

DECLARATION

COMMON INTEREST COMMUNITY NUMBER 80
A CONDOMINIUM
SALEM CHURCH

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DECLARATION

COMMON INTEREST COMMUNITY NUMBER 80 A CONDOMINIUM SALEM CHURCH

Pursuant to the provisions and authority of Minnesota Statutes Chapter 515B, Rivertown Office Ribbons, Inc., a Minnesota corporation ("Declarant") makes and executes this Declaration to submit certain real property which Declarant owns as a contract for deed vendee and which is legally described herein, together with the buildings and improvements constructed thereon, to all provisions of the Minnesota Common Interest Ownership Act.

1. Definitions. All terms and phrases used in this Declaration or in the other Project Documents shall have the meanings set forth in the Act unless otherwise defined in the Project Documents.

1.1 "Act" means the Minnesota Common Interest Ownership Act, Minnesota Statutes Chapter 515B and any successor statutes;

1.2 "Affiliate of Declarant" means any Person who controls, is controlled by, or is under common control with a Declarant. A Person "controls" a Declarant if the Person (i) is a general partner, officer, director, or employer of the Declarant; (ii) directly or indirectly or acting in concert with one or more other Persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than 20 percent of the voting interest in a Declarant; (iii) controls in any manner the election of a majority of the directors of a Declarant; or (iv) has contributed more than 20 percent of the capital of the Declarant. A Person "is controlled by" a Declarant if the Declarant (i) is a general partner, officer, director, or employer of the Person; (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than 20 percent of the voting interest in the Person; (iii) controls in any manner the election of a majority of the directors of the Person; or the election of a majority of the directors of the Person; or (iv) has contributed more than 20 percent of the capital of the person. Control does not exist if the powers described in this paragraph are held solely as security for an obligation and are not exercised.

1.3 "Association" means Salem Church Condominium Association, a Minnesota nonprofit corporation organized and existing under the authority of Minnesota Statutes Chapter 317A;

1.4 "Board" means the Association's Board of directors;

1.5 "Common Elements" means all portions of the Common Interest Community other than the Units;

1.6 "Common Expenses" means any and all expenditures made and liabilities incurred by or on behalf of the Association together with the amounts necessary to fund,

over the estimated useful life of the Common Elements, including Limited Elements, scheduled deposits in reserve accounts established to provide funds to pay for the replacement of the Common Elements, including Limited Elements, at the end of the estimated useful life of the Common Elements;

1.7 "Common Interest Community" means Salem Church Condominium Number 80, Washington County, Minnesota including any Additional Real Estate subsequently added to the Common Interest Community;

1.8 "Common Interest Community Plat" means that part of this Declaration which constitutes the drawing of the layout of the Common Interest Community;

1.9 "Declarant" means Rivertown Office Ribbons, Inc., a Minnesota corporation; any person who executes an amendment to the Declaration other than persons holding interest in the real estate solely as security for an obligation; or any person who succeeds under the provisions of the Act to any Special Declarant Rights, as defined in the Act;

1.10 "Declaration" means this document and all amendments hereto;

1.11 "Fractional Allocation" means the fraction assigned to each Unit in Section 7 of this Declaration which is used to express: the undivided interest in the Common Elements appurtenant to the Unit; the share of the Association's Common Expenses which the Board shall assess against the Unit and for which the Unit's Owners are personally liable; and the fraction of the total membership votes in the Association assigned to the Unit.

1.12 "FHA" means the Federal Housing Administration;

1.13 "Limited Common Elements" means any part of the Common Elements that the Declaration or the Act allocate for the exclusive use of one or more but fewer than all Units;

1.14 "Member" means the Person or Persons with membership rights in the Association. If a Person is the sole owner of a Unit, the Person is a Member of the Association. If more than one Person owns a Unit, all Persons who own the Unit are considered to be, collectively, a single Member of the Association.

1.15 "Owner" means any person, including a Declarant, who owns a Unit, but does not include a Secured Party;

1.16 "Person" means an individual, corporation, limited liability company, partnership, trustee under a trust, personal representative, guardian, conservator, government, governmental subdivision or agency, or other legal or commercial entity capable of holding title to real estate.

1.17 "Project Documents" means this Declaration, the Association's Articles of Incorporation and Bylaws and the rules and regulations of the Association, if any;

1.18 "Purchaser" means a person, other than a Declarant, who by means of a voluntary transfer acquires a legal or equitable interest in a Unit other than a leasehold interest of less than 20 years, including renewal options, or a security interest.

1.19 "Secured Party" means a Person owning a perfected interest in a portion of the Common Interest Community, created by contract or conveyance, which secures payment or performance of an obligation.

1.20 "Special Declarant Rights" the rights Declarant has reserved to itself in Section 8 of the Declaration.

1.21 "Unit" means a parcel of real estate within the Common Interest Community the boundaries of which parcel are described in this Declaration and which is intended for separate ownership.

