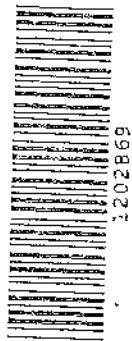


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STEARNS COUNTY RECORDER



# DECLARATION

OF

# SAUK RIVER VILLAS

DATED: July 24, 2006

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**Sauk River Villas  
Planned Community  
DECLARATION**

This Declaration is made in the County of Stearns, State of Minnesota, on this 24<sup>th</sup> day of July, 2006, by **Glasgow Land Development Company, LLC**, a Minnesota limited liability company, its successors and assigns (the "Declarant") and **Fuchs Construction, Inc.**, a Minnesota corporation ("Successor Declarant"), pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "Act") for the purpose of creating **Sauk River Villas** as a planned community.

**WHEREAS**, Declarant is the owner of certain real property located in Stearns County, Minnesota, legally described in EXHIBIT A attached hereto, and Successor Declarant is the owner of certain real property located in Stearns County, Minnesota legally described in Exhibit A1 attached hereto and Declarant and Successor Declarant desire to submit said property and all improvements thereon (collectively the "Property") to the Act as a planned community, and

**WHEREAS**, Declarant and Successor Declarant desire to establish on the Property, a plan for a permanent residential community to be owned, occupied and operated for the use, health, safety and welfare of its resident Owners and Occupants, and for the purpose of preserving the value, the structural quality, and the original architectural character of the Property, and

**WHEREAS**, Declarant and Successor Declarant desire to subject the Property to this Declaration to assist in assuring the architectural and aesthetic character of the Property and to ensure the health, safety and welfare of its resident Owners and Occupants, as well as providing limited services to the Owners and Occupants, and

**WHEREAS**, Declarant has incorporated, under the laws of the State of Minnesota, as a non-profit corporation, **Sauk River Villas Homeowners Association**, for the purpose of exercising the functions aforesaid.

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

**THEREFORE**, Declarant and Successor Declarant make this Declaration and submit the Property to the Act as a planned community under the name "**Sauk River Villas**" consisting of the Units referred to in Section 2, declaring that this Declaration shall constitute covenants to run with the Property, and that the Property, shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements, charges and liens set forth herein, all of which shall be binding upon all Persons owning or acquiring any right, title or interest therein, and their heirs, personal representatives, successors and assigns.

**SECTION 1**  
**DEFINITIONS**

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

- 1.1 "Act" shall mean the Minnesota Common Interest Ownership Act, Minnesota Statutes Chapter 515B, as amended.
- 1.2 "Assessments" shall mean and refer to all assessments levied by the Association pursuant to Section 6 of this Declaration, including annual assessments and special assessments.
- 1.3 "Association" shall mean **Sauk River Villas Homeowners Association**, a non-profit corporation which has been created pursuant to Chapter 317A of the laws of the State of Minnesota and Minnesota Statutes Section 515 B.3-101 of the Act, whose members consist of all Owners as defined herein.
- 1.4 "Board" shall mean the Board of Directors of the Association as provided for in the Bylaws.
- 1.5 "Bylaws" shall mean the Bylaws governing the operation of the Association, as amended from time to time.
- 1.6 "Common Areas" shall mean all parts of the Property except the Units, including all improvements thereon, owned by the Association for the common benefit of the Owners and Occupants. The Common Area is legally described in EXHIBIT B attached hereto.
- 1.7 "Common Expenses" shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including without limitation allocations to reserves and those items specifically identified as Common Expenses in the Declaration, Bylaws or Rules and Regulations.
- 1.8 "Dwelling" shall mean a part of a building consisting of one or more floors, designed and intended for occupancy as a single family residence, and located within the boundaries of a Unit. The Dwelling includes any garage attached thereto or otherwise included within the boundaries of the Unit in which the Dwelling is located.
- 1.9 "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.
- 1.10 "Governing Documents" shall mean this Declaration, the Articles of Incorporation, the Bylaws and Rules and Regulations of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.

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

1.12 "Occupant" shall mean any person or persons, other than an Owner, in possession of or residing in a Unit.

1.13 "Party Wall" shall mean the shared wall between two Dwellings.

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

1.15 "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, or other legal entity capable of holding title to real property.

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

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

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

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

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

## *SECTION 2*

### *DESCRIPTION OF UNITS, BOUNDARIES AND RELATED EASEMENTS*

2.1 Units. There are fourteen (14) Units. All Units are restricted exclusively to residential use. Each Unit constitutes a separate parcel of real estate. No additional Units may be created by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act. The Unit identifiers and locations of the Units are shown on the Plat, which is incorporated herein by reference, and a schedule of Units set forth on Exhibits A and A1 attached hereto. The Unit identifier for a Unit shall be a lot and block number and the subdivision name.

2.2 Unit Boundaries. The front, rear and side boundaries of each Unit shall be the boundary lines of the platted lot upon which the Dwelling is located or intended to be located as shown on the Plat. The Units shall have no upper or lower boundaries.

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

2.4 Use and Enjoyment Easements. Each Unit shall be the beneficiary of perpetual appurtenant easements for use and enjoyment on and across the Common Areas, subject to any restrictions authorized by the Governing Documents.

2.5 Utility and Maintenance Easements. Each Unit and the Common Area shall be subject to and shall be the beneficiary of perpetual appurtenant easements for all services and utilities servicing the Units and the Common Areas, and for maintenance, repair and replacement as described in Section 12. Such services and utilities specifically include, any irrigation system extending throughout the **Sauk River Villas** consisting of water control facilities, pumps, electrical and water distribution lines, and appurtenances thereto. The portions of the distribution system located within each lot are owned by the Owner but the Association shall be responsible for the maintenance and repair of the entire individual irrigation systems, as a Common Expense, and shall have an easement for access over and across all Lots and Properties for all things reasonably necessary to properly maintain, repair and care for the individual irrigation systems.

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

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

2.8 Recorded Easements. The Property shall be subject to such other easements as may be recorded against it or otherwise shown on the Plat.

2.9 Easements are Appurtenant. All easements and similar rights burdening or benefiting a Unit or any other part of the Property shall run with the land, and shall be permanent, subject only to termination in accordance with the Act or the terms of the easement. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Declaration.

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

2.11 Benefit of Easements. All easements benefiting a Unit shall benefit the Owners and Occupants of the Unit, and their family and guests. However, an Owner who has delegated the right to occupy the Unit to an Occupant or Occupants, either by a lease or otherwise, does not have the use and easement rights in the Property during such delegated occupancy, except as a guest of an Owner or Occupant or in connection with the inspection of the Unit or recovery of possession of the Unit from the Occupant pursuant to law.

**SECTION 3  
COMMON AREA**

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

- (a) All of the Property not included within the Units constitutes the Common Area. The Common Area includes those parts of the Property described in Exhibit B attached hereto or designated as Common Area on the Plat or in the Act. The Common Area is owned by the Association for the benefit of the Owners and Occupants.
- (b) The Common Area shall be subject to i) the easements referred to in the Declaration; ii) appurtenant easements for services, public and private utilities, access, use and enjoyment in favor of each Unit and its Owners or Occupants, iii) the right of the Association to establish reasonable Rules and Regulations governing the use of the Common Area.
- (c) Except as otherwise expressly provided in the Governing documents, all maintenance, repair, replacement, management and operation of the Common Area shall be the responsibility of the Association.
- (d) Common Expenses for the maintenance, repair, replacement, management and operation of the Common Area shall be assessed and collected from the Owners in accordance with Section 6.

**SECTION 4  
ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS**

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

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

4.2 Voting and Common Expenses. Voting rights and Common Expense obligations are allocated equally among the Units (each Unit shall have one vote); except that special allocations of Common Expenses shall be permitted as provided in Section 6.

4.3 Appurtenant Rights and Obligations. The ownership of a Unit shall include the voting rights and Common Expense obligations described in Section 4.2. Said rights, obligations and interests, and the title to the Units, shall not be separated or conveyed separately, and any conveyance, encumbrance, judicial sale, or other transfer of any allocated interest in a Unit, separate from the title to the Unit, shall be void. The allocation of the rights, obligations and interests described in this Section may not be changed, except in accordance with the Governing Documents.

4.4 Authority to Vote. 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 provisions of the Bylaws may cast such vote. The voting rights of Owners are more fully described in Section 3 of the Bylaws.

## *SECTION 5 ADMINISTRATION*

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

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

5.2 Operational Purposes. The Association shall operate and manage the Property for the purposes of:

- (a) Administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules and Regulations;
- (b) Maintaining, repairing and replacing those portions of the Property for which it is responsible; and
- (c) Preserving the value, and architectural uniformity and character, of the Property.



