the State of Minnesota (i) by action, or (ii) by advertisement in a like manner as 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, use, mortgage or convey any Unit so acquired. The Owner or any other Person claiming an interest in the Unit, by the creation, acceptance or assertion of any interest in the Unit, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition to its other remedies, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any Assessment or charge against the Unit.

6.10 Lien Priority; Foreclosure. A lien for Assessments is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Unit, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit; provided, that this Section shall not prohibit the Association from subordinating, releasing or assigning its lien rights as authorized by the Board.

6.11 Voluntary Conveyances; Statement of Assessments. In a voluntary conveyance of a Unit the buyer shall not be personally liable for any unpaid Assessments and other charges made by the Association against the seller or the seller's Unit prior to the time of conveyance to the buyer, unless expressly assumed by the buyer. However, the lien of such Assessments shall remain against the Unit until released or satisfied. Any seller or buyer shall be entitled to a statement from the Association setting forth the amount of the unpaid Assessments against the Unit, which statement shall be binding on the Association, seller and buyer.

SECTION 7
RESTRICTIONS ON USE OF PROPERTY

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

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

7.2 Business/Residential Use. The Units are intended primarily for commercial business and professional use. Only an Owner, or if the Owner is a corporation, partnership, limited liability company or trust, one who owns more than a 10% interest in the Owner, shall be entitled to utilize the Unit owned for residential purposes. Any residential use shall be limited to the upper floor of each Building and shall be subject to all zoning laws, ordinances and regulations of the City of Mahtomedi.

7.3 Subdivision. Except as permitted by this Declaration, no Unit or Common Area may be subdivided or partitioned without the written approval of (i) all of the Owners, and (ii) Eligible Mortgagees representing at least two-thirds of the Units that are subject to first mortgages held by Eligible Mortgagees, as well as (iii) any governmental authorities whose approval may be necessary to effect such subdivision or partition.

7.4 Permitted/Prohibited Uses. The Units shall be primarily used for commercial office/warehouse purposes, although residential uses of a Unit may be allowed if allowed under all applicable zoning regulations. All uses shall comply with the applicable City approvals, ordinances and zoning regulations, and state and federal laws and regulations.

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

7.6 Parking. Surface parking on the Common Area shall be available for use by all Owners and Occupants, and their customers, guests and other invitees in accordance with the

Rules and posted regulations of the Association. Overnight parking of vehicles shall be allowed only for residential Owners, Occupants and their guests. Storage or prolonged parking of vehicles, trailers or other transportation devices, or other personal property of any type, is prohibited unless (i) authorized by the Board, and (ii) in compliance with City ordinances. Use of the parking areas and the type of vehicles and personal property permitted thereon, shall be subject to further regulation by the Board, including without limitation, the right of the Association to designate parking stalls, to tow vehicles parked illegally or in violation of the Rules, and the right to remove unauthorized personal property.

7.7 Animals. The keeping, boarding, sheltering, breeding or sale of any animal on the Property is prohibited; provided, that this prohibition shall not restrict the legitimate use of qualified “service” animals by individuals who are handicapped as defined under the Minnesota Human Rights Act or the Fair Housing Amendments Act of 1988, as amended. The term “animal” shall be construed in its broadest sense, and shall include all living creatures except humans.

7.8 Signs. Signs or other displays of any type visible from the exterior of any Building may be erected (i) only at locations established by the Developer or subsequently approved by the Board, (ii) in compliance with City sign ordinances and the design standards established for the Property by the Developer, and (iii) approved pursuant to Section 8.

7.9 Exterior Lighting. The location, size, color and design of all lighting fixtures or similar equipment used or shown outside of a Building must be (i) in compliance with City lighting requirements, (ii) consistent with the design standards established for the Property by the Developer and (iii) approved pursuant to Section 8.

7.10 Rubbish/Recycling. Garbage, rubbish, trash and recyclable materials shall be kept in common receptacles designated for such purposes by the Board.

7.11 Rear Stairwell Obstructions. The rear stairwell/hallway leading to the exterior rear entrance in each Building shall be kept clear of personal property, trash, debris and obstructions of any kind.

7.12 Outdoor Activities. Outdoor activities on the Property, such as promotional events, demonstrations, displays, dining, group gatherings or other activities which have the potential to affect any easement or use rights, cause a nuisance or disruption, or create potential liability for the Association or a Member, shall be subject to approval by the Board. In determining whether to authorize an activity, the Board shall, at a minimum, take into consideration, the security of the Property, the potential for disturbance or damage to the Property, the potential liability for the Association or any Member, the health and safety of persons occupying or using the Property, and whether the activity unreasonably impairs any easement or other authorized use of the Property.

7.13 Heating of Units. For the purpose of preventing damage to and breakage of water, sewer and other utility lines and pipes in a Unit which might result in damage to an adjoining Unit, all Owners shall maintain the temperature in their Units, at all times, at least at fifty-five degrees Fahrenheit (55°F) (or such other reasonable temperature or standard as the

Association may specify by written Rule), subject, however, to the inability to maintain such temperature due to causes beyond the Owner's reasonable control.

7.14 Alterations. Except for those made by Developer in consideration of its initial sale of a Unit, no alteration (as defined in Section 8) shall be made, or caused or allowed to be made in any part of the Common Area, or in any part of the Unit which affects the Common Area or another Unit or which is visible from the exterior of the Unit, without the prior written authorization of the Board or a committee appointed by it, as provided in Section 8.

7.15 Quiet Enjoyment; Interference Prohibited. All Owners and Occupants and their invitees shall have a right of quiet enjoyment in their respective Units, subject to the usual and customary sights, sounds, odors and activities commonly associated with the operation of businesses such as those located on the Property from time to time. Subject to the foregoing, the Property shall be owned, occupied and used so as not to cause a nuisance or undue disturbance, nor unduly restrict, interfere with or impede the use of the Common Area and the Units by the respective Owners and Occupants and their invitees.

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

7.17 Time Shares Prohibited. The time share form of ownership, or any comparable form of lease, occupancy rights, ownership, or right-to-use programs, which has the effect of dividing the ownership or occupancy of a Unit or any part thereof into separate time periods, is prohibited.

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

SECTION 8 CONSTRUCTION AND ARCHITECTURAL STANDARDS

8.1 Restrictions on Alterations. To ensure that the Common Area, the Common Stairwells, and those parts of the Buildings and other parts of the Units which are visible from the exterior, will be kept architecturally attractive and consistent in quality and appearance with the original project design characteristics established by the Developer, the following

restrictions and requirements shall apply, except as set forth in Section 8.5, to alterations on the Property subsequent to initial construction of the Improvements on a Unit:

8.1.1 Except for initial construction subject to the Developer's exclusive approval as expressly provided in this Section 8, no structure, Building, addition, deck, patio, fence, wall, enclosure, antenna or other type of sending or receiving apparatus, sign, display, material topographical or landscaping change, grading or excavation, nor any other exterior Improvements to or alteration of any Unit, nor any interior Improvements to or alteration of the Common Stairwells, (referred to as an "alteration" or "alterations"), shall be commenced, erected or maintained, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing by the Board or a committee appointed by it. Notwithstanding the foregoing, Developer's written consent shall also be required for alterations for so long as Developer owns a Unit for initial sale.

