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**COMMON INTEREST COMMUNITY NO. 2057
(Condominium)**

LEGACY LOFTS

DECLARATION

This Declaration is made in the County of Hennepin, State of Minnesota, on this ____ day of September, 2018, by Riverdale Ventures Legacy, LLC, a Minnesota limited liability company (the "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 Legacy Lofts as a condominium under the Act.

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

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

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

THEREFORE, Declarant subjects the Property which is legally described in Exhibit C attached hereto, to this Declaration under the name "Legacy Lofts", 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" means the Minnesota Common Interest Ownership Act, Minnesota Statutes Chapter 515B, as amended from time to time.
- 1.2 "Assessment" means an assessment levied by the Association pursuant to Section 6, including annual Assessments, special Assessments and limited Assessments.
- 1.3 "Association" means the Legacy Lofts Association, a nonprofit corporation which has been created pursuant to Chapter 317A of the laws of the state of Minnesota and Section 515B.3-101 of the Act, whose members consist of all Owners.
- 1.4 "Board" means the Board of Directors of the Association as provided for in the Bylaws.
- 1.5 "Building" means any structure within which the Units are located.
- 1.6 "Bylaws" mean the bylaws of the Legacy Lofts Association.
- 1.7 "Common Elements" means all parts of the Property except the Units, including all improvements thereon.
- 1.8 "Common Expenses" means all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including Assessments and items otherwise identified as Common Expenses in the Declaration or Bylaws.
- 1.9 "Declarant Control Period" means the time period during which Declarant has the exclusive right to appoint the members of the Board, as described in Section 15.
- 1.10 "Eligible Mortgagee" means any Person which owns a mortgage on a Unit.

- 1.11 "Governing Documents" means this Declaration, and the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Common Interest Community.
- 1.12 "Limited Common Elements" means a portion of the Common Elements allocated by the Declaration or by operation of Section 515B.2-109 of the Act for the exclusive use of one or more, but fewer than all, of the Units.
- 1.13 "Member" means a person who is a member of the Association by reason of being an Owner. The words "Owner" and "Member" may be used interchangeably in the Governing Documents.
- 1.14 "Occupant" means any person or persons, other than an Owner, in possession of or residing in a Unit.
- 1.15 "Owner" means a Person who owns a Unit, but excluding contract for deed vendors, mortgagees, holders of reversionary interests in life estates and other secured parties within the meaning of the Act. The term "Owner" includes, without limitation, contract for deed vendees and holders of a life estate.
- 1.16 "Parking Unit" means a condominium unit used exclusively for parking purposes.
- 1.17 "Person" means a natural individual, corporation, limited liability company, partnership, limited liability partnership, trustee, or other legal entity capable of holding title to real property.
- 1.18 "Plat" means the recorded plat depicting the Property pursuant to the requirements of Section 515B.2-1101(c) of the Act, including any amended or supplemental Plat recorded from time to time in accordance with the Act.
- 1.19 "Property" means all of the real property subjected to this Declaration, now or in the future, including the Units and all other structures and improvements located thereon.
- 1.20 "Residential Unit" means a part of the Property within a Building, including one or more rooms or enclosed spaces, occupying part of one or more floors, designed and intended exclusively for use as a single family residence, as described in Sections 2 and 7, and shown on the Plat.
- 1.21 "Rules and Regulations" means the Rules and Regulations of the Association as approved from time to time pursuant to Section 5.6.

1.22 “Unit” means collectively the Residential Units and Parking Units.

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. References to Section numbers refer to the Sections of this Declaration unless otherwise indicated.

SECTION 2

DESCRIPTION OF UNITS AND BOUNDARIES

2.1 Units. There are 374 Residential Units and 685 Parking Units in the Building. Each Unit constitutes a separate parcel of real estate. The Residential Units are restricted exclusively to residential use and the Parking Units are restricted exclusively to parking use. The Unit identifiers and locations of the Units are as shown on the Plat, which is incorporated herein by reference. A schedule of the Residential Units is set forth on Exhibit A and a schedule of the Parking Units is set forth on Exhibit B, both attached hereto.

2.2 Residential Unit Boundaries. The boundaries of a Residential Unit are the interior unfinished surfaces of its perimeter walls, floors and ceilings. Wallpaper, paneling, tiles and other finishing materials adhered to the interior of the Residential Unit boundaries shall be a part of the Residential Unit; provided, that any load bearing portions of any interior or perimeter walls, columns, ceilings or floors, and any common utility lines, wires, ducts, conduits, pipes or other common facilities serving other Units or the Common Elements, located in or passing through a Residential Unit, shall be Common Elements. The boundaries of each Residential Unit shall also extend along the inside unfinished surfaces of its perimeter doors and windows, and their frames, and said perimeter doors, windows and frames, and their hardware, shall be Limited Common Elements allocated to such Residential Unit. Subject to this Section and Section 3.2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Residential Unit are a part of the Residential Unit.

2.3 Parking Unit Boundaries. The boundaries of each Parking Unit are the unfinished upper surface of the floor, the unfinished underside of the ceiling, and any walls or the planes rising vertically from the perimeter boundaries of the Parking Units as shown on the Plat and terminating at the upper and lower boundaries of the Parking Unit. Any structural components, pipes, conduits, utility lines, or other equipment or facilities serving other Units or the Common Elements, located in or passing through a Parking Unit, are Common Elements.

2.4 Appurtenant Easements. The Units shall be subject to and benefited by the easements described in Section 11.

SECTION 3
COMMON ELEMENTS, LIMITED COMMON ELEMENTS
AND OTHER PROPERTY

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

3.1.1 All of the Property not included within the Units constitutes Common Elements. The Common Elements include those parts of the Property designated as Common Elements in this Declaration, on the Plat or in the Act. The Common Elements shall be administered by the Association for the benefit of the Owners and Occupants and may be used in common by all Owners.

3.1.2 The Common Elements shall be subject to (i) the easements described in this Declaration, the Plat and any other recorded instrument; (ii) the rights of Owners and Occupants in Limited Common Elements appurtenant to their respective Units and (iii) the right of the Association to establish reasonable Rules and Regulations governing the use of the Property.