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

5.4 Bylaws. The Association shall have Bylaws. The Bylaws and any amendments thereto shall govern the operation and administration of the Association, and shall be binding on all Owners and Occupants.

5.5 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents; provided, however that such delegation shall not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law.

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

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

## *SECTION 6 ASSESSMENTS*

6.1 General. Assessments for Common Expenses shall be determined and assessed against the Units by the Board, in its discretion, subject to the requirements and procedures set forth in Section 6, and the requirements of the Bylaws. Assessments shall include annual assessments and may include special assessments under Section 6.3. Annual and special assessments shall be allocated among the Units equally according to the allocation formula set forth in Section 4.2.

6.2 Annual Assessments. Annual assessments shall be established and levied by the Board, subject to the limitations set forth hereafter. Each annual assessment shall cover all of the anticipated Common Expenses of the Association for that year which are to be shared equally by the Units in accordance with the allocations set forth in Section 4.2. Annual assessments under Section 6.2 shall be payable in equal monthly installments. Annual assessments shall provide, among other things, for an adequate reserve fund for the maintenance, repair and replacement of the Common Area and those parts of the Units for which the Association is responsible.

6.3 Special Assessments. In addition to annual assessments, and subject to the limitations set forth hereafter, the Board may levy in any assessment year a special assessment against all Units equally in accordance with allocation formula set forth in Section 4.2. Special assessments shall be used for the purpose of defraying in whole or in part the cost of any unforeseen and unbudgeted Common Expense.

6.4 Liability of Owners for Assessments. The obligation of an Owner to pay assessments shall commence at the time at which the Owner acquires title to the Unit, subject to the alternative assessment program described in Section 6.6. The Owner shall be responsible for ½ of the monthly assessment until the Owner's dwelling is completed, at which time the Owner shall be responsible for the entire monthly assessment each month. The Owner at the time an assessment is payable with respect to the Unit shall be personally liable for the share of the Common Expenses assessed against such Unit. Such liability shall be joint and several where there are multiple Owners of the Unit. The liability is absolute and unconditional. No Owner is exempt from liability for payment of 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 duties under the Governing Documents or the Act. The Association may invoke the charges, sanctions and remedies set forth in Section 13, in addition to any remedies provided elsewhere in the Governing Documents, the Rules and Regulations, or by law, for the purpose of enforcing its rights hereunder.

Fuchs Construction, Inc. shall be assessed one-half (½) of the monthly assessment for each completed but unsold dwelling. This obligation of Fuchs Construction, Inc. shall terminate upon the closing of the sale of the dwelling. In addition, Fuchs Construction, Inc. shall contribute to the Association's operating account on an annual basis an amount equal to the deficit between the amounts of the annual assessments collected and the Common Expenses incurred until such time as sufficient Units have been sold to cover said deficit.

6.5 Assessment Lien. The Association has a lien on a Unit for any assessment levied against that Unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines and interest charges imposed by the Association pursuant to the Governing Documents are liens, and are enforceable as assessments, under this Section. Recording of the Declaration constitutes record notice and perfection of any lien under this Section 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.

6.6 Foreclosure of Lien; Remedies. A lien for assessments may be foreclosed against a Unit under the laws of the State of Minnesota (1) 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, mortgage and convey any Unit so acquired. The Owner and any other Person claiming an interest in the Unit, by the acceptance or assertion of any interest in the Unit, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition 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.

6.7 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. Notwithstanding the foregoing, if (1) a first mortgage on a Unit is foreclosed, (2) the first mortgage was recorded on or after the date of recording of this Declaration, and (3) no Owner redeems during the Owner's period of redemption provided by Minnesota Statutes Chapters 580, 581, or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Unit subject to unpaid assessments for Common Expenses levied which became due, without acceleration, during the six (6) months immediately preceding the first day following the end of the Owner's period of redemption.

6.8 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. Any seller or buyer shall be entitled to a statement, in recordable form, from the Association setting forth the amount of the unpaid assessments against the Unit, including all assessments payable in the Association's current fiscal year, which statement shall be binding on the Association, seller and buyer.

## *SECTION 7*

### *RESTRICTIONS ON USE AND ALTERATIONS OF PROPERTY*

All Owners and Occupants, and all secured parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of a Unit, covenant and agree that, in addition to any other restrictions which may be imposed by the 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. 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 Subdivision Prohibited. Except as permitted by the Act, no Unit nor any part of the Common Area may be subdivided or partitioned without the prior written approval of all Owners and all secured parties holding first mortgages on the Units.

7.3 Residential Use. The Units shall be used by Owners and Occupants and their guests exclusively as private, single family residential dwellings, and not for transient, hotel, commercial, business or other non-residential purposes, except as provided in Section 7.4. Any lease of a Unit (except for occupancy by guests with the consent of the Owner) for a period of less than 7 days, or any occupancy which includes any services customarily furnished to hotel guests, shall be presumed to be for transient purposes.

7.4 Business Use Restricted. No business, trade, occupation or profession of any kind, whether carried on for profit or otherwise, shall be conducted, maintained or permitted in any Unit or the Common Areas except:

- (a) An Owner or Occupant residing in a Unit may maintain a home occupation in such Unit and handle matters relating to such home occupation by telephone, computer or correspondence therefrom; provided that such uses are incidental to the residential use, comply with applicable zoning restrictions and other laws, ordinances and regulations, do not involve physical alteration of the Unit visible from the exterior and do not involve any observable business activity such as signs, advertising displays, regular deliveries, or pedestrian or vehicle traffic to and from the Unit by customers or employees.
- (b) The Association may maintain offices on the Property for management and related purposes.
- (c) Declarant may maintain offices, sales facilities and other business facilities on the Property in connection with the exercise of its special declarant rights.

7.5 Leasing. Leasing of Units shall be allowed, subject to reasonable regulation by the Association, and subject to the following conditions:

- (a) No Unit shall be leased for transient or hotel purposes;
- (b) No Unit may be subleased;
- (c) All leases shall be in writing and shall be for a minimum of 12 months;
- (d) All leases shall provide that they are subordinate and subject to the provisions of the Governing Documents and the Rules and Regulations; and
- (e) Any failure of the lessee to comply with the terms of such documents shall be a default under the lease.

The Association may impose such reasonable Rules and Regulations as may be necessary to implement procedures for the leasing of Units, consistent with this Section.

7.6 Parking. Garages and parking areas on the Property shall be used only for parking of vehicles owned or leased by Owners and Occupants and their guests, and such other incidental uses as may be authorized in writing by the Association. Garages shall not be converted to other uses or used for storage or other purposes which would prevent the parking of automobiles in the garage. The use of garages, driveways, and other parking areas on the Property, and the types of vehicles and personal property permitted thereon, shall be subject to regulation by the Association, including without limitation the right of the Association to tow illegally parked vehicles or to remove unauthorized personal property.

7.7 Animals. No animal may be bred or kept or maintained for business or commercial purposes, anywhere on the Property. However, subject to the previous restriction, the Board shall have the exclusive authority to prohibit, or to allow and regulate, by Rules and Regulations, the keeping of animals on the Property. This authority may be exercised so as to permit or prohibit different types of animals, but those animals which are permitted shall be limited to common domestic house pets such as dogs, cats, fish, birds and the like. The word "animal" shall be construed in its broadest sense and shall include all living creatures except humans. No more than one (1) dog or one (1) cat shall be allowed in each unit. All animals must be confined within the dwelling in such a manner so as not to disturb the peaceful enjoyment of the other owners. Any animal causing or creating a nuisance or unreasonable disturbance, due to its noise or conduct, shall be permanently removed from the property at the expense of its owner. Dog kennels are prohibited. The owner of a pet shall be responsible for the immediate cleaning and removal of any excrement left by said pet, as well as any damage done by said pet. No dog shall be allowed outside of a dwelling unless it is on a leash.

7.8 Quiet Enjoyment; Interference Prohibited. All Owners and Occupants and their guests shall have a right of quiet enjoyment in their respective Units, and shall use the Property in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use of the Property by other Owners and Occupants and their guests. No substance, thing, or material may be kept on the Property if that material emits foul or obnoxious odors, or will cause any noise that will or might disturb the peace, quiet, comfort or serenity of neighbors. Unit Owners, Occupants, or guests shall not make noises, play instruments, or operate radios, televisions or amplifiers in a way that disturbs other residents of the Property.

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

7.10 Alterations. Except for those made by Successor Declarant in consideration of its initial sale of a Unit, no alterations, changes, improvements, repairs or replacements of any type, temporary or permanent, structural, aesthetic or otherwise (collectively referred to as "alterations") shall be made, or caused or allowed to be made, by any Owner or Occupant, or their guests in any part of the Common 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. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied. The maintenance of any alteration or addition to the original improvements, such as any add-on to the standard patio, shall be the responsibility of the Owner or its successor.