8.1.2 The Board may establish standards for approval of alterations, which shall, at a minimum, (i) adequately protect the Property, the Association, Owners and Occupants from liens and other liabilities arising out of the construction of the alterations, (ii) maintain the design characteristics, exterior materials and colors of the Building and other Improvements located on the Unit, and (iii) comply with governmental laws, codes and regulations. The Board, or the appointed architectural committee if so authorized by the Board, shall be the sole judge of whether such criteria are satisfied.

8.1.3 Approval of alterations which encroach upon another Unit or the Common Area shall create an appurtenant easement for such encroachment in favor of the Unit with respect to which the alterations are approved, notwithstanding any contrary requirement in the Governing Documents or the Act. A file of the resolutions approving all alterations shall be maintained permanently as a part of the Association's records.

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

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

8.2.2 The Board (and/or Developer, if applicable) shall give the Owner written notice of approval or disapproval. If the Board (and/or Developer, if applicable) fails to approve or disapprove within forty-five days after receipt of said plans and specifications and all other information requested by the Board (and/or Developer if applicable), then approval shall be deemed to be granted; provided, that the construction must be done in accordance with the plans, specifications and related information which were submitted or shall be deemed not approved.

8.2.3 If no request for approval is submitted, approval shall be deemed to be denied.

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

8.4 Owner Responsibility/Indemnity. The Owner who causes an alteration to be made, regardless of whether the alteration is approved by the Board, shall be responsible for the construction work and any claims, damages, losses or liabilities arising out of the alterations. The Owner shall hold harmless, indemnify and defend the Association, and its officers, directors and committee members, from and against any claims, damages, expenses, losses or other liabilities, including but not limited to attorneys' fees or costs of litigation, arising out of (i) any alteration which violates any governmental laws, codes, ordinances or regulations, (ii) the inadequacy of the specifications or standards for construction of the alterations and (iii) the construction of the alterations.

8.5 Exemptions. The requirements set forth in this Section 8 (except Section 8.4) shall not apply to original construction by the Developer or its affiliates.

SECTION 9 MAINTENANCE

9.1 Association Obligations. The Association is obligated to, or may as indicated, provide the following maintenance, repair and replacement on the Property:

9.1.1 Maintain, repair and replace the Common Area, including all Improvements thereon in accordance with and subject to the provisions of this Declaration.

9.1.2 Maintain, repair and replace the common entrance or directional signs and related monuments identifying the Property, or businesses located thereon, whether located on or adjacent to the Property.

9.1.3 Maintain, repair and replace landscaping, walkways, lighting fixtures and other Improvements (other than those maintained by the City), within the Common Area and each Unit, and on right-of-way areas of public streets adjacent to and serving the Property.

9.1.4 Maintain, repair and replace exterior Building surfaces and yard and garden areas within each Unit as follows:

9.1.4.1 Paint, repair and replace roofs, gutters, downspouts, exterior entry doors, windows and window frames, exterior Building surfaces, sidewalks and driveways (but excluding all heating, ventilating and air conditioning equipment, and satellites and antennas).

9.1.4.2 Provide for lawn, shrub, tree and garden maintenance on all yard or open space areas of the Units, including without limitation, watering and fertilizing of all lawns.

9.1.5 Undertake such additional maintenance, repair or replacement of the Property as may be unanimously approved by the Board; provided, (i) that a Board resolution authorizing such additional services must be approved for each calendar year in which such services are to be undertaken and (ii) that in the absence of continuing, annual Board approval, the Association's obligation to perform the additional maintenance shall terminate at the end of the calendar year for which the Board approval was effective.

9.1.6 Restore the Improvements on any Unit to substantially their prior condition where the Improvements have been damaged or destroyed by the

9.1.7 Association shall have no obligation to maintain, repair or replace the Limited Common Area or the Improvements thereon. The Association's maintenance shall be performed in compliance with the (i) Governing Documents, (ii) all applicable governmental laws, codes, ordinances and regulations, and (iii) the design standards established for the Property by the Developer.

9.1.8 The costs of maintenance referred to in this Section 9 shall be allocated among the Units in accordance with Section 6.

9.2 Owner Obligations. The maintenance obligations of the Owners are as follows:

9.2.1 Except as otherwise provided in Section 9.1, maintain, repair or replace their respective Units (including the Common Stairwell), the Limited Common Area allocated to them, and all Buildings and other Improvements thereon, in first class, clean, safe and sanitary condition, and in compliance with the (i) Governing Documents, (ii) all applicable governmental laws, codes, ordinances and regulations, and (iii) the quality and design standards established for the Property by the Developer.

9.2.2 If any part of the Common Area is damaged by the acts of an Owner or Occupant, or its employees, contractors, agents or invitees, the Owner shall, upon request of the Board, promptly cause the damaged property to be restored to its condition immediately before the casualty.

SECTION 10
PARTY WALLS AND COMMON STAIRWELLS

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

10.2 Repair and Maintenance. The Owners of the Units which share the Party Wall or the Common Stairwell shall be equally responsible for the maintenance repair and replacement thereof; provided (i) that any maintenance, repair or replacement necessary due to the acts or omissions of a certain Owner or Occupant sharing such Party Wall or Common Stairwell shall be paid for by such Owner, and (ii) that the Association may contract for and supervise the repair of damage caused by an Owner or Occupant and assess the Owners for their respective shares of the cost to the extent not covered by insurance. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Unit.

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

10.4 Weatherproofing. Notwithstanding any other provision of this Section, any Owner who, by his negligent or willful act, causes a Party Wall or Common Stairwell to be exposed to the elements shall bear the whole cost of the repairs necessary for protection against such elements.

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

10.6 Arbitration. In the event any dispute arises concerning a Party Wall or a Common Stairwell and is not resolved within thirty (30) days of the event causing the dispute, the matter shall be submitted to binding arbitration under the rules of the American Arbitration Association, upon the written demand of the Association or any Owner who shares the Party Wall. Notwithstanding the foregoing, the parties shall use only one (1) arbitrator unless they unanimously agree to more arbitrators. Each party agrees that the decision of the arbitrator(s) shall be final and conclusive of the questions involved. The fees of the arbitrator(s) shall be shared equally by the parties, but each party shall pay its own attorney fees or other costs to prove its case.