3.2 Limited Common Elements. The Limited Common Elements are those parts of the Common Elements designated for the exclusive use of the Owners and Occupants of the Units to which they are allocated. The rights to the use or enjoyment of the Limited Common Elements are automatically conveyed with the conveyance of such Units. The Limited Common Elements are described and allocated to the Units, subject to the rights of the Association as set forth in this Declaration, the Bylaws or the Act, as follows:

3.2.1 Those areas and items designated as Limited Common Elements on the Plat or by the Act are allocated to the Units indicated in those documents.

3.2.2 Those parts of the Building located outside the Unit's boundaries, including but not limited to exterior doors and windows and their frames, windows and skylights, and related trim, hardware and fixtures, are allocated to the Unit which they serve.

3.2.3 Improvements such as decks, patios, balconies, shutters, awnings, chimneys and chimney flues, walks, doorsteps and stoops, which are designed to serve a Unit or group of Units, and replacements and modifications thereof authorized pursuant to Section 7, located wholly or partially outside the Unit boundaries, are allocated to the Unit or Units which they serve.

3.2.4 Chutes, flues, ducts, pipes, wires, conduit or other utility installations, bearing walls, bearing columns, or any other components or fixtures lying partially within and partially outside the boundaries of a Unit, and serving only that Unit, are allocated to the Unit which they serve. Any portion of such installations serving or affecting the function of the

Common Elements is a part of the Common Elements, but is not a Limited Common Element.

3.2.5 A utilities system serving only a certain Unit or Units, and located wholly or partially outside the Unit's boundaries, is allocated to the Unit or Units which it serves.

3.3 Annexation of Other Property. Other real property may be added by the Association to the Common Interest Community as Common Elements, and subjected to this Declaration, in compliance with the approval requirements and procedures set forth in Section 13.

3.4 Storage Areas. The Common Elements includes storage areas (collectively the "Storage Areas" or individually a "Storage Area") which are to be licensed to certain Units, for the storage of personal property belonging to the Owner of the Unit to which the Storage Area is licensed. The use and transfer of the Storage Areas shall be administered by the Association in accordance with this Section 3.4. The following conditions and restrictions shall govern the license, use and transfer of the Storage Areas.

3.4.1 The initial license of Storage Areas shall be made by Declarant. Declarant shall license the exclusive right to use a previously un-licensed Storage Area designated by Declarant to a Unit designated by Declarant and shall provide to the Association a copy of the Certificate evidencing the Storage Area license. After all Units owned by Declarant have received a license to a Storage Area, any remaining Storage Areas may be licensed to the Association, or reserved for other use, as directed by Declarant. Any Storage Area licensed to the Association may be rented to an Owner or Occupant.

3.4.2 Following Declarant's initial license of a Storage Area to a Unit, the use rights with respect to each Storage Area shall be for the exclusive use of the Owner of the Unit to which the Storage Area is licensed. The Association shall maintain records identifying the Storage Areas, the Units to which they are licensed, the names of the Owners of the Units, and the dates of licensing and any reassignment. A written certification of the license shall be delivered to the Owner upon request. The Association shall not unilaterally reassign any Storage Area licensed to a Unit, and reassignment shall be made only in accordance with Section 3.4.3.

3.4.3 Subject to Section 3.4.2, a Storage Area license may be reassigned, but only by first delivering to the Association a written license, in form approved by the Association, signed by the licensor and the licensee. The Association shall review the proposed license for compliance with this Section 3.4, and if the license complies, the Association shall transfer the license on its records to the Unit owned by the licensee, cancel the old Certificate and issue a new Certificate evidencing the Storage Area license to the licensee. The license to use the Storage Area shall remain with the Owner and Unit to which it is licensed until the license is reassigned in accordance with this Section. In the absence of a properly executed license to the contrary, the license to use a Storage

Area licensed to a Unit at the time of the Unit's conveyance shall be automatically transferred with the conveyance of title to the Unit.

3.4.4 Owners shall not rent or allow the use of their licensed Storage Area by anyone except other Owners and Occupants. The lease or other use right shall be in written form, and shall terminate when the lessor, lessee or other user is no longer an Owner or Occupant, regardless of any agreement to the contrary. The Owner shall give the Association advance written notice of any lease or use agreement with respect to such Owner's Storage Area, and shall provide a copy of the lease or use agreement to the Association upon its request. The Association may hold or reassign the license to, or rent, a Storage Area licensed to it in the same manner as an Owner, except for Storage Areas reserved for use by Owners.

3.4.5 The interest of a secured party holding a first lien on a Unit includes the license to any Storage Area which is licensed to the Unit at the time of foreclosure of the secured party's lien.

3.4.6 The use of the Storage Areas, and the size and types of materials which may be kept in the Storage Areas, are subject to Rules and Regulations as approved from time to time by the Board.

3.5 Shoreland. The Condominium does not include any shoreland as defined in 103F.205.

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 solely by reason of owning a Unit, 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 Allocation of Voting and Undivided Interests. Voting rights and undivided interests are allocated among the Residential Units in proportion to the approximate square footage of each Residential Unit as it relates to the approximate square footage of all Residential Units, subject to

allocations of limited Assessments described in Section 6.4. The allocations among all of the Residential Units are set forth as percentages on Exhibit A attached hereto.

4.3 Appurtenant Rights and Obligations. The ownership of a Unit shall include the voting rights and undivided interests as more fully described in Section 4.2 and the Common Expense obligation as more fully described in Section 6. 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 and the Act.

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 Residential Unit at meetings of the Association. However, if there are multiple Owners of a Residential Unit, only one of the Owners or the holder of the Owner's proxy 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 Common Interest Community, 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 Common Interest Community shall be governed by the Governing Documents, the Rules and Regulations, and the Act. The Association shall be responsible for the operation, management and control of the Common Interest Community. The Association shall have all powers described in the Governing Documents, the Act 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 Common Interest Community for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules and Regulations, (ii) maintaining, repairing and replacing those portions of the Common Interest Community for which it is responsible and (iii) preserving the value and the architectural character of the Common Interest Community.