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

7.12 Access to Units. In case of emergency, all Units are subject to entry, without notice and at any time, by an officer or member of the Board of the Association, by the Association's management agents or by any public safety personnel. Entry is also authorized for maintenance purposes under Sections 9 and 12 and for enforcement purposes under Section 13.

7.13 No Unsightly Activities. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out on any portion of a Unit so as to be visible from outside the Dwelling, nor shall a clothesline, including retractable, be installed or maintained anywhere on the exterior areas of the Unit.

7.14 Outside Storage. Outside storage of any items including, without limitation, sporting equipment, toys, camping equipment, garbage, trash, or cooking equipment (except seasonal furniture and one gas or covered charcoal grill per Unit) shall only be allowed with the prior written approval of the Association. Notwithstanding the above, outside storage of said items shall be allowed if contained within one low profile storage container, which shall be allowed.

7.15 Vehicle Storage. No boats, snowmobiles, trailers, camping vehicles, buses, camper tops, all terrain vehicles, tractor/trailers, trucks in excess of 9,000 pounds, or unlicensed or inoperable vehicles shall at anytime be stored or parked on any part of the Unit or Property except inside the garage and out of view of others.

7.16 Repairs to Vehicles. Except for emergency repairs, no repairs or adjustments to motor vehicles may be completed on the Property or on the Unit except in the garage out of view of others and only on vehicles registered to the Owners or Occupants of the Unit.

7.17 Landscaping. No sod, soil, sand, or gravel shall be sold or removed from any part of the Unit or the Property. No landscaping of any kind may be done without the prior written consent of the Association in accordance with Section 8. No tree or shrub on a Unit shall be destroyed or removed except as approved in writing by the Association. Any additional plantings requested by an Owner and authorized by the Association shall be maintained by said Owner or successor.

7.18 Hazardous Materials. No storage of hazardous or flammable materials on the Property shall be allowed except for reasonable quantities of usual household materials.

7.19 No Discharge of Firearms. No discharging of firearms or hunting shall be allowed on any portion of the Property.

7.20 Signs. No advertisement, poster or sign of any sort, except a step-down "for sale" sign which shall be allowed, may be placed on the exterior of a Unit or in a window such that it could be seen from the outside except as authorized by the Association.

7.21 No Additional Equipment Installed. No additional air conditioning equipment or other equipment may be installed on the exterior of a Dwelling without the prior written consent of the Association. No exterior television, radio, satellite or microwave antenna of any sort may be erected upon the exterior of a Dwelling or upon any area of a Unit without the Association's prior written consent.

7.22 No Window Alterations. No film or coating may be applied to the interior or exterior of a window which may darken, make reflective, or alter the color or appearance of a window as viewed from outside.

7.23 Well. No independent water wells are permitted, except the irrigation system well owned by the Association.

7.24 Solid Waste. All solid waste shall be disposed of in accordance with the applicable ordinances. There shall be no accumulation of garbage or refuse upon any Unit in **Sauk River Villas** and the same shall be removed at periodic intervals of at least weekly. Storage containers for waste materials must be within the dwelling or garage, excepting only the day of scheduled refuse pickup. Construction or remodeling debris shall be removed within one week if the materials are not within enclosures or dwelling or garage excepting only initial construction. Waste or refuse may not be burned on site within or without the dwelling or garage including heating appliances or fireplaces.

7.25 Brush Piles. No Unit shall maintain any form of brush pile, compost pile, or any waste debris collection site.

7.26 Restriction Against Further Subdivision. No Unit shall be subdivided or separated into a smaller parcel, provided that this restriction shall not prohibit deeds for correction or deeds to adjust boundary lines between adjoining Lots where no additional parcel is created or similar or corrective instruments.

7.27 Fencing. There shall be no fencing allowed on any Units, except with the prior written approval of the Declarant or the Association.

7.28 Ponds, Wetlands, and Trees. Ponds, marshes, wetlands areas, vegetation, and trees, whether located on the Units or in the Common Area, and whether natural or otherwise, shall be maintained in substantially the same condition as originally established, subject only to i) changes authorized by the association consistent with all statutes, requirements, rules and regulations imposed on such areas and items by governmental authorities having jurisdiction and

ii) the prior approval of any such governmental authorities, if required. No cutting, mowing, trimming, draining, dredging or other alterations of such areas and items shall be permitted except as authorized by this Section 7.28, it being the intention that such areas and items remain and be maintained in substantially their condition as of the date of recording of this Declaration, and subject to natural changes.

7.29 Additional Rules and Regulations. The Association may adopt additional rules and regulations regarding the use and enjoyment of the Property; provided, no such rules or regulations may contradict the express provisions of the Governing Documents of the Association.

### *SECTION 8 ARCHITECTURAL STANDARDS*

8.1 Restrictions on Alterations. One of the purposes of this Declaration is to ensure that those parts of the Units which are visible from the exterior be kept architecturally attractive and uniform in appearance. The following restrictions and requirements shall apply to alterations on the Property:

- (a) Except as expressly provided in this Section, and except for alterations made by Successor Declarant in consideration of its initial sale of a Unit, no structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, antenna or other type of sending or receiving apparatus, sign, display, decoration, color change, shrubs or trees, material topographical or landscaping change, nor any other exterior improvements to or alteration of any Dwelling or any other part of a Unit which is visible from the exterior of the Unit which affects the Common Area or another Unit, or (collectively referred to as "alterations"), shall be commenced, erected or maintained in a Unit, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing by the Board of Directors or a committee appointed by it. Successor Declarant's written consent shall also be required for alterations until Successor Declarant no longer owns any unsold Unit and has no further rights to add Additional Real Estate to the Property.
- (b) The Board may appoint and supervise an architectural committee, and specifically delegate to it part or all of the functions which the Board exercises under this Section 8, in which case the references to the Board shall refer to the architectural committee where appropriate. The architectural committee shall be subject to the supervision of the Board.
- (c) The Board shall establish the criteria for approval of alterations, which shall include and require, at a minimum:



- (1) Substantial uniformity of color, size, location, type and design in relation to existing dwellings and topography;
  - (2) Comparable or better quality of materials as used in existing dwellings;
  - (3) Ease of maintenance and repair;
  - (4) Adequate protection of the Property, the Association, Owners and Occupants from liability and liens arising out of the proposed alterations;
  - (5) Substantial preservation of other Owners' sight lines, if material; and
  - (6) Compliance with governmental laws, codes and regulations.
- (d) Successor Declarant's construction in connection with the initial sale of Units owned by it is exempt from Section 8, except for Section 14.1.
- (e) 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 alterations are approved, notwithstanding any contrary requirement in the Governing Documents or the Act. A file of the resolution approving all alterations shall be maintained permanently as a part of the Association's records.

The Board, or the appointed committee as so authorized by the Board, shall be the sole judge of whether the criteria are satisfied.

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

- (a) Detailed plans, specifications and related information regarding any proposed alterations, in form and content acceptable to the Board of Directors, shall be submitted to the Board of Directors at least sixty (60) days prior to the projected commencement of construction. No alterations shall be commenced prior to approval.
- (b) The Board of Directors shall give the Owner written notice of approval or disapproval. If the Board fails to approve or disapprove within sixty (60) days after receipt of said plans and specifications and all other information requested by the Board of Directors, then approval will not be required, and this Section shall be deemed to have fully complied with so long as the alterations are done in accordance with the plans, specifications and related information which were submitted.
- (c) If no request for approval is submitted, approval shall be deemed to be denied.

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

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

## *SECTION 9 MAINTENANCE*

9.1 Maintenance by Association. For the purpose of preserving the architectural character, quality, and uniform and high standards for appearance of the Property, the Association shall provide for all exterior repair or maintenance including buildings, sidewalks, and driveways, lawn and sprinkler system maintenance on all Units, watering of lawns, trees, bushes, excluding plantings made by the Owner, which shall be the responsibility of the Owner, or its successor, and as well as snow removal from the driveways and sidewalks of all Units. The Association's obligations shall exclude any other items not specifically referred to in this Section, unless otherwise approved under Section 9.2. The Association shall have easements as described in Section 12 to perform its obligations under this Section 9.

9.2 Optional Maintenance by Association. In addition to the maintenance described in Section 9.1, the Association may, with the approval of a majority of votes cast in person or by proxy at a meeting called for such purposes, undertake to provide additional exterior maintenance to the Units or Dwellings, or maintenance of water and sewer systems within the Units.