SECTION 11 INSURANCE

11.1 Association Insurance. The Association shall obtain and maintain the following insurance relating to the Property:

11.1.1 Property insurance in broad form, covering all risks of physical loss, for the full insurable replacement value of any insurable Improvements located on the Property, exclusive of (i) deductibles, (ii) land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery); and (iii) unless authorized by the Board, ceiling and wall finishing materials, floor coverings, cabinetry, finished millwork, electrical or plumbing fixtures serving a single Unit, built in appliances and other improvements and betterments, regardless of when installed. The insurance policy shall provide such other coverages, limits and deductibles as the Board deems reasonable.

11.1.2 Commercial general liability insurance covering the Common Area, and the activities of the Association and its officers, directors, volunteers or employees in connection with the performance of its and their duties. Said liability insurance shall be in the minimum amounts of (i) \$3,000,000 for an accident affecting more than one person in or resulting from one occurrence and (ii) \$1,000,000 property damage for each occurrence. The insurance policy shall provide for such other coverages and deductibles as the Board deems reasonable.

11.1.3 Such other types and amounts of insurance as may be determined by the Board to be necessary or desirable, including but not limited to officers and directors' liability insurance, workers' compensation insurance, and insurance or fidelity bonds covering dishonest acts by those Persons having control or custody of the Association's funds.

11.1.4 All Association insurance shall be written in the name of the Association as trustee for the Owner or Owners, as applicable. The premiums for the insurance shall be a Common Expense, except that the cost of any coverages or limits resulting from unique or hazardous activities carried out on a particular Unit or Units may be assessed against that Unit or Units. The Board shall have exclusive authority to negotiate, settle and adjust claims under all Association policies.

11.1.5 Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the following provisions and endorsements, if reasonably available:

11.1.5.1 Policies shall be written with a company licensed to do business in the State of Minnesota and holding a rating of A-X1 (or comparable) or better in such financial categories as established by Best's Insurance Reports, if such a company is available, or if not available, its equivalent rating or the best rating possible.

11.1.5.2 Policies shall contain a waiver by the insurer of its right to cancel without first giving thirty days' prior written notice of such cancellation to the Association.

11.1.5.3 No policy or coverage shall be brought into contribution with insurance purchased by Owners, and all policies shall contain appropriate provisions to that effect.

11.1.5.4 Policies shall contain a waiver of subrogation by the insurer as to claims against the Association or an Owner, or their directors and officers, and the Association's manager, if any.

11.1.5.5 Policies shall contain a provision that no policy may be canceled, invalidated, or suspended on account of the conduct of one or more of the Owners, or on account of the acts of any director, officer, employee, or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which to cure the defect.

11.1.5.6 Liability insurance shall contain cross-liability endorsements to cover liability of the Association to an Owner and shall also name the Developer as an additional insured for so long as the Developer owns any part of the Property.

11.2 Owner's Insurance. Each Owner shall obtain and maintain the following insurance at its expense and provide the described indemnities relating to the Owner's Unit:

11.2.1 Property insurance covering fire and all risks of physical loss to the interior of the Unit and personal property, for their full insurable replacement value. Insurance policies maintained by Owners are without contribution as against the insurance purchased by the Association, except as to deductible amounts or other items not covered under the Association's policy or policies.

11.2.2 Commercial general liability insurance covering the Owner's Unit, and the activities of the Owner, and its officers, directors, employees and agents in connection with the Owner's occupancy, operation, management and use of the Unit, including any additional coverages customarily carried for unique or hazardous activities arising out of a business or activities conducted on the Unit. Said liability insurance shall be in the minimum amounts of (i) \$3,000,000 for an accident affecting more than one person in or resulting from one occurrence and (ii) \$1,000,000 property damage for each occurrence. Each Owner shall, upon request of the Association or any other Owner, furnish a certificate or certificates of such insurance.

11.2.3 Each Owner shall hold harmless, indemnify and defend each other Owner and the Association, and their respective officers, directors and employees, from

and against all claims, actions, damages and other liabilities arising out of incidents occurring on such Owner's Unit or arising out of the conduct of the Owner or Occupants of the Unit and their employees, agents, contractors and invitees, unless caused by the intentional or negligent act of the party to be indemnified.

SECTION 12 RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

12.1 Application of Insurance Proceeds to Reconstruction. Any portion of the Property which is damaged or destroyed as the result of a loss covered by the Association's insurance shall be promptly repaired or replaced by the Association unless (i) the Planned Community is terminated and the Association votes not to repair or replace all or part thereof, (ii) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (iii) eighty percent of the Unit Owners, including every Unit Owner and secured party on a Unit or assigned Limited Common Area which will not be rebuilt, vote not to rebuild.

12.2 Excess Reconstruction Costs. The cost of repair or replacement of the Common Area in excess of insurance proceeds and reserves shall be paid as a Common Expense and, the cost of repair of a Unit in excess of insurance proceeds shall be paid by the respective Unit Owner. Notwithstanding the foregoing, the Association may, in the case of a damage to a Unit or Units, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against the Units affected in any reasonable manner, or (iii) require the Unit Owners of the Units affected to pay the deductible amount directly.

12.3 Partial Reconstruction; Application of Insurance Proceeds. If less than the entire Property is repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition compatible with the remainder of the Property, (ii) the insurance proceeds attributable to Units and Limited Common Area which are not rebuilt shall be distributed to the Owners of those Units, including Units to which the Limited Common Area was assigned, and the secured parties of those Units, as their interests may appear, and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners and secured parties as their interests may appear in proportion to their liability for Common Expenses.

12.4 Repair/Reconstruction Standards. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Property as initially constructed and subsequently improved upon. Notice of substantial damage or destruction shall be given pursuant to Section 15.6. In the event a Unit and/or part of the Common Area is not repaired or replaced, all debris and remains of the Improvements located thereon shall be removed or buried if permitted, and the Unit and/or Common Area shall be graded, all of which shall be done to the satisfaction of the Association.

12.5 Total Condemnation. If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Unit Owner with a remnant which may not practically or lawfully be used for any material purpose permitted by this Declaration, the award

shall compensate the Unit Owner and secured party of the Unit as their interests may appear. Any remnant of a Unit remaining after such taking is thereafter Common Area.

12.6 Partial Condemnation. If part of a Unit is acquired by eminent domain, the award shall compensate the Unit Owner and secured party for the reduction in value of the Unit. If part of the Common Area is acquired by eminent domain, the portion of the award attributable to the Common Area taken shall be paid to the Association. Any portion of the award attributable to the acquisition of Limited Common Area shall be equally divided among the owners of the Units to which that Limited Common Area was allocated at the time of the acquisition and their secured parties, as their interests may appear.

12.7 Reallocation. If a Unit Owner and its secured parties determine that a damaged Unit will not be rebuilt or the remnant remaining after a taking is not practically or lawfully usable, that Unit's entire Common Area interest, votes in the Association, and Common Expense liability are automatically reallocated upon such determination among the remaining Units, and the Association shall promptly prepare, execute and record an amendment to this Declaration reflecting the reallocations.