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

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

5.5 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents and the Act. However, 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 Common Interest Community. The Rules and Regulations shall not be inconsistent with the Governing Documents or the Act and shall not unreasonably discriminate as among Units of different uses or types. 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 shall be determined and assessed against the Units by the Board, in its discretion; subject to the requirements and procedures set forth in this Section 6 and the requirements of the Bylaws. Assessments shall include annual Assessments under Section 6.2, and may include special Assessments under Section 6.3 and limited Assessments under Section 6.4. Annual and special Assessments shall be allocated among the Units in accordance with the allocation

formula set forth in Section 6.2. Limited Assessments under Section 6.4 shall be allocated to Units as set forth in that Section.

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 by both the Residential Units and Parking Units. A portion of the annual Budget, including electricity, gas, repairs and maintenance, management, insurance and reserves shall be pro-rated between the Residential Units and the Parking Units on an 85/15 split respectively and 100% of the cost of garage cleaning shall be charged solely to the Parking Units ("Residential Dues" and "Parking Dues" respectively). The Parking Dues shall be allocated evenly among the Parking Units. The Residential Dues shall be allocated among the Residential Units in accordance with the allocations set forth in Exhibit A. Annual Assessments shall be payable in equal monthly installments and are due, in advance, on the first day of each month. Annual Assessments shall provide for an adequate replacement reserve fund for the maintenance, repair and replacement of the Common Elements.

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 Residential Units, Parking Units or both Residential and Parking Units, which shall be shared by all Units in accordance with the allocations set forth in Section 6.2. Special assessments shall be used for the purpose of defraying in whole or in part the cost of any unforeseen and unbudgeted Common Expense.

6.4 Limited Assessments. In addition to annual assessments and special assessments, the Board may, at its discretion, levy and allocate "Limited Assessments" among only certain Units in accordance with the following requirements and procedures:

6.4.1 Any Assessment associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed exclusively against the Unit or Units to which that Limited Common Element is assigned.

6.4.2 Any Assessment or portion thereof benefiting fewer than all of the Units may be assessed exclusively against the Unit or Units benefited, and shall be allocated among those Units (i) equally or (ii) based upon the actual cost per Unit, as determined by the Board. Any Assessment for maintenance, repair or replacement exclusively related to Residential Units or Parking Units, as a class, shall be deemed to benefit only that class of Units, and may be assessed exclusively against that class of Units.

6.4.3 The costs of insurance may be assessed in accordance with the Units' undivided interests, equally, or in proportion to the cost per Unit, and the costs of utilities may be assessed in proportion to usage, the Unit's undivided interests, or such other fair and reasonable allocation as may be approved by the Board.

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

6.4.5 Late charges, fines and interest may be assessed as provided in Section 12.

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

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

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

Assessments levied under Section 6.4 may, at the Board's discretion, be assessed as a part of, or in addition to annual or special Assessments.

6.5 Working Capital Fund. The Declarant has the authority, but not the obligation, to establish a working capital fund to meet unforeseen expenditures or to purchase additional equipment or services during the Association's beginning years of operation. The Board may include in each subsequent annual budget a reasonable amount of working capital, based upon the anticipated needs of the Association for the year in question. If the fund is established, there shall be contributed on a one-time basis for each Unit sold an amount equal to two months installments of the estimated Common Expense Assessment for the Unit. The contribution shall be paid at the time of closing of sale of the Unit. The contributions to this fund are in addition to the regular monthly installments of Assessments, and shall be deposited into a segregated Association account. Declarant may not use the funds to defray any of its expenses, reserve contributions or construction costs, or to make up any budget deficit during the Declarant Control Period. However, upon the closing of the sale of an unsold Unit, Declarant may reimburse itself from funds collected from the purchaser at the closing for any contribution made by Declarant to the working capital fund with respect to that Unit.

6.6 Liability of Owners for Assessments. The obligation of an Owner to pay Assessments shall commence at the later of (i) the time at which the Owner acquires title to the Unit, or (ii) the due date of the first Assessment levied against the Unit. 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, subject only to Section 6.7. 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 Common Interest Community, 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.

6.7 Declarant's Liability for Assessments. Pursuant to Section 515B.3-1151 of the Act, the Declarant's liability for Assessments shall be subject to the following limitations.

6.7.1 Notwithstanding anything to the contrary in the Governing Documents, if a Common Expense Assessment has not been levied by the Association, the Declarant shall pay all common expenses, including the payment of the replacement reserve component of the common expenses for all units in compliance with 515B.3-1151(a)(1).

6.7.2 Notwithstanding anything contrary in the Governing Documents, if a common Expense Assessment has been levied by the Association, the Declarant's Common Expense Assessment liability, and the corresponding assessment lien against the units owned by the Declarant, is limited to:

6.7.2.1 Paying when due an amount equal to the full share of the replacement reserves allocated to Units owned by the Declarant, as set forth in the Association Budget; and

6.7.2.2 Paying when due all accrued expenses of the Association in excess of the aggregate assessments payable with respect to Units owned by persons other than Declarant.

However, the common expense plan described above shall not affect Declarant's obligation to make up any operating deficit pursuant to 515B.3-1151(2)(iv).

6.7.3 The Declarant's reduced Assessment obligation shall apply to each Unit owned by Declarant at the time that any Assessment is levied against the Unit, and shall terminate upon termination of the Declarant control period unless terminated earlier pursuant to 515B.3-1151(2)(iii).

6.8 Assessment Lien. The Association has a lien on a Unit for any Assessment levied against that Unit from the time the Assessment becomes due. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines and interest charges imposed by the Association pursuant to Section 515B.3-102(a) of the Act are liens, and are enforceable as Assessments, under this Section 6. 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.

6.9 Foreclosure of Lien; Remedies. A lien for Assessments may be foreclosed against a Unit under the laws of the state of Minnesota (i) by action or (ii) by advertisement in a like manner as a mortgage containing a power of sale. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, 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.

6.10 Lien Priority; Foreclosure. A lien for Assessments is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Unit, and (iii) liens for real estate taxes and other governmental Assessments or charges against the Unit. 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 pursuant to Sections 515B.3-1151(a), (e)(1) to (3), (f), and (i) of the Act which became due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption.