9.3 Maintenance by Owner. Except for the maintenance required to be provided by the Association under Section 9.1 or 9.2, all other maintenance of the Dwellings and Units shall be the sole responsibility and expense of the Owners. However, the Owners and Occupants shall have a duty to promptly notify the Association of defects in or damage to those parts of the Property which the Association is obligated to maintain. The Association may require that any

exterior maintenance to be performed by the Owner be accomplished pursuant to specific uniform criteria established by the Association. The Association may also undertake any exterior maintenance, which the responsible Owner fails to or improperly performs, and assess the Unit and the Owner for the cost thereof, if the Owner has been provided written notice at least 60 days prior to the Association acting. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Unit.

The Owner shall be responsible for watering the trees, shrubs, and flowers in the Owner's Unit not within the sweep of the common irrigation system and those trees, shrubs, and flowers planted by Owner or Owner's predecessors in title.

9.4 Damage Caused by Owner. Notwithstanding any provision to the contrary in this Section, if, in the judgment of the Association, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of an Owner or Occupant, or their guests, or by a condition in a Unit which the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected (and enter the yard area of upon any Unit to do so), and the cost thereof may be charged and assessed against the Unit of the Owner responsible for the damage. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Unit.

#### *SECTION 10 INSURANCE*

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

- (a) Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent (100%) of the insurable "replacement cost" of the Property, less deductibles, exclusive of land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery).
- (b) Comprehensive public liability insurance covering the use, operation and maintenance of the Common Area, with minimum limits as determined by the Board of Directors, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property.
- (c) Directors and officers liability insurance, if approved by the Board, with such reasonable limits and coverages as the Board shall determine from time to time.

- (d) Such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners.

10.2 Premiums, Improvements, and Deductibles. All insurance premiums shall be assessed and paid as an annual Assessment, and allocated among the Units as determined by the Board consistent with the Governing Documents. The insurance need not cover improvements to the Units installed by Owners, but if improvements are covered, any increased costs may be assessed against the Units affected. The Association may, in the case of a claim for 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 Owners of the Units affected to pay the deductible amount directly.

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

10.4 Cancellation, Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for any reason without at least thirty (30) days prior written notice to the Association.

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

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

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

10.8 Owner's Personal Insurance. Each Owner may, and is encouraged to, obtain additional personal insurance coverage at his or her own expense covering fire and other casualty to the Unit, personal property, or personal liability. All insurance policies maintained by Owners shall provide that they are without contribution as against the insurance purchased by the Association.

**SECTION 11**  
**RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN**

11.1 Reconstruction. The obligations and procedures for the repair, reconstruction, or disposition of the Property, following damage or destruction thereof, shall be governed by the Act. The Association shall have all authority necessary to cause the Property to be reconstructed, including without limitation the authority:

- (a) To require the Owners to enter into reconstruction contracts on their respective Units; or
- (b) To contract for the reconstruction of the Units on behalf of the Owners.

Notice of substantial damage or destruction shall be given pursuant to Section 16.10.

11.2 Condemnation and Eminent Domain. In the event of a taking of any part of the Property by condemnation or eminent domain, the provisions of the Act shall govern; provided:

- (a) That notice shall be given pursuant to Section 16.10. Eligible Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by the Governing Documents, as their interests may appear;
- (b) That the Association shall be the attorney-in-fact to represent the Owners in any related proceedings, negotiations, settlements or agreements; and
- (c) That any awards or proceeds shall be payable to the Association for the benefit of the Owners, and the mortgagees, of their Units.

11.3 Termination and Liquidation. The termination of the common interest community, and the distribution of any proceeds therefrom, shall be made to Owners and their mortgage holders, as their interests may appear, as provided in the Act.

11.4 Notice. The Association shall give written notice of any condemnation proceedings or substantial destruction of the Property to an Eligible Mortgagee entitled to notice pursuant to Section 16.10.

11.5 Association Authority. In all cases involving reconstruction, condemnation, eminent domain, termination or liquidation of the common interest community, the Association shall have authority to act on behalf of the Owners in all proceedings, negotiations and settlement of claims. All proceeds shall be payable to the Association to hold and distribute to the benefit of the Owners and their mortgage holders, as their interest may appear.

## ***SECTION 12 EASEMENTS***

12.1 Easement for Encroachments. Each Unit and the Common Areas, and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Units for fireplaces, walls, roof overhangs, air conditioning systems, decks, balconies, porches, patios, utility installations and other appurtenances (i) which are part of the original construction of the adjoining Unit or the Property or (ii) which are added in compliance with Section 8. If there is an encroachment by a Dwelling, or other building or improvement located in a Unit, upon another Unit or Dwelling as a result of the construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, an appurtenant easement for the encroachment, for the use, enjoyment and habitation of any encroaching Dwelling, building or improvement, and for the maintenance thereof, shall exist; provided, that with respect to improvements or alterations added pursuant to Section 8, no easement shall exist unless the same have been approved, and the proposed improvements constructed, as required by this Declaration. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

12.2 Easement for Maintenance, Repair, Replacement and Reconstruction. Each Unit, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on and over the Units for the purposes of maintenance, repair, replacement and reconstruction of the Dwellings and other improvements located within the Units to include the irrigation systems, and utilities serving the Units, to the extent necessary to fulfill the Association's obligations under the Governing Documents.

12.3 Utility Easements. The Property shall be subject to non-exclusive, appurtenant easements in favor of all public utility companies and other utility providers for the installation, use, maintenance, repair and replacement of all utilities, such as natural gas, electricity, cable TV and other electronic communications, water, sewer, septic systems, wells, and similar services, and metering and control devices, which exist or are constructed as part of the development of the Property or the Additional Real Estate, or which are referred to in the Plat or otherwise described in this Declaration or any other duly recorded instrument. Each Unit, and the rights of the Owners and Occupants thereof, shall also be subject to a non-exclusive, appurtenant easement in favor of the other Units for all such utilities and services; provided, that the utilities and services shall be installed, used, maintained and repaired so as not to interfere with the use and quiet enjoyment of the Units by the Owners and Occupants, nor affect the structural or architectural integrity of the Units or Dwellings.

12.4 Emergency Access to Units. In case of an emergency, all Units and the Common Area are subject to an easement for access, without notice and at any time, by an officer or member of the Board, by the Association's management agents or by any public safety personnel. The Board may require that an Owner or Occupant leave keys to the Unit with another Owner of his or her choice and to advise the manager or Board of the locations of the keys, so as to allow access for emergencies when the Owner or Occupant is absent for extended periods.

12.5 Project Sign Easements. Declarant shall have the right to erect and maintain monument signs identifying the common interest community and related decorative improvements on the Common Area. Those parts of the Property on which monument signs or related decorative improvements are located shall be subject to appurtenant, exclusive easements in favor of the Association for the continuing use, maintenance, repair and replacement of said signs and improvements. In exercising its rights under said easements, the Association shall take reasonable care to avoid damaging the improvements to the Property,

12.6 Roadway Access Easements. The Common Areas shall be subject to an appurtenant easement for roadway access in favor of the Owners and Occupants of any part of the Additional Real Estate which is not added to the Property, and which Declarant has no further right to add to the Property, over those parts of the Common Area which are paved and dedicated to use as connecting streets.

12.7 Continuation and Scope of Easements. Notwithstanding anything in this Declaration to the contrary, in no event shall an Owner or Occupant be denied reasonable access to his or her Unit or the right to utility services thereto. The easements set forth in this Section 12 shall supplement and not limit any easements described elsewhere in this Declaration or recorded, and shall include reasonable access to the easement areas through the Units and the Common Areas for purposes of maintenance, repair and replace the utility lines and related equipment.

### *SECTION 13 COMPLIANCE AND REMEDIES*

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

13.1 Entitlement to Relief. The Association may commence legal action to recover sums due, for damage, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Owner to enforce compliance with the Governing Documents, the Rules and Regulations or the decisions of the

Association. Owners may also enforce compliance with the Governing Documents, the Rules and Regulations, or by a private legal action, independent of this Section. No Owner may withhold any assessments payable to the Association, or take or omit other action in violation of the Governing Documents or the Rules and Regulations as a measure to enforce such Owner's position, or for any other reason.

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

- (a) Commence legal action for damages or equitable relief in any court of competent jurisdiction;
- (b) Impose late charges of up to the greater of \$20 or 15% of the amount past due, for each past due assessment or installment thereof, and impose interest up to the highest rate permitted by law accruing beginning on the first day of the month after the assessment or installment was due.
- (c) In the event of default of more than 30 days in the payment of any assessment or installment thereof, all remaining installments of assessments assessed against the Unit owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent assessments, together with all costs of collection and late charges are not paid in full prior to the effective date of the acceleration. Not less than ten (10) days advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.
- (d) Impose reasonable fines, penalties or charges for each violation of the Governing Documents or the Rules and Regulations of the Association.
- (e) Suspend the rights of any Owner to vote when the Assessments due with respect to the Owner's Unit are past due, and suspend the rights of any Owner or Occupant and their guests to use any Common Area amenities; provided, that the suspension of use rights shall not apply to those portions of the Common Area providing utilities, service and access to the Unit. Such suspensions shall be limited to periods of default by such Owners and Occupants and obligations under the Governing Documents, and for up to thirty (30) days thereafter, for each violation.
- (f) Restore any portions of the Common Area damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents, and to assess the costs of such restoration against the responsible Owners and their Units.