12.8 Termination and Liquidation. Notwithstanding the foregoing, if the Planned Community is terminated, insurance proceeds not used for repair or replacement shall be held by the Association as trustee for the Unit Owners, secured parties and other holders of liens on the Units, and distributed to the Owners and secured parties as their interests may appear based upon the value of the Units as determined by their relative value for property insurance purposes; provided, however, the Association shall have the authority to deduct from the proceeds of sale due with respect to a Unit, (i) the unpaid assessments levied by the Association with respect to the Unit, (ii) unpaid real estate taxes or special assessments due with respect to the Unit, and (iii) the share of sale and winding up of the Association's affairs with respect to the Unit.

12.9 Notice. The Association shall give written notice of any condemnation proceedings or substantial destruction of the Property to the Eligible Mortgagees entitled to notice under Section 15.6.

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

SECTION 13 COMPLIANCE AND REMEDIES

13.1 Entitlement to Relief. The Association has authority to commence legal action to recover sums due, for damages, for injunctive relief, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal

relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules or the decisions of the Association. However, no Owner may withhold any Assessments, or take or omit other action in violation of the Governing Documents, the Rules or the Act as a measure to enforce such Person's position, or for any other reason.

13.2 Remedies. In addition to any other remedies, express or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following actions against Owners or Members which violate the provisions of the Governing Documents or the Rules:

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

13.2.2 Impose late charges of up to the greater of \$100, or 20% of the amount past due, for each past due Assessment or installment thereof, and impose interest at the highest rate permitted by law on all such unpaid amounts from the due date.

13.2.3 If any Assessment or installment thereof becomes more than thirty days past due, all remaining installments of Assessments assessed against the Unit may be accelerated by the Board, and shall then be payable in full together with all costs of collection and late charges. Ten days' advance written notice of the acceleration shall be given to the defaulting Owner, during which time the Owner may cure the default by payment of the past due Assessments and all related charges, interest and attorneys' fees, if any.

13.2.4 Impose reasonable fines, penalties or charges for each violation of the Governing Documents or the Rules.

13.2.5 Suspend the rights of any Member to vote when the Member is in violation of the Governing Documents or the Rules.

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

13.2.7 Enter any Unit in which, or as to which, a violation or breach of the Governing Documents exists which is likely to materially affect the health or safety of the other Owners or Occupants, or their invitees, or the safety or soundness of any Unit or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit which is causing the violation; provided, that any such improvements which are a part of a Building may be altered or demolished only pursuant to a court order or with the agreement of the Owner.

13.2.8 Foreclose any lien arising under the provisions of the Governing Documents or under the law, in the manner provided by the Act.

13.3 Rights to Hearing. Before the imposition of any of the remedies authorized by Section 13.2.4, 13.2.5, 13.2.6 or 13.2.7, the Board shall, upon written request of the offender, grant to the offender an opportunity for a fair and equitable hearing. The offender shall be given notice of the nature of the violation and the right to a hearing, and at least ten days within which to request a hearing. The hearing shall be held within thirty days of receipt of the hearing request, and with at least ten days' notice to the offender. If the offender fails to appear at the hearing, then the right to a hearing shall be waived and the Board may take such action as it deems appropriate. The decision of the Board, and the rules for the conduct of hearings established by the Board, shall be final and binding on all parties. The resulting decision shall be delivered in writing to the offender within ten days following the hearing, if not delivered to the offender at the hearing.

13.4 Liability for Owners' and Members' Acts. An Owner or Occupant shall be liable for the expense of any maintenance, repair or replacement of the Property arising out of their acts or omissions, or the acts or omissions of their invitees, to the extent that such expense is not covered by the proceeds of insurance.

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

13.6 Costs and Attorneys. With respect to any collection measures, or any measures, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Governing Documents, or the Rules, whether or not finally determined by a court or arbitrator, the Association may assess the violator and its Unit with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, fees of attorneys and other professionals, court costs and collection agency fees, whether contingent or otherwise.

SECTION 14 DEVELOPER RIGHTS

The Developer hereby reserves exclusive and unconditional authority to exercise the following Developer rights for as long as it owns a part of the Property, or for such shorter period as may be specifically indicated:

14.1 Complete Improvements. To complete all Improvements to the Property contemplated by the Developer's development plans, or by the Declaration, and to make alterations on the Common Area or on Units owned by it to accommodate its activities.

14.2 Development and Sales Facilities. To construct, operate and maintain sales and leasing offices, management offices, models, and other development, sales and rental facilities on the Common Area and within any part of the Property owned by the Developer.

14.3 Signs. To construct and maintain signs and other sales displays offering parts of the Property for sale or lease, on the Common Area and any part of the Property owned by the Developer or subject to its easement rights.

14.4 Easements. To have and use access easements, for itself, its employees, contractors, representatives, agents and prospective purchasers through and over the Property for the purpose of exercising its Developer rights.

14.5 Control the Association. To control the operation and administration of the Association, including but not limited to the power to appoint and remove the members of the Board, until the earliest of: (i) voluntary surrender of control by the Developer, (ii) sixty days after conveyance to Owners other than Developer or seventy-five percent of the total number of Units authorized to be included in the Property, or (iii) the date ten years following the date of recording of the Declaration.

14.6 Approval of Certain Amendments. To approve any amendment or other change to the Governing Documents or any Rules for as long as the Developer owns any part of the Property, which approval shall be in writing.

14.7 Other Rights. To exercise any other rights and powers granted or reserved to the Developer by any other section of the Governing Documents

14.8 Transfer of Developer Rights. Some or all of the Developer rights under this Section 14 may be voluntarily transferred, temporarily or permanently, by the Developer by a separate instrument signed by the Developer and the transferee; provided, that (i) written notice of the transfer shall be given to all Unit Owners at least thirty days prior to the effective date of the transfer, and (ii) no further transfer of the Developer rights may be made by the transferee without the prior written consent of the Developer. Upon the transfer of any Developer rights, the Developer's liability shall be limited to matters arising from its acts occurring before the transfer or relating to any Developer rights retained by the Developer, and the Developer shall not be liable for any matters arising from the exercise of Developer rights by any subsequent holder of the Developer rights.

SECTION 15 ELIGIBLE MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, Eligible Mortgagees shall have the following rights and protections:

15.1 Consent to Certain Actions. Subject to Developer's rights under Section 14, the written consent of Eligible Mortgagees representing at least two-thirds (2/3) of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required to (i) abandon or terminate the Planned Community; (ii) change the allocations of voting rights, Common Expense obligations or interests in the Common Area; (iii) partition or subdivide a Unit; (iv) abandon, partition, subdivide, encumber or sell the Common Area; or (v) use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law. The granting of easements for public utilities consistent with the intended use of the Property will not be deemed a transfer within the meaning of this Section. Approval of an Eligible Mortgagee shall be implied if no response is received within thirty (30) days after such Eligible Mortgagee receives proper written notice of the proposal, provided it was sent by certified or registered mail with a "return receipt" requested.