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

SECTION 7

RESTRICTIONS ON USE OF PROPERTY

All Owners and Occupants, and all secured parties, by their acceptance or assertion of an interest in the Common Interest Community, or by their occupancy of a Unit, covenant and agree that, in addition to any other restrictions which may be imposed by the Act or the Governing

Documents, the occupancy, use, operation, alienation and conveyance of the Common Interest Community 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 and the Act, as amended from time to time. All covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors and assigns.

7.2 Subdivision Prohibited. Except as permitted by the Act, Section 15 and Section 16, no Unit nor any part of the Common Elements may be subdivided or partitioned without the prior written approval of all Owners and all secured parties holding first mortgages on the Units.

7.3 Residential Use. The Residential Units shall be used by Owners and Occupants and their guests exclusively for private, single family residential purposes, and not for transient, hotel, commercial, business or other non-residential purposes, except as permitted by this Section 7.3. The number of occupants per Residential Unit may be restricted in accordance with any applicable municipal ordinances and standards acceptable under the Fair Housing Amendments Act of 1988. Any lease of a Residential Unit (except for occupancy by bona fide guests with the consent of the Owner) for a period of less than thirty days, or any occupancy which includes 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 Residential Unit, except as follows:

7.4.1 An Owner or Occupant residing in a Residential Unit may maintain a home occupation in such Residential Unit and handle matters relating to such home occupation by telecommunications or correspondence therefrom; provided, that such uses (i) are incidental to the residential use; (ii) do not involve physical alteration of the Residential Unit visible from the exterior; (iii) are in compliance with all governmental laws, ordinances and regulations; and (iv) do not involve any observable business activity such as signs, advertising displays, or regular deliveries, pedestrian traffic or vehicular traffic to and from the Residential Unit by customers, vendors or employees.

7.4.2 The Association may, but is not obligated to, maintain offices on the Property for management and related purposes.

7.4.3 Declarant may maintain offices, model Units, sales facilities and other business facilities on the Property in connection with the exercise of its special Declarant rights.

7.5 Use of Parking Unit. The Parking Unit shall be used by the Owner or Occupant exclusively for parking purposes. The use shall comply with all applicable laws, regulations, ordinances, rules and other restrictions imposed by any governmental authority.

7.6 Leasing. Leasing of the Units is subject to the following terms and conditions:

7.6.1 Residential Units may be leased, subject to reasonable regulation by the Association, but only in accordance with the following conditions: (i) no Residential Unit may be subleased, (ii) unless simultaneously occupied by the Owner, a Residential Unit must be leased in its entirety (not by room), (iii) all leases shall be in writing, (iv) unless authorized in writing by the Board, no residential lease shall be for a period of less than three months and (v) all leases shall provide that they are subject to the Governing Documents, the Rules and regulations and the Act, and that 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 Residential Units, consistent with this Section and applicable law, including but not limited to a requirement for the screening of lessees through a reputable, professional screening organization; provided that such screening shall not violate federal, state or local discrimination laws.

7.8 Parking. Parking Units owned by the Association, if any, and parking on the Common Elements may be regulated by the Association through Rules and Regulations.

7.9 Animals. 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 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 interpreted in its broadest sense and shall include all living creatures except humans. Notwithstanding the foregoing, (i) no animal may be bred, or kept or maintained for business or commercial purposes, anywhere on the Property and (ii) nothing in the Governing Documents or any Rule or Regulation shall prohibit the keeping of a qualified service dog or similarly qualified animal by a person who is handicapped within the meaning of the Fair Housing Act or comparable state law.

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

7.11 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.

7.12 Architectural Approval. Except as expressly permitted by this Section 7.12, no modifications, improvements, repairs or replacements of any type, temporary or permanent, structural, aesthetic or otherwise (collectively referred to as an "improvement" or "improvements"), including but not limited to, any structure, building, addition, deck, balcony, awning, patio, fence, wall, enclosure, window, exterior door, antenna or other type of sending or receiving apparatus, sign, flag, display, decoration, color change, shrubbery, material topographical or landscaping change, shall be made, or caused or allowed to be made, by any Owner or Occupant, or their invitees, in any part of the Common Elements, or in any part of the Unit which affects the Common Elements or another Unit, or which is visible from the exterior of the Unit, without the prior written authorization of the Board, or an architectural committee appointed by it, and compliance with the requirements of this Section.

7.12.1 The Board may appoint, supervise and establish an architectural committee, and specifically delegate to it part or all of the functions which the Board exercises under this Section, in which case the references to the Board shall refer to the architectural committee where appropriate. A file of the Board or committee resolutions approving all improvements shall be maintained permanently as a part of the Association's records.

7.12.2 The Board has authority to establish reasonable procedures for applying for authorization for improvements, and reasonable requirements for improvements, and shall be the sole judge of whether the criteria are satisfied, subject to any restrictions imposed by any applicable governmental laws, codes, ordinances or regulations.

7.12.3 The purpose of the requirements established by the Board shall be (i) to preserve the architectural style, the quality and the value of the Property, and (ii) to protect the Association and the Owners from undue liability arising out of the improvements or any construction activity in connection therewith.

7.12.4 Improvements may be made in compliance with Section 515B.2-113 of the Act, and relocation of the boundaries of Units may be made in compliance with Section 515B.2-114 of the Act.

7.12.5 Approval of improvements which encroach upon another Unit or the Common Elements shall create an appurtenant easement for such encroachment in favor of the Unit with respect to which the improvements are approved, notwithstanding any contrary requirement in the Governing Documents or the Act.

7.12.6 Notwithstanding the restrictions set forth in this Section 7.12, antennas may be installed only in accordance with applicable federal law.

7.12.7 The Owner who causes an improvement to be made, regardless of whether the improvement is approved by the Board, shall be solely responsible for the construction standards and specifications relating to the improvement, and for the construction work. The Owner, and not the Association, is responsible for determining whether any improvement is in compliance with any requirements imposed by any governmental authority having jurisdiction over the Property. The Owner shall hold harmless, indemnify and defend 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 improvement which violates any governmental laws, codes, ordinances or regulations, (ii) the inadequacy of the specifications for construction of the improvements, or (iii) defects in the construction of the improvements.