- (g) Enter any Unit in which, or as to which, a violation or breach of the governing Documents exists which is likely to materially affect the health or safety of the other Owners or Occupants, or their guests, or the safety or soundness of any Dwelling or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit which is causing the violation; provided, that any improvements which are a part of a Unit may be altered or demolished only pursuant to a court order or with the agreement of the Owner
- (h) Foreclose any lien arising under the provisions of the Governing Documents or under law.
- (i) Take any other action permitted by the Governing Documents.

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

13.4 Lien for Charges, Penalties, Etc. Any assessments, charges, fines, penalties or interest imposed under this Section shall be a lien against the Unit of the Owner or Occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as assessments under Section 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 Association's right to pursue any others.

13.5 Cost of Proceeding and Attorneys Fees. With respect to any collection measures, or any measures or action, legal, administrative or otherwise, which the Association takes to enforce the provisions of the Governing Documents or the Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her Unit with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorneys fees and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association. Attorney fees shall be available to the Association whether or not court action is necessary. Such expenses shall also include any collection or contingency fees or costs charged to the Association

by a collection agency or other Person acting on behalf of the Association in collecting any delinquent amounts owed to the Association by an Owner or Occupant. Such collection or contingency fees or costs shall be the personal obligation of such Owner and shall be a lien against such Owner's Unit.

13.6 Liability for Owners' and Occupants' Acts. An Owner shall be liable for the expense of any maintenance, repair or replacement of the Property rendered necessary by such Owner's acts or omissions, or by that of Occupants or guest in the Owner's Unit, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Owner or Occupant. However, any insurance deductible amount and/or increase in insurance rates, resulting from the Owner's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Unit.

13.7 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of other Owners to enforce the provisions of the Governing Documents or the Rules and Regulations. Individual Owners who take action to enforce the provisions of the Governing Documents or the Rules and Regulations shall also be entitled to attorney's fees and their costs incurred in such enforcement from the Owner violating the Governing Documents and/or the Rules and Regulations.

#### *SECTION 14 SPECIAL DECLARANT RIGHTS*

Successor Declarant hereby reserves an exclusive and unconditional authority to exercise the following special declarant rights for as long as it owns a Unit, or for such shorter period as may be specifically indicated:

14.1 Complete Improvements. To complete all the Units and other improvements indicated on the Plat, or otherwise included in Declarant's development plans or allowed by the Declaration, and to make alterations in the Units and Common Areas to accommodate its sales facilities or to exercise any special declarant rights.

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

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

14.4 Easements. To have and use easements, for itself, its employees, contractors, representatives, agents and prospective purchasers through and over the Common Area for the purpose of exercising its special declarant rights.

14.5 Control of Association. To control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board until the earliest of:

- (a) Voluntary surrender of control by Declarant;
- (b) An Association meeting which shall be held within 60 days after conveyance to Owners other than a Declarant of 75% of the total number of Units authorized to be included in the Property; or
- (c) The date 5 years following the date of the first conveyance of a Unit to an Owner other than a Declarant.

Notwithstanding the foregoing, the Owner other than a Declarant shall have the right to nominate and elect not less than one-third (1/3) of the Directors at a meeting of the Owners which shall be held within sixty (60) days following the conveyance by Declarant of fifty percent (50%) of the total number of Units authorized to be included in the Property.

14.6 Consent to Certain Amendments. As long as Successor Declarant owns any unsold unit, Successor Declarant's written consent shall be required for any amendment to the Governing Documents or Rules and Regulations.

## *SECTION 15 AMENDMENTS*

15.1 Approval Requirements. Except for amendments by Declarant or Successor Declarant pursuant to Sections paragraph 515B.2-111 and 515B.2-112(c), this Declaration may be amended by the consent of:

- (a) Owners of Units to which are allocated at least sixty-seven percent (67%) of the votes in the Association;
- (b) The percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 16.1 as to matters prescribed by said Section; and
- (c) The consent of Successor Declarant to certain amendments as provided in Section 14.6.

15.2 Procedures. Consent 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 Declarant shall be in writing. The Amendment shall be effective when recorded. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

*SECTION 16*  
*RIGHTS OF ELIGIBLE MORTGAGEES*

Notwithstanding anything to the contrary in the Governing Documents, and subject to any greater requirements of other laws, Eligible Mortgagees shall have the following rights and protections:

16.1 Consent to Certain Amendments. The written consent of Eligible Mortgagees representing at least fifty-one percent (51%) of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per Unit financed) shall be required for any amendment to the Governing Documents which causes any change in the following:

- (a) Voting rights;
- (b) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or priority of assessment liens;
- (c) Responsibility for maintenance and repairs;
- (d) Expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property;
- (e) Hazard or fidelity insurance requirements;
- (f) Reductions in reserves for maintenance, repair and replacement of the Common Areas;
- (g) Reallocation of interests in the Common Areas, or rights to their use;
- (h) Redefinition of any Unit boundaries;
- (i) Imposition of any restrictions on an Owner's right to sell or transfer his or her Unit;
- (j) A decision by the Association to establish self management when professional management is in effect as required by an Eligible Mortgagee;
- (k) Restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents;
- (l) Any action to terminate the legal status of the association after substantial destruction or condemnation occurs; or

- (m) Any provisions that expressly benefit mortgage holders, or insurers or guarantors of mortgages.

16.2 Consent to Certain Actions. The written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Units that are subject to first mortgages (based upon one vote per first mortgage owned) shall be required to:

- (a) Abandon or terminate the common interest community;
- (b) Change the allocations of voting rights, the expense, the obligations or interests in the Common Area;
- (c) Partition or subdivide a Unit except as permitted by statute;
- (d) Abandon, partition, subdivide, encumber or sell the Common Areas; or
- (e) Use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property, except as is otherwise provided by law.

16.3 Subdivision. No Unit may be partitioned or subdivided.

16.4 No Right of First Refusal. The right of an Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restrictions.

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

- (a) Except as provided in Section 6.7; and
- (b) Except that any unpaid assessments or charges with respect to the Unit may be reallocated among all Units in accordance with their interests in the Association.

16.6 Priority of Taxes and Other Charges. All taxes, assessments and charges which may become liens prior to the first mortgage under state law, shall relate only to the individual Units and not to the Property as a whole.

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

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

16.9 Access to Books and Records/Audit. Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours, and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within one hundred twenty (120) days of the end of the Association's fiscal year.

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

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

## *SECTION 17* *PARTY WALL*

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

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

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

17.4 Heating. For the purpose of preventing damage to a party wall and any utility services therein, which might result in damage to an adjoining unit, all Owners shall maintain a temperature in their Units at all times at least 55 degrees fahrenheit (or such other reasonable temperature or standard as the Board of Directors may from time to time specify by written rule) subject, however, to the inability to maintain such temperature due to causes beyond the Owner's reasonable control. Any damage resulting from the refusal or the failure of an Owner to maintain such minimum temperature may be repaired by the Association and the cost thereof assessed against the Unit of the refusing or failing Owner. The Association may by rule require units which are unoccupied for substantial periods of time during the winter months to use alarms which detect abnormally low temperatures.

17.5 Weatherproofing. Notwithstanding any other provision of this Section, any Owner who, by his or her negligent or willful act, causes a party wall to be exposed to elements shall bear the whole cost of the repairs necessary for protection against such elements.

17.6 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.

17.7 Arbitration. In the event of a dispute between two or more Owners concerning a party wall, and if the same is not resolved within thirty (30) days of the event causing the dispute, the matter shall be submitted to binding arbitration under the rules of the American Arbitration Association, upon the written demand of the Association or any Owner whose Dwelling shares the party wall. Notwithstanding the foregoing, the parties shall use only one

arbitrator unless they unanimously agree to more arbitrators. The Association may elect to become a party to an arbitration between Owners, but cannot be compelled to be a party. Each party agrees that the decision of the arbitrator(s) shall be final and conclusive of the questions involved. The fees of the arbitrators(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 18**  
**MISCELLANEOUS**

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

18.2 Construction. Where applicable the masculine gender of any word used herein shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa.

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

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

18.5 Conflicts Among Documents. In the event of any conflict among the provisions of the Declaration, the Bylaws or any Rules and Regulations approved by the Association, the Declaration shall control, and as between the Bylaws and the Rules and Regulations, the Bylaws shall control.