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

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

15.4 Access to Books and Records/Audit. Owners, lenders and the holders and insurers of the first mortgage on any Unit shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours, and to receive upon written request, copies of the Association's annual reports and other financial statements.

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

15.5.1 a condemnation loss or any casualty loss which affects a material portion of the Property or the Unit securing the mortgage;

15.5.2 a sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of a Unit on which it holds a mortgage;

15.5.3 a lapse, cancellation or material modification of any insurance policy maintained by the Association; and

15.5.4 a proposed action which requires the consent of a specified percentage of Eligible Mortgagees.

SECTION 16 AMENDMENTS

This Declaration may be amended by recording an amendment in the office of the applicable county recording officer, subject to the following requirements:

16.1 Approvals. The amendment shall be approved as follows:

16.1.1 The amendment shall be approved by at least a two-thirds majority of the votes of all Owners either by voice vote at a meeting or in writing.

16.1.2 An amendment which affects any rights or obligations of the Developer shall also be approved in writing by the Developer so long as the Developer owns an unsold Unit.

16.2 Recording/Binding Effect. All amendments shall be recorded, and shall run with the Property and bind the Property for the same period and to the same extent as do the covenants and restrictions set forth herein.

16.3 Affidavit of Compliance. An affidavit by the President or Secretary of the Association as to the outcome of the vote or the execution of any written approvals shall be adequate evidence thereof for all purposes, including without limitation the recording of the amendment.

SECTION 17 INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Association, pursuant to the provisions of Minnesota Statutes 317A.521.

SECTION 18 MISCELLANEOUS

18.1 Governmental Assessments. If a City or any other governmental authority levies an assessment under the applicable Minnesota Statutes for public Improvements to property adjoining the Property, if such Improvements benefit substantially all of the Property, and if the assessment is levied against fewer than all of the Units, then the Board may, by a unanimous vote, assess and against those Units which were not assessed by the governmental authority a share of the assessment, and reimburse the owners of the Units against which the governmental

assessment was levied, such that all Units are paying a share of the assessment equal to their respective shares of general Common Expenses.

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

18.3 Interpretation. The Governing Document shall be construed in accordance with the laws of the state of Minnesota. Where applicable, the masculine gender of any word shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa. References to the Act, or any section thereof, shall be deemed to include any statutes amending or replacing the Act, and the comparable sections thereof.

18.4 Notices. Unless specifically provided otherwise in the Governing Documents or the Act, all notices required to be given by or to the Association, the Association officers, an Owner or Occupant, or a Member, shall be in writing and shall be effective upon hand delivery, or three business days following mailing if properly addressed with postage prepaid and deposited in the United States mail, except as expressly provided otherwise in the Governing Documents.

18.5 Conflicts Among Documents. In the event of any conflict among the provisions of the Act, the Declaration, the Bylaws or the Rules, the Act shall control unless it permits the documents to control. As among the Declaration, Bylaws and Rules, the Declaration shall control, and as between the Bylaws and the Rules, the Bylaws shall control. The Governing Documents shall control as against any contracts, covenants, regulations or similar instruments recorded against a Unit.

EXHIBIT A TO DECLARATION
WILDWOOD STATION TOWN OFFICES
DESCRIPTION OF PROPERTY AND COMMON PROPERTY

Property

Lots 1 through 7, inclusive, Wildwood Station, Washington County, Minnesota.

Common Area

Lot 7, Block 1, Wildwood Station, Washington County, Minnesota.

EXHIBIT B

**AMENDMENTS TO
DECLARATION
OF
WILDWOOD STATION
TOWN OFFICES**

There are no amendments to the Declaration at this time.

EXHIBIT C

BYLAWS

OF

WILDWOOD STATION

TOWNOFFICE ASSOCIATION

WILDWOOD STATION TOWNOFFICE ASSOCIATION

BYLAWS

SECTION 1.

The following are the Bylaws of Wildwood Station Townoffice Association, a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Chapter 317A of the Minnesota Nonprofit Act (the "Act") for the purpose of operating and managing Wildwood Station Townoffice (the "Project") created pursuant to the Act. The terms used in these Bylaws shall have the same meaning as they have in the Wildwood Station Townoffices Declaration of Covenants, Easements and Restrictions (the "Declaration").

SECTION 2. MEMBERSHIP

2.1 Members Defined. All Persons described as Owners in Section 3 of the Declaration shall be members of the Association. No Person shall be a member solely by virtue of holding a security interest in a Unit. A Person shall cease to be a member at such time as that Person is no longer an Owner.

2.2 Registration of Owners and Occupants. Each Owner shall register with the Secretary of the Association, in writing, within thirty (30) days after taking title to a Unit, (i) the name and address of the Owners and all Occupants of the Unit; (ii) whether the Unit is Owner-occupied and whether any other Occupant(s) occupy the Unit under a lease with the Owner; (iii) the Owner's interest in each Unit owned; (iv) the address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Unit address; (v) the name and address of the secured party holding the first mortgage on the Unit, if any; and (vi) the name of the Owner, if there are multiple Owners of the Unit, who shall be authorized to cast the vote with respect to the Unit and who shall be authorized to receive notices on behalf of the multiple Owners of the Unit. The Owner shall have a continuing obligation to advise the Association in writing of any changes in the foregoing information.

SECTION 3. MEMBER VOTING RIGHTS

3.1 Entitlement. Votes shall be allocated to each Unit as provided in the Declaration. However, no vote shall be exercised as to a Unit while the Unit is owned by the Association or by an Owner of a Unit the assessments for which are more than sixty (60) days past due.

3.2 Authority to Cast Vote. At any meeting of the Owners, an Owner included on the voting register presented by the Secretary in accordance with Section 4.6, or the holder of such Owner's proxy, shall be entitled to cast the vote which is allocated to the Unit owned by the Owner. If there is more than one Owner of a Unit, only one of the Owners may cast the vote. If

the Owners of a Unit fail to agree as to who shall cast the vote, or fail to register pursuant to Section 2.2, the vote shall not be cast.

3.3 Voting by Proxy. An Owner may cast the vote which is allocated to the Owner's Unit and be counted as present at any meeting of the Owners by executing a written proxy naming another Owner entitled to act on that Owner's behalf, and delivering the same to the Secretary before the commencement of any such meeting. All proxies granted by an Owner shall remain in effect until the earliest of the following events: (i) revocation by the granting Owner by written notice or by personally attending and voting at the meeting for which the proxy is effective, (ii) eleven (11) months after the date of the proxy, unless otherwise provided in the proxy, or (iii) the time at which the granting Owner is no longer an Owner.