7.13 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.

7.14 Access to Units. In case of emergency, all Units and Limited Common Elements are subject to entry, without notice and at any time, by an officer or member of the Board, by the Association's management agents or by any public safety personnel. Entry is also authorized for maintenance purposes under Sections 8 and 11 and for enforcement purposes under Section 12.

SECTION 8

MAINTENANCE AND REPAIR

The following provisions shall govern the maintenance, repair and replacement of the property.

8.1 Association Responsibility. The Association shall maintain, repair and replace the Common Elements in accordance with (i) the Association's written preventative maintenance plan and maintenance schedule prepared and approved by the Board pursuant to and in accordance with the requirements of Section 515B.3-107(b) of MCIOA; and (ii) the requirements of the applicable City approvals, permits, regulations and agreements subject to the following qualifications:

8.1.1 The cost of maintenance, repair or replacement of part or all of a Limited Common Element shall be assessed against the Unit or Units to which the Limited Common Element is allocated.

8.1.2 The Association may assign to an Owner the obligation for maintenance of a Limited Common Element allocated to the Owner's Unit. However, if the Owner fails to adequately perform the maintenance, the Association may perform the maintenance and assess the Owner's Unit for the cost.

8.1.3 The Association shall be responsible for incidental damage caused to a Unit or its Limited Common Elements by work undertaken by the Association pursuant to this Section.

8.1.4 If damage is caused to the Common Elements, Limited Common Elements or other Units by an Owner or Occupant, or their lessees or invitees, or by any condition in the Unit or Limited Common Elements which the Owner or Occupant, or their lessees or invitees have caused or allowed to exist, then the Association may repair the damage or correct the condition and assess the cost thereof against the responsible Owner's Unit.

8.2 Owner Responsibility. The Owner shall, at his or her expense, be responsible for maintenance, repair and replacement as follows:

8.2.1 To maintain, repair, and replace all portions of the Owner's Unit, in good, clean and sanitary condition, except as to maintenance of Units performed by the Association, if any.

8.2.2 To perform such routine maintenance of the Limited Common Elements allocated to the Unit as the Association assigns to the Owner. The Association may require that the Owners perform their maintenance obligations in accordance with standards established by the Association.

8.2.3 To perform the responsibilities in such manner as not to damage the Property, or unreasonably disturb or cause a hazard to other persons occupying or using the Property;

8.2.4 To promptly pay or reimburse the Association for any costs incurred by the Association for the repair of any damage to the Common Elements, Limited Common Elements or other Units, caused by the Owner or Occupant, or their invitees, or caused by any condition in the Unit or Limited Common Elements which the Owner or Occupant has caused or allowed to exist.

8.3 Restrictions on Changes to Property. Except for the Declarant, or as permitted by Section 7, no Owner or Occupant shall:

8.3.1 Cause or permit any physical or aesthetic changes, whether temporary or permanent, to be made to another Unit or the Common Elements.

8.3.2 Cause or permit any physical changes to their Unit that could jeopardize or impair the weather-tight soundness or safety of any part of any Building, any Building system or equipment, or any other improvement located on the Property.

8.3.3 Interfere with any easement.

8.4 Duty to Report Defects. Owners or Occupants shall promptly report to the Association any defect or need for repair to the Common Elements or Limited Common Elements.

8.5 Easements for Maintenance, Repair and Replacement. Each Unit and the Common Elements and Limited Common Elements are subject to non-exclusive appurtenant easements in favor of the Association for maintenance, repair, replacement and reconstruction of the Units, Common Elements and Limited Common Elements. Each Owner shall afford to the Association and its management agents and employees, access at reasonable times and upon reasonable notice, to and through the Unit and its Limited Common Elements for maintenance, repair and replacement; provided that access may be had without notice and at any time in case of emergency.

SECTION 9

INSURANCE

9.1 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:

9.1.1 Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent of the insurable "replacement cost" of the Property, exclusive of: (i) deductibles and (ii) land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery). The Association may, but is not required to, insure the improvements and betterments referred to in Section 515B.3-113(b)(i) through (vii) of the Act. The policy or policies shall cover personal property owned by the Association. The policy or policies shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonably available. With respect to Units, the policy or policies shall include such additional endorsements, coverages and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal Housing Administration ("FHA") or the Secretary of Veterans Affairs ("VA"), if required by one of such agencies as a precondition to their purchase, financing, insuring or guarantee of a mortgage on a Unit. The Board may also, on behalf of the Association, enter into binding written agreements with

a mortgagee, or insurer, guarantor, or servicer of a mortgage, obligating the Association to keep certain specified coverages or endorsements in effect.

9.1.2 Commercial general liability insurance covering the use, operation and maintenance of the Common Elements, with minimum limits of One Million Dollars per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. With respect to the Units, the policy shall include additional endorsements, coverages and limits necessary to comply with the regulations of the FNMA, FHLMC, FHA or VA, if required by one of such agencies as a precondition to the purchase, financing, insuring or guarantee of a mortgage on a Unit.

9.1.3 Fidelity bond or insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees or persons responsible for handling funds belonging to or administered by the Association, if deemed to be advisable by the Board or required by the regulations of any financing-related institution as a precondition to the purchase, insuring, guarantee, or financing of a mortgage on a Unit. The fidelity bond or insurance shall name the Association as the named insured, and shall comply with the regulations of the FNMA, FHLMC, FHA or VA, if required by one of such agencies as a precondition to the purchase, financing, insuring, or guarantee of a mortgage on a Unit. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.

9.1.4 Workers' Compensation insurance as applicable and required by law.

9.1.5 Directors and officer's liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.

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

9.2 Premiums; Improvements; Deductibles. Except as provided in Sections 6.4.3 and this Section 9, all insurance premiums shall be assessed and paid as an annual Assessment. If improvements and betterments to the Units are covered, any increased cost may be assessed against the Units affected. The Board shall determine the amount of all insurance deductibles. 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. The

Association's decision as to who shall be charged with paying the deductible amount may, but need not, be based on fault.