18.6 Duration of Covenants. The covenants, conditions, restrictions, easements, liens and charges contained in this Declaration shall be perpetual, subject only to termination as provided in this Declaration.





**SAUK RIVER VILLAS**  
**EXHIBIT A TO DECLARATION**  
**LEGAL DESCRIPTION OF PROPERTY**  
**OWNED BY DECLARANT**

Lots 1 through 6 and Lots 9 through 15, Block 1, BUEITNER'S RIDGEWOOD ESTATES  
14<sup>TH</sup> ADDITION, according to the plat and survey thereof on file and of record in the Office of  
the County Recorder, Stearns County, Minnesota.

**SAUK RIVER VILLAS**

**EXHIBIT A1 TO DECLARATION**

**LEGAL DESCRIPTION OF PROPERTY**

**OWNED BY SUCCESSOR DECLARANT**

Lot 7, Block 1, BUETTNER'S RIDGEWOOD ESTATES 14<sup>th</sup> ADDITION, according to the plat and survey thereof on file and of record in the Office of the County Recorder, Stearns County, Minnesota.

SAUK RIVER VILLAS  
EXHIBIT B TO DECLARATION  
COMMON AREA

Lot 15, Block 1, BUETTNER'S RIDGEWOOD ESTATES 14<sup>TH</sup> ADDITION, according to the plat and survey thereof on file and of record in the Office of the County Recorder, Stearns County, Minnesota

**CONSENT TO DECLARATION**

Leo Buettner and Gloria Buettner, husband and wife, purchased Lot 8, Block 1, BUETTNER'S RIDGEWOOD ESTATES 14<sup>th</sup> ADDITION, Stearns County, Minnesota. Fuchs Construction, Inc., on July 24, 2006.

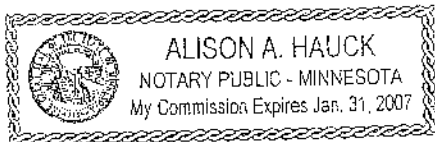
We hereby consent to the attached Declaration of Sauk River Villas and agree that Lot 8, Block 1, BUETTNER'S RIDGEWOOD ESTATES 14<sup>th</sup> ADDITION, Stearns County, Minnesota shall be subject to and bound by the provisions of said Declaration.

Leo Buettner  
Leo Buettner

Gloria Buettner  
Gloria Buettner

STATE OF MINNESOTA    )  
  )ss.  
COUNTY OF STEARNS    )

The forgoing instrument was acknowledged before me this 31<sup>st</sup> day of July, 2006, by Leo Buettner and Gloria Buettner, husband and wife.



Alison A. Hauck  
Notary Public

## **EXHIBIT D**

Articles of Incorporation

N P O K



ARTICLES OF INCORPORATION

OF

SAUK RIVER VILLAS HOMEOWNERS ASSOCIATION

The undersigned, being of legal age, for the purpose of forming a non-profit corporation pursuant to the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes Chapter 317A, as amended, hereby adopts the following Articles of Incorporation:

ARTICLE I

NAME

The name of this corporation shall be "Sauk River Villas Homeowners Association" (the "Association").

ARTICLE II

PURPOSES AND POWERS

The purposes for which the Association is formed, and its powers, are as follows:

1. To act as the Association which is referred to in the Declaration of Sauk River Villas (the "Declaration"), a planned community located in Stearns County, Minnesota (the "Community"), and subject to Minnesota Statutes Chapter 515B, the Minnesota Common Interest Ownership Act, and
2. To provide for the operation and management of the Community, for the health, safety and welfare of the Owners thereof, and for the preservation of the value, and the architectural and aesthetic character of the Community; and
3. To exercise the powers granted by law or described in the Association's Bylaws or the Community's Declaration, as amended and/or restated, and to do such other lawful acts or things reasonably necessary for carrying out the Association's purposes; provided, that no actions shall be authorized or undertaken which violate any state or federal laws applicable to nonprofit corporations or which would cause the Association to violate its nonprofit status under the laws of the state of Minnesota, or the Internal Revenue Code, as amended, and the Regulations related thereto.
4. To fix, levy, collect, and enforce the payment of, by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the aforementioned property of the Association.

5. To enforce provisions of the Declaration, and any and all other covenants, conditions, or restrictions applicable to the aforementioned property.

6. To, in so far as permitted by law, and consistent with the provisions and purposes of the Declaration, do any other thing that, in the opinion of the Board of Directors, will promote the benefit and the enjoyment of the Members.

### **ARTICLE III REGISTERED OFFICE**

The location of the registered office of this Association shall be at 25835 Cty Rd 138, St. Cloud, Minnesota 56301, or such other place within the State of Minnesota as the Board of Directors shall designate.

### **ARTICLE IV INCORPORATOR**

The name and address of the incorporator of this Association are as follows: Howard R. Fuchs, 25835 Cty Rd 138, St. Cloud, MN 56301.

### **ARTICLE V MEMBERSHIP/VOTING**

The Members of this Association shall be those persons described as Members in the Bylaws of the Association. Membership in the Association shall be transferable, but only as an appurtenance to and together with the title to the Unit (as defined in the Declaration) to which the membership is allocated. One membership shall be allocated to each Unit. The Members shall have the voting rights allocated to their respective Units as described in the Declaration. Cumulative voting by Members for directors shall not be permitted.

### **ARTICLE VI BYLAWS**

The Association shall be governed by Bylaws. The power to amend, adopt or repeal the Bylaws shall be vested in the Members of the Association, as provided in the Bylaws.

### **ARTICLE VII DIRECTORS**

The business of this Association shall be managed by a Board of Directors consisting of at least three persons, or such greater number as provided in the Bylaws. The members of the Board of Directors shall be elected and carry out their duties as provided in the Bylaws.



The names and addresses of the persons who are to act as the first Board of Directors are as follows:

<u>Name</u>	<u>Address</u>
Ted R. Schmid	Lumber One, Avon Inc. PO Box 7 Avon, MN 56310
Mark A. Fuchs	25835 County Road 138 St. Cloud, MN 56301
Chad A. Carlson	Lumber One, Avon Inc. PO Box 7 Avon, MN 56310

Said first directors shall serve until the first annual meeting of the members or until their successors have been duly elected and qualified.

#### **ARTICLE VIII DIRECTOR LIABILITY**

To the fullest extent permitted by Chapter 317A, Minnesota Statutes, as the same exists or may hereafter be amended, a director of this association shall not be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a director.

#### **ARTICLE IX WRITTEN ACTION BY DIRECTORS**

Any action required or permitted to be taken at a meeting of the Board of Directors of this corporation may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the board at which all directors were present.

#### **ARTICLE X NO PECUNIARY GAIN**

The Association shall not afford pecuniary gain, incidentally or otherwise, to its Members; provided, that (i) Members may be reimbursed for out-of-pocket expenses incurred in carrying out duties on behalf of the Association, and (ii) Members may be reasonably compensated for goods and services furnished to the Association as vendors in arms-length transactions, as provided in the Bylaws.

#### **ARTICLE XI DURATION**

The duration of the Association shall be perpetual, subject only to dissolution as provided by law and these Articles.

**ARTICLE XII  
AMENDMENTS**

Amendment of these Articles shall require the prior approval, at a meeting duly held for such purposes, of Members who hold at least sixty-seven percent of the voting power of all Members; except that the registered office may be changed by the filing of a Certificate of Change of Registered Office in accordance with law.

**ARTICLE XIII  
DISSOLUTION**

The Association may be dissolved only in accordance with law. Upon dissolution of this corporation, all of its property and assets, both real and personal, including, not limited to, sewer and water lines, if any, first shall be dedicated or transferred to an appropriate municipality, public agency or utility, or if such transfer dedication be refused, such assets shall then be granted, conveyed, and assigned to any non-profit corporation, association, trust, or other entity, to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by this corporation.


**ARTICLE XIV  
NO CAPITAL STOCK**

This Association shall have no Capital Stock.

**ARTICLE XV  
MEETINGS**

The Association shall hold meetings of its Members, at such time and in such manner as provided in the Bylaws.

IN WITNESS WHEREOF, I have executed these Articles of Incorporation on this 5<sup>th</sup> day of June, 2006.

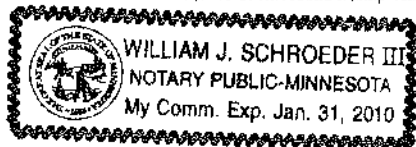
  
Howard R. Fuchs, Incorporator

STATE OF MINNESOTA    )  
  )ss.  
COUNTY OF STEARNS    )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of June, 2006, by Howard R. Fuchs, Incorporator.