3.4 Voting by Mail Ballot. The entire vote on any issue, except the removal of directors, may be determined by mailed ballots, subject to the following requirements:

- a. The notice of the vote shall: (i) clearly state the proposed action, (ii) indicate the number of responses needed to meet the quorum requirements, (iii) state the percentage of approvals necessary to approve each matter other than election of directors, and (iv) specify the time by which a ballot must be received by the Association in order to be counted.
- b. The ballot shall: (i) set forth each proposed action and (ii) provide an opportunity to vote for or against each proposed action.
- c. The Board shall set the time for the return of ballots, which shall not be less than fifteen (15) nor more than thirty (30) days after the date of mailing of the ballots to the Owners. The Board shall provide notice of the results of the vote to the Owners within thirty (30) days after the expiration of the voting period.
- d. Approval by written ballot under this Section is valid only if the number of votes cast by ballots equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast by mail in accordance with Section 3.4, shall decide all matters properly brought before the Owners, except where a different vote is specifically required by the Governing Documents or the Act. The term "majority" as used herein shall mean in excess of fifty percent (50%) of the votes cast at a meeting, in person or by proxy, or voting by mail, in accordance with the allocation of voting power set forth in the Declaration. Cumulative voting shall not be permitted.

SECTION 4. MEETING OF OWNERS

4.1 Place. All meetings of the Owners shall be held at the office of the Association or at such other place in the State of Minnesota reasonably accessible to the Owners as may be designated by the Board in any notice of a meeting of the Owners.

4.2 Annual Meetings. An annual meeting of the Owners shall be held in each fiscal year (twelve (12) month period), on a date, and at a reasonable time and place, designated by the Board. At each annual meeting of the Owners, (i) the Persons who are to constitute the Board shall be elected pursuant to Section 6, (ii) a report shall be made to the Owners on the activities and financial condition of the Association, and (iii) any other matter which is included in the notice of the annual meeting, and is a proper subject for discussion or decision by the Owners, shall be considered at the meeting.

4.3 Special Meeting. Special meetings of the Owners may be called by the President as a matter of discretion. Special meetings of the Owners shall be called by the President within thirty (30) days following receipt of the written request of a majority of the members of the Board or of Owners entitled to cast at least thirty percent (30%) of all the votes in the Association. The meeting shall be held within ninety (90) days following receipt of the request. The request shall state the purpose of the meeting, and the business transacted at the special meeting shall be confined to the purposes stated in the notice. The purpose for which the meeting is requested and held must be lawful and consistent with the Association's purposes and authority under the Governing Documents.

4.4 Notice of Meetings. At least twenty-one (21), but no more than thirty (30), days in advance of any annual meeting of the Owners, and at least seven (7), but no more than thirty (30), days in advance of any special meeting of the Owners, the Secretary shall send by United States mail, to all persons who are Owners as of the date of sending the notice, at the Owner's registered address, notice of the time, place and agenda of the meeting, and the procedures for appointing proxies. The notice shall also be sent to the Eligible Mortgagee, upon request, at the address provided by the Eligible Mortgagee. Any Eligible Mortgagee shall, upon request, be entitled to designate a representative to be present at any meeting. Notice of meeting to vote upon amendments to the Articles of Incorporation shall also be given separately to each officer and director of the Association.

4.5 Quorum/Adjournment. The presence of Owners in person or by proxy, who have the authority to cast in excess of fifty percent (50%) of all the votes in the Association shall be necessary to constitute a quorum at all meetings of the Owners for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. In the event of a lack of quorum at any duly called meeting, the Association shall reconvene such meeting within fifteen (15) days after the initial date of such meeting. Any meeting may be adjourned from time to time, but may be recalled any time within fifteen (15) days after such adjournment, without notice other than announcement at the meeting initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the

meeting as initially called had a quorum then been present. The Association may not be counted in determining a quorum as to any Unit owned by the Association.

4.6 Voting Register. The Secretary shall have available at the meeting a list of the Unit numbers, the names of the Owners, the vote attributable to each Unit and the name of the Person (in the case of multiple Owners) authorized to cast the vote.

4.7 Agenda. The agenda for meetings of the Owners shall be established by the Board, consistent with the Governing Documents, and shall be sent to all Owners along with the notice of the meeting.

SECTION 5. ANNUAL REPORT

The Board shall prepare an annual report on behalf of the Association to be mailed or delivered to each Owner together with the notice of the annual meeting. The report shall contain at a minimum:

- a. A statement of any capital expenditures in excess of two percent (2%) of the current budget or \$5,000, whichever is greater, approved by the Association for the current year or succeeding two fiscal years.
- b. A statement of the balance in any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.
- c. A copy of the statement of revenues and expenses for the Association's last fiscal year, and a balance sheet as of the end of said fiscal year.
- d. A statement of the status of any pending litigation or judgments to which the Association is a party.
- e. A detailed description of the insurance coverage provided by or on behalf of the Association.
- f. A statement of the total past due assessments on all Units, current as of not more than sixty (60) days prior to the date of the meeting.

SECTION 6. BOARD OF DIRECTORS

6.1 Number and Qualification. The affairs of the Association shall be governed by the Board. The first Board shall consist of the three (3) persons designated as directors in the Articles of Incorporation of the Association or appointed to replace them by the Developer. Upon the expiration of the Developer Control Period described in Section 6.2.a., the Board shall

be composed of six (6) directors, one appointed by the Owner or Owners of each Unit (which may include the Developer), subject to the following qualifications:

- a. If a Member is an entity rather than an individual, then the director shall be an authorized representative appointed by the entity.
- b. If a Unit has been subdivided into two or more parcels, thereby creating multiple Owners within the Unit, said Owners shall, collectively, have the right to appoint one director who shall exercise all the votes allocated to the entire Unit.

6.2 Term of Office. The terms of office of the members of the Board shall be as follows:

- a. Subject to Subsection b, the terms of all directors appointed by Developer as authorized by the Declaration shall terminate upon the earliest of (i) voluntary surrender of control by Developer, (ii) an Association meeting which shall be held within sixty (60) days after conveyance to Owners other than the Developer of seventy-five percent (75%) of the total number of Units authorized to be included in the Project or (iii) the date ten (10) years following the date of recording the Declaration. The term of office of any director elected to the first Board by Owners other than the Developer shall terminate at the same time as those appointed by Developer.
- b. The terms of office of the directors appointed by the Owners immediately following the termination of the terms provided for in Subsection (a) shall be one year and shall expire upon the appointment of a successor at a subsequent annual meeting of the Owners; provided, that a director shall continue in office until a successor is appointed. A director appointed to fill an uncompleted term shall serve until the natural termination of that term, unless removed in accordance with these Bylaws.