9.3 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 mortgage holders, which suffer loss. The Association, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

9.4 Required Policy Provisions. All policies of property insurance carried by the Association shall provide that:

9.4.1 Each Owner and secured party is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

9.4.2 The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household and against the Association and its officers and directors.

9.4.3 The coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

9.4.4 If at the time of a loss under the policy there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy is primary.

9.5 Cancellation; Notice of Loss. Property insurance and comprehensive liability insurance policies maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least sixty (60) days prior written notice to the Association and to all secured parties holding first mortgages on Units.

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

9.7 Owner's Personal Insurance. Each Unit Owner is encouraged to obtain additional personal insurance coverage (commonly known as "gap coverage" or an "HO6" policy) at his or her own expense covering fire and other casualty to the interior of the Unit, personal property and the Owner's personal liability. Insurance policies maintained by Owners are without contribution as against the insurance purchased by the Association, except as to deductible amounts or other items not covered under the Association's policies.

SECTION 10

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

10.1 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. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Property as initially constructed and subsequently improved. Notice of substantial damage or destruction shall be given as provided in Section 14.10.

10.2 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, (i) that notice shall be given as provided in Section 14.10, (ii) that the Association shall be the attorney-in-fact to represent the Owners in any related proceedings, negotiations, settlements or agreements, and (iii) that any awards or proceeds shall be payable to the Association for the benefit of the Owners and the mortgagees of their Units. Holders of mortgages on Units shall be entitled to priority for condemnation awards in accordance with the priorities established by the Act and the Governing Documents, as their interests may appear.

10.3 Termination and Liquidation. The termination of the common interest community and the distribution of any proceeds therefrom, shall be governed by the Act. Any distribution of funds shall be based upon the value of the Units as determined by their relative value for property insurance purposes, and shall be made to Owners and their mortgage holders, as their interests may appear, as provided in the Act.

10.4 Notice. The Association shall give written notice of any condemnation proceedings or substantial destruction of the Property to the Eligible Mortgagees entitled to notice under Section 14.10.

10.5 Association's 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 for the benefit of the Owners and their mortgage holders, as their interests may appear, in accordance with the Act.

SECTION 11

EASEMENTS

11.1 Access. Each Unit, its Owners, Occupants, lessees, guests and other invitees shall be the beneficiary of a perpetual, non-exclusive easement for access to and from a public roadway on and across those portions of the Common Elements designated for use as roadways, walkways, hallways, stairways or elevators, subject to any restrictions authorized by the Governing Documents.

11.2 Use and Enjoyment. Each Unit shall be the beneficiary of perpetual, non-exclusive easements for use and enjoyment on and across the Common Elements, and for use and enjoyment of any Limited Common Elements allocated to the Unit, subject to any restrictions authorized by the Governing Documents.

11.3 Structural Support. Each Unit and the Common Elements shall be subject to and the beneficiary of perpetual, non-exclusive easements for structural support in all walls, columns, joists, girders and other structural components located in or passing through another Unit or the Common Elements.

11.4 Encroachments. Each Unit and the Common Elements, and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Units, for encroachments caused by the construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, and for improvements which are added in compliance with Section 7. If there is an encroachment by a Unit upon another Unit or the Common Elements, as a result of any of the aforementioned causes, an appurtenant easement for the encroachment, for the use and enjoyment of any encroaching Unit or improvement, and for the maintenance thereof, shall exist. However, with respect to improvements or alterations added pursuant to Section 7, no easement shall exist unless the proposed improvements have been approved and 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.

11.5 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 a non-exclusive, appurtenant easement through the Units for the purposes of maintenance, repair, replacement and reconstruction of the Property and improvements located within the Units, and utilities serving the Units, to the extent necessary to fulfill the Association's obligations under the Governing Documents. 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.

11.6 Utilities. The Property shall be subject to non-exclusive, appurtenant easements in favor of all public utility providers and other comparable service 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, irrigation and similar services, and metering and control devices, which exist or are constructed as part of the development of the Property, or which are referred to in the Plat or otherwise described in this Declaration or other recorded instruments. 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. Utilities and related services or systems 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 Property.

11.7 Easements. The Property shall be subject to an electric easement for the benefit of Xcel Energy for the installation and maintenance of its facilities for the transmission and distribution of electricity. The Property shall be subject to an easement for the benefit of Centerpoint for the installation and maintenance of its facilities for the distribution of gas. The Property shall be subject to a sidewalk easement for the benefit of the City of Minneapolis.

11.8 Emergency Access to Units. In case of emergency, all Units and Limited Common Elements are subject to an easement in favor of the Association 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 location(s) of the keys, so as to allow access for emergencies when the Owner or Occupant is absent for extended periods.

11.9 Project Signs. The Association and Declarant shall have the right to erect and maintain monument signs identifying the common interest community, and related decorative improvements, on the Common Elements. 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 or the Declarant, as applicable, for the continuing use, maintenance, repair and replacement of said signs and improvements. In exercising its rights under said easements, the Association or the Declarant, as applicable, shall take reasonable care to avoid damaging the improvements to the Property and shall repair any damage caused by such actions.

11.10 Other Recorded Easements. The Property shall be subject to any and all easements of record.

11.11 Declarant Easements. The Property shall be subject to a non-exclusive easement in favor of the Declarant to have and use easements, for itself, its employees, contractors, representatives, agents and prospective purchasers through and over the Common Elements for the purpose of exercising its special Declarant rights pursuant to Section 15.

11.12 Scope and Non-Interference. The easements set forth in this Section 11 shall run with the land, shall be appurtenant to the Property and the benefited Units, shall supplement and not limit

any easements described elsewhere in this Declaration or recorded, and shall include reasonable access to the easement areas through the Units and the Common Elements for purposes of maintenance, repair, replacement and reconstruction. All persons exercising easement rights shall do so in a reasonable manner so as not to materially interfere with the operation of the Property and shall be financially liable for all costs of repair of any part of the Property which is damaged by the exercise of the easement rights. No Person shall impair, obstruct or cause damage to any easement area, or improvements or equipment installed therein. Notwithstanding anything in this Declaration to the contrary, no Owner or Occupant shall be denied reasonable access to his or her Unit or the right to utility services thereto.