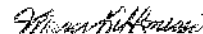
  
Notary Public

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STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED

JUN 12 2006



9

# EXHIBIT E

Bylaws

**BYLAWS**

**OF**

**SAUK RIVER VILLAS**  
**HOMEOWNERS ASSOCIATION**

Dated: July 24, 2006

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*SECTION 1  
GENERAL*

The following are the Bylaws of Sauk River Villas Homeowners Association, a Minnesota non-profit corporation (the "Association"). The Association is organized for the purpose of operating and managing Sauk River Villas. The terms used in these Bylaws shall have the same meaning as they have in the Declaration of Sauk River Villas (the "Declaration").

*SECTION 2  
DEFINITIONS*

2.1 "Articles" shall mean and refer to the Articles of Incorporation of the Association.

2.2 "Association" shall mean and refer to Sauk River Villas Homeowners Association, a Minnesota non-profit corporation, its successors and assigns.

2.3 "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners and such other persons to whom the Owners may delegate this right pursuant to the Declaration and to all improvements located thereon and owned or otherwise held by the Association for the common use and enjoyment of said persons. The Common Area owned or to be owned by the Association is described in the Declaration

2.4 "Declarant" shall mean and refer to Glasgow Land Development Company, LLC, a Minnesota limited liability company, including Fuchs Construction, Inc., its successors and assigns.

2.5 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Subject Property recorded in the Office of the County Recorder for Stearns County, Minnesota.

2.6 "Dwelling" shall mean and refer to any portion of a building situated upon the Subject Property designated and intended for use and occupancy as one residential unit.

2.7 "Governing Documents" shall mean and refer to the Declaration, the Articles and these Bylaws.

2.8 "Owner" shall mean and refer to the record owner or contract vendee, whether one or more persons or entities, of a fee simple title to any Unit situated upon the Subject Property, but excluding contract vendors, unless the contract provides otherwise, and others having such interest merely as security for the performance of an obligation.

2.9 "Subject Property" shall mean and refer to that certain real property described as the Subject Property in the Declaration.

2.10 "Unit" shall mean and refer to a Dwelling together with the parcel of property upon which the Dwelling is situated, as legally described in the instrument of conveyance in favor of the current owner. Unit shall not be construed to include Common Area as herein defined.

### *SECTION 3 MEMBERSHIP*

3.1 Registration of Owners and Occupants. Each Owner shall register with the Secretary of the Association, in writing, within 30 days after taking title to a Unit:

- (a) The name and address of the Owners and any Occupants of the Unit;
- (b) The nature of such Owner's interest in each Unit owned;
- (c) The address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Unit address;
- (d) The name and address of the secured party holding the first mortgage on the Unit, if any; and
- (e) 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.

The Owner shall have a continuing obligation to advise the Association in writing of any changes in the foregoing information.

3.2 Transfers. The interests, rights and obligations of an Owner in the Association may be assigned, pledged, encumbered or transferred, but only along with and as a part of the title to the Owner's Unit or as otherwise specifically authorized by the Covenants or by law.

### *SECTION 4 VOTING*

4.1 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.

4.2 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 5.6, 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 3.1, the vote shall not be cast. If the same person is the Owner of more than one Unit, such person shall be entitled to one vote for each Unit owned.

4.3 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 person 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:

- (a) Revocation by the granting Owner by written notice or by personally attending and voting at the meeting for which the proxy is effective;
- (b) Eleven months after the date of the proxy, unless otherwise provided in the proxy; or
- (c) The time at which the granting Owner is no longer an Owner.

4.4 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:
  - (1) Clearly state the proposed action;
  - (2) Indicate the number of responses needed to meeting the quorum requirements;
  - (3) State the percentage of approvals necessary to approve each matter other than election of directors; and
  - (4) Specify the time by which a ballot must be received by the Association in order to be counted.
- (b) The ballot shall:
  - (1) Set forth each proposed action; and
  - (2) Provide an opportunity to vote for or against each proposed action.
- (c) The Board of Directors shall set the time for the return of ballots, which shall not be less than 15 nor more than 30 days after the date of mailing of the ballots to the Owners. The Board of Directors shall provide notice of the results of the vote to the Owners within 10 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 ballot 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.



4.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast by mail in accordance with Section 4.4, shall decide all matters properly brought before the Owners, except where a different vote is specifically required by the Governing Documents. The term "majority" as used herein shall mean in excess of 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 5 MEETINGS OF OWNERS*

5.1 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 of Directors in any notice of a meeting of the Owners.

5.2 Annual Meetings. An annual meeting of the Owners shall be held in each fiscal year as determined by the Board of Directors, and at a reasonable time and place, designated by the Board of Directors. At each annual meeting of the Owners:

- (a) The persons who are to constitute the Board of Directors shall be elected pursuant to Section 7;
- (b) A report shall be made to the Owners on the activities and financial condition of the Association; and
- (c) 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 and acted upon at the meeting.

5.3 Special Meetings. 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 or Secretary within 30 days following receipt of the written request of a majority of the members of the Board of Directors or of Owners entitled to cast at least 25% of all the votes in the Association. The meeting shall be held within 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.

5.4 Notice of Meetings. At least 21, but no more than 30, days in advance of any annual meeting of the Owners, and at least 7, but no more than 30, days in advance of any special meeting of the Owners, the Secretary shall send to all persons who are Owners as of the date of sending the notice, notice of the time, place and agenda of the meeting, by United States mail, or by hand delivery, at the Owner's Unit address or to such other addresses as the Owner may have designated in writing to the Secretary. 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 meetings to vote upon amendments to the Articles of Incorporation shall also be given separately to each officer and director of the Association.

5.5 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. Any meeting may be adjourned from time to time, but until no longer than 15 days later, without notice other than announcements at the meeting as 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 quorum, having once been established at a meeting or a reconvened meeting, shall continue to exist for that meeting notwithstanding the departure of any Owner previously in attendance in person or by proxy. The Association may not be counted in determining a quorum as to any Unit owned by the Association.

5.6 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.

5.7 Agenda. The agenda for meetings of the Owners shall be established by the Board of Directors, and shall be sent to all Owners along with the notice of the meeting.

## *SECTION 6 ANNUAL REPORT*

6.1 The Board of Directors 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 of the current budget or \$100.00, 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 of Directors.
- (c) A copy of the statement of revenues and expenses for the Association's last fiscal year, and the balance sheet as of the end of said fiscal year.
- (d) A statement of the status of any pending litigation or judgments to which the Association is a party.

- (e) A statement of the total past due assessments on all Units, current as of not more than 60 days prior to the date of the meeting.

**SECTION 7**  
**BOARD OF DIRECTORS**

7.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The first Board of Directors shall consist of the persons designated as directors in the Articles of Incorporation of the Association or appointed to replace them by the Declarant, subject to the rights of Owners to elect directors as set forth in Section 7.2. Upon the expiration of the terms of the members of the first Board of Directors, the Board of Directors shall be composed of three (3) Directors, a majority of whom shall be Owners, or a duly authorized representative of the Owner if the Owner is a corporation, partnership, limited liability company, trust or other entity which has the capacity to hold title to real estate.

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

- (a) Subject to subsection (b), the terms of all directors appointed by Declarant, shall terminate upon the earliest of:
- (1) Voluntary surrender of control by Declarant;
  - (2) An Association meeting which shall be held within 60 days after conveyance to Owners, other than the declarant, of 75% of the total number of Units authorized to be included in the common interest community. The term of office of any Director elected to the first Board of Directors by Owners other than the Declarant shall terminate at the same time as those appointed by Declarant.
- (b) The first terms of office of the directors elected by the Owners immediately following the expiration of the terms provided for in Subsection (a) shall be one director for a term of one (1) year, one director for a term of two (2) years, and one director for a term of three (3) years. The nominee or nominees receiving the greatest numbers of votes shall fill the longer terms. Each term of office thereafter shall be three years and shall expire upon the election of a successor at a subsequent annual meeting of the Owners; provided, that a director shall continue in office until a successor is elected. A number of nominees equal to the number of vacancies, and receiving the greatest numbers of votes, shall be elected, notwithstanding that one or more of them does not receive a majority of the votes cast. A director appointed or elected to fill an uncompleted term

shall serve until the natural termination of that term, unless removed in accordance with these Bylaws. There shall be no cumulative voting for directors.

7.3 Nominations. Nominations for election to the Board of Directors shall be made by a nominating committee appointed by the Board of Directors, or from the floor at the annual meeting or by "write-in" if authorized by the Board.