6.3 Powers. The Board shall have all powers necessary for the administration of the affairs of the Association, and may exercise for the Association all powers and authority vested in or delegated to the Association (and not expressly prohibited or reserved to the owners) by law or by the Articles of Incorporation or Bylaws of the Association or the Declaration. The powers of the Board shall include, without limitation, the power to:

- a. adopt, amend and revoke Rules not inconsistent with the Governing Documents, as follows: (i) regulating the use of the Common Area, (ii) regulating use of the Units, and the conduct of Owners and Occupants, and their guests, which may jeopardize the health, safety, or welfare of other Owners and Occupants, which involves noise or other disturbing activity, or which may damage other Units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the Common Area and conduct which may damage the Property, (v) regulating the exterior appearance of the Property, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a Unit; (vi) implementing the Governing Documents, and exercising the

powers granted by this Section; and (vii) otherwise facilitating the operation of the Property;

- b. adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for Common Expenses from Owners;
- c. hire and discharge managing agents and other employees, agents, and independent contractors;
- d. institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more Owners on matters affecting the Property or the Association, or, (ii) with the consent of the Owners of the affected Units on matters affecting only those Unit;
- e. make contracts and incur liabilities;
- f. regulate the use, maintenance, repair, replacement and modification of the Units and Common Area;
- g. maintain, repair, replace and improve the Common Area and any appurtenant easement if required under the terms thereof;
- h. acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, subject to the requirements of the Act for the conveyance or encumbrance of the Common Area;
- i. subject to approval by resolution of the Owners entitled to cast at least two-thirds (2/3) of the votes in the Association at a meeting duly called, grant public and other public or private easements, leases and licenses through, over or under the Common Area;
- j. impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Area, other than the Limited Common Area, and for services provided to Owners;
- k. impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Governing Documents and the Rules;
- l. impose reasonable charges for the review, preparation and recordation of amendments to the Declaration or Bylaws, statements of unpaid assessments, or furnishing copies of Association records;
- m. provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

- n. procure and maintain adequate liability and property insurance on all property owned by the Association;
- o. provide for reasonable procedures governing the conduct of meetings and the election of directors;
- p. appoint, regulate and dissolve committees;
- q. exercise any other powers conferred by law or the Governing Documents, or which are necessary and proper for the governance of the Association.

6.4 Meetings and Notices. An annual meeting of the Board shall be held promptly following each annual meeting of the Owners. At each annual meeting the officers of the Association shall be elected.

a. Regular meetings of the Board shall be held at least on a semiannual basis, at such times as may be fixed from time to time by a majority of the Board.

b. Special meetings of the Board shall be held when called (i) by the President of the Association, or (ii) by the Secretary within ten (10) days following the written request of any two (2) directors. Notice of any special meeting shall be given to each director not less than three (3) days in advance thereof, subject to Section 6.4.c. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the registered address of such director, or when personally delivered, orally or in writing, by a representative of the Board.

c. Any director may at any time waive notice of any meeting of the Board orally, in writing, or by attendance at the meeting. If all the directors are present at a meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

d. A conference among directors by a means of communication through which all directors may simultaneously hear each other during the conference is a board meeting if (i) the same notice is given of the conference as would be required for a meeting, and (ii) the number of directors participating in the conference is a quorum. Participation in a meeting by this means constitutes personal presence at the meeting..

6.5 Quorum and Voting. A majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting thereof. A quorum, once established, shall continue to exist, regardless of the subsequent departure of any directors. Each director shall have one vote. The vote of a majority of the directors present at any meeting at which a quorum is present shall be sufficient to adopt any action. Proxies shall not be permitted.

6.6 Action Taken Without a Meeting. Notwithstanding anything contained herein or implied hereby to the contrary, the Board shall have the right to take any action in the absence of a meeting which it could take at a meeting when authorized in writing signed by all the directors.

6.7 Vacancies. A vacancy in the Board shall be filled by a person appointed within thirty (30) days following the occurrence of the vacancy by the Member entitled to appoint the director. Each person so appointed shall serve out the term vacated.

6.8 Removal. A director may be removed from the Board, with or without cause, by the Member entitled to appoint the director at anytime by providing written notice to the Board from the Member; provided, that a replacement director is appointed simultaneously by the Member which appointed the director. A director may also be removed by the Board if (i) the Member which appointed the director is past due with respect to the payment of assessments or installments thereof against the Member's Parcel, or (ii) the director has had more than two (2) consecutive unexcused absences from Board meetings and/or Association meetings within any twelve (12) month period.

6.9 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, the directors of the Association shall receive no compensation for their services in such capacity. An Owner or Occupant, other than a member of the Board or an officer of the Association, or an entity in which such Owner or Occupant has an interest, may, upon approval by the Board, be retained by the Association and reasonably compensated for goods and services furnished to the Association in an individual capacity, and any liability associated with the provision of such goods or services shall be that of such Owner or Occupant or affiliated entity as fully as if the Association had retained an independent third party to provide such goods or services. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

SECTION 7. OFFICERS

7.1 Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board. The Board may from time to time elect such other officers and designate their duties as in their judgment may be necessary to manage the affairs of the Association. A person may hold more than one office simultaneously, except those of President and Vice President. All officers of the Association must be members of the Board.

7.2 Election. The officers of the Association shall be elected annually by the Board at its annual meeting and shall hold office at the pleasure of the Board.

7.3 Resignation and Removal. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause, and a successor elected, at any regular meeting of the Board, or at any special meeting of the Board called for that purpose. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.4 Vacancy. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

7.5 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board and the Association. The President shall have all of the powers and duties which are customarily vested in the office of president of a corporation, including without limitation the duty to supervise all other officers and to execute all contracts and similar obligations on behalf of the Association. The President shall have such other duties as may from time to time be prescribed by the Board.

7.6 Vice President. The Vice President shall take the place of the President and perform the duties of the office whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Board.

7.7 Secretary. The Secretary shall be responsible for recording the minutes of all meetings of the Board and the Association. The Secretary shall be responsible for keeping the books and records of the Association, and shall give all notices required by the Governing Documents or the Act unless directed otherwise by the Board. The Board may delegate the Secretary's administrative functions to a managing agent; provided that such delegation shall not relieve the Secretary of the ultimate responsibility for the Secretary's duties.

7.8 Treasurer. The Treasurer shall have responsibility for all financial assets of the Association, and shall be covered by a bond or insurance in such sum and with such companies as the Board may require. The Treasurer shall be responsible for keeping the Association's financial books, assessment rolls and accounts. The Treasurer shall cause the books of the Association to be kept in accordance with customary and accepted accounting practices and shall submit them to the Board for its examination upon request. The Treasurer shall cause all moneys and other monetary assets of the Association to be deposited in the name of or to the credit of the Association in depositories designated by the Board, shall cause the funds of the Association to be disbursed as ordered by the Board and shall perform all other duties incident to the office of Treasurer. The Board may delegate the Treasurer's administrative functions to a managing agent; provided that such delegation shall not relieve the Treasurer of the ultimate responsibility for the Treasurer's duties.