SECTION 12

COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in the Property, shall be governed by and comply with the provisions of the Act, the Governing Documents, the Rules and Regulations, 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 and the Act.

12.1 Entitlement to Relief. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules and Regulations, the Act or the decisions of the Association. However, no Owner may withhold any Assessments payable to the Association, nor take or omit other action in violation of the Governing Documents, the Rules and Regulations or the Act, as a measure to enforce such Owner's position, or for any other reason.

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

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

12.2.2 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 at the highest rate permitted by law accruing beginning on the first day of the month after the Assessment or installment was due.

12.2.3 In the event of default of more than thirty 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, unless the original delinquent Assessment and all attorneys' fees, costs of collection and late charges are paid in full prior to the effective date of the acceleration. Not less than ten days advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.

12.2.4 Impose reasonable fines, penalties or charges for each violation of the Act, the Governing Documents or the Rules and Regulations, and for continuing violations.

12.2.5 Suspend the rights of any Owner or Occupant and their guests to use any Common Element amenities; provided, that the suspension of use rights shall not apply to Limited Common Elements or those portions of the Common Elements providing utilities service and access to the Unit. Such suspensions shall be limited to periods of default by such Owners and Occupants in their obligations under the Governing Documents, and for up to thirty days thereafter, for each violation.

12.2.6 Restore any portions of any Common Elements, Unit, or Limited Common Elements damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents, and to assess the cost of such restoration against the responsible Owners and their Units.

12.2.7 Enter any Unit or Limited Common Element in which a violation of the Governing Documents exists which is likely to immediately and materially affect the health or safety of the other Owners or Occupants, or their guests, or the safety or soundness of any Unit or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit or Limited Common Elements which is causing the violation; provided, that any improvements which are a part of a Unit may be altered or removed only pursuant to a court order or with the agreement of the Owner.

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

12.3 Rights to Hearing. Except for emergencies, before the imposition of any of the remedies authorized by Section 12.2.4, 12.2.5, 12.2.6 or 12.2.7, the Board shall, upon written request of the violator, grant to the violator an opportunity for a fair and equitable hearing as contemplated by the Act. The violator shall be given notice of the nature of the violation and the right to a hearing, and at least ten days within which to request a hearing. The hearing shall be scheduled by the Board and held within thirty days of receipt of the hearing request by the Board, and with at least ten days' prior written notice to the violator. If the violator 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 violator within ten days following the hearing, if not delivered to the violator at the hearing.

12.4 Lien for Assessments, Charges, Etc. Any Assessments, charges, fines, expenses, 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 makes a written decision at or 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.

12.5 Costs of Proceeding and Attorneys' Fees. With respect to any collection measures, or any measures or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Act, Governing Documents or Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the Unit owned by the violator 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. 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 the Owner and shall be a lien against the Owner's Unit.

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

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

12.8 Pre-Litigation Requirement. Any litigation, administrative proceeding or other legal action instituted or intervened in by or in the name of the Association involving a construction defect

claim as defined by Section 515B.1-103(11a) of MCIOA requires compliance with Sections 515B.3-102(d) and (e), and 515B.4-116(c) of MCIOA prior to commencement.

SECTION 13

AMENDMENTS

13.1 Approval Requirements. Except as otherwise stated in and required by 515B.2-118 this Declaration may be amended only by the approval of:

13.1.1 The Association as stated in and required by 515B.2-118;

13.1.2 Except as otherwise stated in and required by 515B.2-118 Owners of Units to which are allocated at least sixty-seven percent of the total votes in the Association;

13.1.3 The percentage of Eligible Mortgagees (based upon one vote per Unit financed) required by Section 14 as to certain amendments referenced by said Section;

13.1.4 Declarant as to certain amendments as provided in Section 13.3 and as provided in 515B.2-118.

13.2 Procedures. Approval of the Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the Bylaws. Consent of Eligible Mortgagees, if required, shall be obtained as more fully described in Section 14.11. Consent of Declarant, if required, shall be in writing. Any amendment shall be subject to any greater requirements imposed by the Act. The amendment shall be effective when recorded as provided in the Act. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including but not limited to the recording of the amendment.

13.3 Consent to Certain Amendments. Declarant's written consent shall be required for any amendment to the Governing Documents or Rules and Regulations which directly or indirectly affects Declarant's rights or obligations under the Governing Documents, the Rules and Regulations, or the Act.

SECTION 14

RIGHTS OF ELIGIBLE MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, but subject to the Act or other laws, Eligible Mortgagees shall have the following rights and protections:

14.1 Consent to Certain Amendments. Subject to Declarant's rights under Section 15, the written consent of Eligible Mortgagees representing at least fifty-one percent of the Units that are subject to 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 provisions including the following: (i) voting rights; (ii) increases in Assessments over twenty-five percent; (iii) Assessment liens, or priority of Assessment liens; (iv) reductions in reserves for maintenance, repair and replacement of Common Elements; (v) responsibility for maintenance and repairs; (vi) reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use; (vii) redefinition of any Unit boundaries; (viii) convertibility of Units into Common Elements or vice versa; (ix) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property; (x) hazard or fidelity insurance requirements; (xi) imposition of restrictions on the leasing of Units; (xii) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit; (xiii) a decision by the Association to establish self management when professional management is in effect as required previously by the Governing Documents or an Eligible Mortgagee; (xiv) restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents; or (xv) any provisions that expressly benefit Eligible Mortgagees, or insurers or guarantors of mortgages.

14.2 Consent to Certain Actions. Subject to Declarant's rights under Section 15, the written consent of Eligible Mortgagees representing at least sixty-seven percent of the Units that are subject to mortgages held by Eligible Mortgagees (based upon one vote per Unit financed) shall be required to (i) change the allocations of voting rights, Common Expense obligations or interests in the Common Elements; (ii) partition or subdivide a Unit except as permitted by Section 16 and by statute; (iii) abandon, partition, subdivide, encumber or sell any Common Elements; or (iv) use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law.

Subject to Declarant's rights under Section 15, the written consent of Eligible Mortgagees representing at least eighty percent of the Units that are subject to mortgages held by Eligible Mortgagees (based upon one vote per Unit financed) shall be required to abandon or terminate the common interest community.