7.4 Powers. The Board of Directors 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 Governing Documents. The powers of the Board of Directors shall include, without limitation, the power to:

- (a) Adopt, amend, and revoke Rules and Regulations not inconsistent with the Governing Documents, as follows:
  - (1) Regulating the use of the common area;
  - (2) Regulating the use of the Units, and the conduct of Owners and Occupants, 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;
  - (3) Regulating or prohibiting animals;
  - (4) 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 Dwelling so long as such is visible from outside the Dwelling;
  - (5) Implementing the Governing Documents, and exercising the powers granted by this Section; and
  - (6) 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,
  - (1) In its own name on behalf of itself or two or more Owners on matters affecting the Property or the Association; or
  - (2) With the consent of the Owners of the affected Units on matter affecting only those Units;

- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement and modification of the Units and Dwellings;
- (g) Acquire, hold, encumber, and convey in its own name any right, title or interest to real estate or personal property;
- (h) Impose and receive any payments, fees, or charges for services provided to Owners;
- (i) 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 and Regulations;
- (j) Impose reasonable charges for the review, preparation and recordation of amendments to the Declaration or Bylaws, resale certificates, statements of unpaid assessments, or furnishing copies of Association records;
- (k) Provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance, if economically feasible;
- (l) Provide for reasonable procedures governing the conduct of meetings and the election of directors;
- (m) Appoint, regulate and dissolve committees;
- (n) Exercise any other powers conferred by law or the Governing Documents, or which are necessary and proper for the governance of the Association.

7.5 Meetings and Notices. An annual meeting of the Board of Directors 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 of Directors shall be held at least semi-annually at such times as may be fixed from time to time by a majority of the members of the Board of Directors. A schedule, or any amended schedule, of the regular meetings shall be provided to the directors.
- (b) Special meetings of the Board of Directors shall be held when called:
  - (1) By the President of the Association; or
  - (2) 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. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Unit address of such director, or when personally delivered, orally or in writing, by a representative of the Board of Directors.

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

7.6 Quorum and Voting. A majority of the members of the Board of Directors 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.

7.7 Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which it could take at a meeting when authorized in a writing signed by all the directors.

7.8 Vacancies. A vacancy in the Board of Directors shall be filled by a person elected within 30 days following the occurrence of the vacancy by a majority vote of the remaining directors, regardless of their number; except for vacancies created pursuant to Sections 7.2 and 7.9 of this Section. Each person so elected shall serve out the term vacated.

7.9 Removal. A director may be removed from the Board of Directors, with or without cause, by a majority vote at any annual or special meeting of the Owners; provided,

- (a) That the notice of the meeting at which removal is to be considered states such purpose;
- (b) That the director to be removed has a right to be heard at the meeting; and
- (c) That a new director is elected at the meeting by the owners to fill the vacant position caused by the removal.

A director may also be removed by the Board of Directors if such director:

- (a) Has more than two unexcused absences from Board meetings and/or Owners meeting during any twelve month period; or

- (b) Is more than 60 days past due with respect to assessments on the director's Unit.

Such vacancies shall be filled by the vote of the Owners as previously provided in this Section.

7.10 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. A director may, or other Owner or Occupant may, upon approval by the Board of Directors, be retained by the Association and reasonably compensated for goods and services furnished to the Association in an individual capacity. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

## **SECTION 8 OFFICERS**

8.1 Officers. The 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 of Directors. The Board of Directors 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 of the officers must be members of the Board of Directors.

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

8.3 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 of Directors, or at any special meeting of the Board of Directors called for that purpose.

8.4 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board of Directors 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; however, all contracts must in addition be executed by at least one other director. The President shall have such other duties as may from time to time be prescribed by the Board of Directors.

8.5 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 of Directors.

8.6 Secretary. The Secretary shall be responsible for recording the minutes of all meetings of the Board of Directors 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 of Directors. The Board of Directors 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.

8.7 Treasurer. The Treasurer shall have the 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 of Directors 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 of Directors 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 of Directors, shall cause the funds of the Association to be disbursed as ordered by the Board of Directors and shall perform all other duties incident to the office of Treasurer. The Board of Directors 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.

8.8 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 officer may, upon approval by the Board of Directors, be 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 9 OPERATION OF THE PROPERTY*

9.1 Assessment Procedures. The Board of Directors shall annually prepare a budget of Common Expenses for the Association and assess such Common Expenses against the lots according to their respective liability as set forth in the Covenants.

- (a) The Board of Directors shall fix the amount of the annual assessment against each Unit, levy the assessment and advise the Owners in writing of the assessment at least thirty (30) days prior to the beginning of the Association's fiscal year when the first assessment installment shall be due. The failure of the Board of Directors 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 Board of Directors may amend the budget and levy an additional special assessment, at any time, subject to the limitations set forth in Section 6 of the Declaration. The levy shall occur upon the date specified in the resolution which fixes the assessment.
- (c) The Association shall furnish copies of each budget on which the assessment is based to an Owner or to any Eligible Mortgagee, upon request of such persons.

9.2 Payment of Assessments. Annual assessments shall be due and payable in monthly installments in advance on the first day of each month of the year or other period for which the assessments are made, and special assessments shall be due when designated by the Board of Directors. 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.

9.3 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 of Directors may assess, and such Owner shall be obligated to pay, a late charge as determined by the Board of Directors 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 thirty (30) days in payment of any assessment, the Board of Directors may accelerate any remaining installments of the assessment upon prior written notice thereof to the Owner, and the entire unpaid balance of the assessment and late charges shall become due and payable upon the date stated in the notice unless all past due amounts, including late charges, costs of collection and fines, are paid prior to said date.
- (b) The Board of Directors 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 by law.

9.4 Foreclosure of Liens for Unpaid Assessments. The Association has the right to foreclose its assessment lien against a lot for assessments imposed by the Association.

9.5 Records. The Board of Directors shall cause to be kept at the registered office of the Association, and at such other place as the Board of Directors may determine, records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, 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. 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 accounts 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.

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

## *SECTION 10 AMENDMENTS*

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

10.1 Approval. The amendment must be approved by Owners who have authority to cast in excess of fifty percent (50%) 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 Declarant as provided in the Declaration.

10.2 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.

10.3 Effective Date; Recording. The amendment shall be effective on the date of approval by the required vote of the Owners and need not be recorded. If recorded, the amendment shall be recorded in the office of the recording officer for the county in which the Property is located.

**SECTION 11**  
**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 12**  
**MISCELLANEOUS**

12.1 Notices. Unless specifically provided otherwise in or these Bylaws, all notices required to be given by or to the Association, the Board of Directors, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 3.2 shall be effective upon receipt by the Association.

12.2 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.

12.3 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.

12.4 Conflicts in Documents. In the event of any conflict among the provisions of the Declaration, Bylaws and Rules and Regulations, the Declaration shall control, and as between the Bylaws and the Rules and Regulations, the Bylaws shall control.

12.5 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.

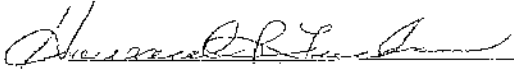
12.6 No Corporate Seal. The Association shall have no corporate seal.

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

## CERTIFICATION

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

Dated: July 24, 2006

  
By: Howard R. Fuchs  
Its: Secretary/Treasurer

## EXHIBIT F

### Projected Budget

#### INCOME:

Assessment	\$75/mo.
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#### EXPENSES:

- Insurance (house and common areas)
- Snow Removal
- Lawn Care (mowing, spring/fall clean up, fertilization)
- Maintenance Fund

Developer to subsidize Association until sufficient Units are sold to generate sufficient revenue to cover expenses of Association. A budget will be determined at a later date after a number of Units have been sold.

## **EXHIBIT G**

### Status of Real Estate Taxes

The real estate taxes on each unit shall be prorated to date of closing. The real estate taxes on the Common Area will be paid by Association when due.

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**ACKNOWLEDGMENT OF RECEIPT OF DISCLOSURE STATEMENT**

I, the undersigned prospective purchaser, hereby acknowledge that on the date opposite my name, I received a copy of this Disclosure Statement dated January 15, 2007, regarding **Sauk River Villas**. I also acknowledge that I have received, together with this Disclosure Statement, a copy of:

- EXHIBIT A:** Copies of Minnesota Statutes Section 327A and Minnesota Statutes 515B.4-112 through 515B.4-115.
- EXHIBIT B:** Description of insurance coverage.
- EXHIBIT C:** Declaration of Sauk River Villas.
- EXHIBIT D:** Articles of Incorporation of Sauk River Villas Homeowners Association.
- EXHIBIT E:** Bylaws of Sauk River Villas Homeowners Association.
- EXHIBIT F:** Projected Budget.
- EXHIBIT G:** Status of Real Estate Taxes.

Date \_\_\_\_\_

\_\_\_\_\_  
Prospective purchaser

\_\_\_\_\_  
(Name printed)