7.9 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, officers of the Association shall receive no compensation for their services in such capacity. An Owner or Occupant other than a member of the Board or an officer of the Association may, upon approval by the Board, be retained by the Association and reasonably compensated for goods and services furnished to the Association in an individual capacity. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

SECTION 8.
OPERATION OF THE PROPERTY

8.1 Assessment Procedures. The Board shall, at least sixty (60) days prior to the first day of the Association's fiscal year, prepare a budget of Common Expenses for the Association and assess and levy such Common Expenses against the Units according to their respective Common Expense liability as set forth in the Declaration. The annual budget shall include a general operating reserve, and an adequate reserve fund for maintenance, repair and replacement of the Common Area and those parts of the Units that must be maintained, repaired or replaced by the Association on a periodic basis.

a. The Board shall fix the amount of the annual assessment against each Unit and advise the Owners in writing of the assessment at least thirty (30) days prior to the date when the first installment thereof is due. The failure of the Board to timely levy an annual assessment shall not relieve the Owners of their obligation to continue paying assessment installments in the amount currently levied, as well as any increases subsequently levied.

b. If an annual assessment proves to be insufficient, the budget and assessments thereof may be amended, or a special assessment may be levied, by the Board at any time. The levy shall be deemed to occur upon the date specified in the resolution which fixes the assessment.

c. The Association shall furnish copies of each budget on which the Common Expenses and the assessment are based to an Owner or to any Eligible Mortgagee, upon request of such persons.

8.2 Payment of Assessments. Annual assessments shall be due and payable upon in quarterly installments in advance on the first (1st) day of each calendar quarter or other period for which the assessments are made, and special assessments shall be due when designated by the Board. All Owners shall be absolutely and unconditionally obligated to pay the assessments levied pursuant to the Governing Documents. No Owner or Occupant shall have any right of withholding, offset or deduction against the Association with respect to any assessments, or related late charges or costs of collection. Any rights or claims alleged by an Owner may be pursued only by separate action.

8.3 Default in Payment of Assessments. If any Owner does not make payment on or before the date when any assessment or installment thereof is due, subject to such grace periods as may be established, the Board may assess, and such Owner shall be obligated to pay, a late charge as provided in the Declaration for each such unpaid assessment or installment thereof, together with all expenses, including reasonable attorneys' fees, incurred by the Board in collecting any such unpaid assessment.

a. If there is a default of more than sixty (60) days in payment of any assessment, the Board may accelerate any remaining installments of the assessment upon ten (10)

days prior written notice thereof to the Owner, and the entire unpaid balance of the assessment and late charges shall become immediately due and payable in full.

b. The Board shall have the right and duty to attempt to recover all assessments for Common Expenses, together with any charges, attorneys' fees or expenses relating to the collection thereof.

c. Upon written request of an Owner or an Eligible Mortgagee of such Unit, notice of a default of more than thirty (30) days in payment of any assessment or installment of an assessment for Common Expenses or any other default in the performance of obligations by the Owner shall be given in writing to such Eligible Mortgagee.

d. The rights and remedies referred to herein shall in no way limit the remedies available to the Association under Declaration or by law.

e. Budgeted contributions to any replacement reserve account shall be fully funded to the extent practicable.

8.4 Foreclosure of Liens for Unpaid Assessments. The Association has the right to foreclose a lien against a Unit for assessments imposed by the Association, as more fully described in the Declaration.

8.5 Records. The Board shall cause to be kept at the registered office of the Association, and at such other place as the Board may determine, records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Owners of the Association, names of the Owners and Eligible Mortgagees, and detailed and accurate records of the receipts and expenditures of the Association. With the exception of records that may be privileged or confidential information, all Association records, including receipts and expenditures and any vouchers authorizing payments, shall be available for examination by the Owners and the Eligible Mortgagees upon reasonable notice and during normal business hours. Separate records shall be maintained for each Unit setting forth the amount of the assessments against the Unit, the date when due, the amount paid thereon and the balance remaining unpaid.

8.6 Enforcement of Obligations. All Owners and Occupants and their guests are obligated and bound to observe the provisions of the Governing Documents, the Rules and the Act. The Association may impose any or all of the charges, sanctions and remedies authorized by the Governing Documents, the Rules or Bylaws to enforce and implement its rights and to otherwise enable it to manage and operate the Association.

SECTION 9. AMENDMENTS

These Bylaws may be amended, and the amendment shall be effective, upon the satisfaction of the following conditions:

9.1 Approval. The amendment must be approved by Owners who have authority to cast at least two-thirds (2/3) of the total votes in the Association, in writing or at a duly held meeting of the Owners, subject to any approval rights of Eligible Mortgagees and the Developer as provided in the Declaration.

9.2 Notice. A copy of the proposed amendment and, if a meeting is to be held, notice of such meeting, shall be mailed by U.S. Mail, or hand delivered, to all Owners authorized to cast votes.

9.3 Effective Date; Recording. The amendment shall be effective on the date of approval by the required vote of the Owners and shall be in recordable form and shall have attached thereto a certificate signed by the Secretary of the Association certifying that the amendment was duly adopted as required by these Bylaws. The amendment may be recorded in the office of the recording officer for the county in which the Property is located.

SECTION 10. INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Association, pursuant to the provisions of Minnesota Statutes 317A.521.

SECTION 11. MISCELLANEOUS

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

11.2 Severability. The invalidity or unenforceability of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

11.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way limit or proscribe the scope of these Bylaws or the intent of any provision hereof.

11.4 Conflicts in Documents. In the event of any conflict among the provisions of the Act, the Declaration, the Bylaws or the Rules, the Act shall control unless it permits the documents to control. As among the Declaration, Bylaws and Rules, the Declaration shall control, and as between the Bylaws and the Rules, the Bylaws shall control.

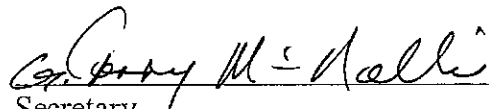
11.5 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

11.6 No Corporate Seal. The Association shall have no corporate seal.

11.7 Fiscal Year. The fiscal year of the Association shall be as determined by the Board.

The undersigned hereby executes these Bylaws and certifies that they were adopted by Wildwood Station Townoffice Association, a non-profit corporation incorporated under the laws of the State of Minnesota, effective as of the date hereof.

Dated: 12/19/04


Secretary
Wildwood Station Townoffice Association

THIS INSTRUMENT WAS DRAFTED BY:

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

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