14.3 Consent to Subdivision. Except as allowed in Section 15 and Section 16, respectively, no Unit may be partitioned or subdivided without the prior written approval of the Owner and Eligible Mortgagee thereof, and the Association.

14.4 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.

14.5 Priority of Lien. Any Person who comes into possession of a Unit by foreclosure of the first mortgage on a Unit, or by deed or assignment in lieu of foreclosure of the first mortgage on a

Unit, 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 Person; (i) except as provided in Section 6.10 and the Act and (ii) except that any un-reimbursed Assessments or charges may be reallocated among all Units in accordance with their interests in the Common Elements.

14.6 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.

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

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

14.9 Access to Books and Records/Audit. Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice, for a proper purpose and 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 eighty days after the end of the Association's fiscal year. FNMA, or any institutional guarantor or insurer of a mortgage loan against a Unit, may require that, at its own expense, an audit of the Association's financial statements be made for the preceding year, in which case the Association shall cooperate in having an audit made and a copy given to the requesting party. If the common interest community consists of fifty or more Units, the Association shall provide the requested audit at its expense.

14.10 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:

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

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

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

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

14.11 Consent. If any provision of the Act, this Declaration, the Bylaws, or the Articles of Incorporation requires the consent of a secured party holding a security interest in a Unit as a condition for the approval or effectiveness of an amendment to this Declaration, the Bylaws, or the Articles of Incorporation, the consent is deemed to be granted if the secured party's written refusal to consent is not received by the Association within 60 days after the secured party receives from the Association notice and a copy of the amendment, by certified United States mail, postage prepaid and return receipt requested. If the secured party has not otherwise provided to the Association an address for notice, the Association shall send the notice to the address, if any, set forth in the recorded instrument that evidences the security interest. This subsection shall not apply to an amendment that affects the priority of a secured party's security interest or the ability of a secured party to foreclose its security interest. In such cases, the number or percentage of secured parties whose consent is required by the instrument to be amended must consent to the amendment in writing.

SECTION 15

SPECIAL DECLARANT RIGHTS

Declarant hereby reserves exclusive and unconditional authority to exercise the following special Declarant rights within the meaning of Section 515B.1-103(33b) of the Act for as long as it owns a Unit, or for such shorter period as may be specifically indicated:

15.1 Complete Improvements. To complete improvements indicated on the CIC plat, planned by the declarant consistent with the disclosure statement or authorized by the municipality in which the common interest community is located, and to have and use easements for itself and its employees, agents, and contractors through the common elements for such purposes.

15.2 Subdivide or Convert Residential Units. To subdivide or combine Residential Units, or convert Units into common elements, limited common elements and/or Units pursuant to Section 515B.2-112. Subject to the maximum additional Residential Units allowed, Declarant shall have the right to subdivide or combine any and all Residential Units owned by Declarant. The total number of additional Residential Units that may be created by the subdivision or conversion is 5, resulting in a total number of Residential Units allowed in the Building of 379.

15.3 Sales Facilities. To maintain and use sales offices, management offices, signs advertising the common interest community, and models, and to have and use easements for itself and its employees, agents, and invitees through the common elements for such purposes.

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

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

15.6 Control of Association. To appoint and remove the members of the Board pursuant to Section 515B.3-103 of the Act, until the earliest of: (i) voluntary surrender of control by Declarant, (ii) after conveyance to Owners other than Declarant of seventy-five percent of the total number of Units authorized to be included in the common interest community or (iii) the date three years following the date of the first conveyance of a Unit to an Owner other than Declarant. Notwithstanding the foregoing, the Owners other than Declarant shall have the right to nominate and elect not less than thirty-three and one-third percent of the directors at a meeting of the Owners which shall be held within sixty days following the conveyance by Declarant of fifty percent of the total number of Units authorized to be included in the common interest community.

15.7 Alternate Common Expense. To utilize an alternate common expense plan as provided in Section 515B.3-115(a)(2).

15.8 Common Element License. To grant common element licenses as provided in Section 515B.2-109(e).

15.9 Architectural Control. To review, and approve or disapprove, the exterior design, materials, size, site location, and other exterior features of the building and other structures, landscaping and other exterior improvements, located within the common interest community, and any modifications or alterations thereto.

SECTION 16

RIGHTS TO COMBINE UNITS OR RELOCATE BOUNDARIES

16.1 Rights of Declarant and Association. A Residential Unit or Residential Units owned exclusively by the Declarant or the Association may be subdivided, combined or converted. The Declarant or Association, as applicable, shall have the authority to unilaterally prepare, execute and record, at its expense, an Amendment to Declaration and an Amended CIC Plat. The amendment shall comply with subsection 515B.2-112 (d)(2), (3), (4), and (5), and shall be limited to those provisions necessary to accomplish the subdivision, combination, or conversion unless the consent of

unit owners required to amend the declaration is obtained. The total number of additional Residential Units allowed is 5 resulting in a total number of Residential Units in the Building of 379.

SECTION 17

MISCELLANEOUS

17.1 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 exhibits attached hereto.

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

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

17.4 Notices. Unless specifically provided otherwise in the Governing Documents or the Act, all notices required to be given by or to the Association, the Board, 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.

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

17.6 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 and the Act.

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COMMON INTEREST COMMUNITY NO. 2057

LEGACY LOFTS

EXHIBIT A TO DECLARATION

UNIT IDENTIFIERS AND ALLOCATION OF RESIDENTIAL UNITS
(See attached spreadsheet)

COMMON INTEREST COMMUNITY NO. 2057

LEGACY LOFTS

EXHIBIT B TO DECLARATION

UNIT IDENTIFIERS OF PARKING UNITS

Level	Unit #'s	Count
L1	P101-P159	61
P1	P1001-P1193	190
P2	P2001-P2217	217
P3	P3001-P3217	217
Total Parking Spaces:		685

COMMON INTEREST COMMUNITY NO. 2057

LEGACY LOFTS

EXHIBIT C TO DECLARATION

UNDERLYING LEGAL DESCRIPTION OF PROPERTY

Lot 1, Block 1, Legacy Lofts, Hennepin County, Minnesota