1.22 "VA" means the United States Department of Veterans Affairs.

2. Description of the Common Interest Community. The name of the Common Interest Community is Salem Church Condominium. The Common Interest Community is a Condominium. The Washington County Recorder has assigned Common Interest Community Number 80 to the Common Interest Community. The Common Interest Community is located in the City of Stillwater, Washington County, Minnesota. The real estate legally described as Lot 5 and 6, Block 33, of the original town (now city). There are four Units in the Common Interest Community. All Units are restricted to residential use.

3. Description of the Association. Declarant has incorporated a Minnesota non-profit corporation under Minnesota Statutes Ch. 317A to administer the Common Interest Community. The corporation's name is Salem Church Condominium Association. The duties and powers of the Association and the Board shall be those set forth in the Act, the Association's Articles of Incorporation and Bylaws and this Declaration; provided, however, that the terms and provisions of the Act shall control in the event of any inconsistency between the Act and the Project Documents.

4. Description of the Units. The Common Interest Community Plat sets forth the Unit Identifier and dimensions of each Unit and depicts the location of each Unit. The boundaries of the Units are the interior, unfinished surfaces of the perimeter walls, floors and ceilings of the Unit. All paneling, tiles, wallpaper, paint, floorcoverings, and any other materials applied to the interior surfaces of the perimeter walls, floors or ceilings are part of the Unit, and all other portions of the perimeter walls, floors and ceilings, including perimeter doors and windows, and their frames, are part of the Common Elements. all spaces, interior partitions, and any fixtures and improvements located entirely within the described boundaries of a Unit are part of the Unit.

5. Description of the Common Elements. The Common Elements consist of all the real property and fixtures included in the Common Interest Community except for the real property and fixtures which are part of a Unit. Common Elements are Common foundations, columns, girders, beams, supports, exterior walls, interior loadbearing walls, walls separating Units, corridors, stairs, yards, gardens, recreational areas and facilities, private roads, parking areas, driveway areas, central and appurtenant installations for utility services and all water, sanitary

sewer and storm sewer mains, pipes and lines, and related fittings, which are not part of a Unit and which are not publicly owned and maintained. If any chute, flue, duct, pipe, wire, conduit, bearing wall, bearing column, or other fixtures lies partially within and partially outside the designated boundaries of a Unit, any portion serving more than one Unit or any portion of the Common Elements is part of the Common Elements.

6. Description of the Limited Common Elements. All improvements such as shutters, awnings, window boxes, doorsteps, stoops, balconies, decks, patios, perimeter doors and windows, enclosed or unenclosed porches, constructed as a part of the original construction to serve a single Unit, and authorized replacements and modification thereof, if located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit. If any chute, flue, duct, pipe, wire, conduit, bearing wall, bearing column, or other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion serving only that Unit is a Limited Common Element allocated solely to that Unit. The Common Interest Community Plat shows the location and dimensions of Limited Common Elements such as porches, balconies, decks and patios, if any.

7. Allocated Interests. Each Unit is hereby assigned a Fractional Allocation which determines the extent of the undivided interest in the Common Elements appurtenant to each Unit, the extent of the liability for Common Expenses assigned to each Unit and the fraction of the total membership votes in the Association assigned to each Unit. Fractional Allocations are equal for all Units. The Fractional Allocation assigned to each Unit is a fraction the numerator of which is one and the denominator of which is the total number of Units in the Common Interest Community. If Declarant executes and records one or more amendments to this Declaration adding Additional Real Estate to the Common Interest Community, each Unit's Fractional Allocation shall be automatically recalculated upon the recording of each amendment. The new Fractional Allocation assigned to each Unit after the recording of an amendment shall be a fraction, the numerator of which is one and the denominator of which is the total number of Units in the Common Interest Community after the execution and recording of the amendment. The reallocation of the Fractional Allocation of the Units shall not alter or affect the amount of any liens for unpaid installments of annual or special assessments levied before the reallocation or an Owner's obligation to pay future installments of special assessments levied before the recording of the amendment.

8. Special Declarant Rights. Declarant reserves, for the benefit of any Declarant, the right to:

- 8.1 Complete improvements depicted on the Common Interest Community Plat;
- 8.2 No additional Real Estate;
- 8.3 Maintain sales offices, management offices, signs advertising the Common Interest Community and models pursuant to Section 10 below;
- 8.4 Appoint or remove and appoint replacements for the Association's directors and officers pursuant to Section 11; and

8.5 Use easements through the Common Elements for the purpose of making improvements within the Common Interest Community or on any Additional Real Estate pursuant to Section 16.2.

9. Model Units and Sales and Management Offices. There will not be any models and sales management offices allowed.

10. Declarant Control of the Association. Declarant designated the Association's initial Board in the Articles of Incorporation. The Board may have up to three members. The Declarant, or Persons whom the Declarant designates, has the exclusive right to appoint up to three current members of the Board.

So long as Declarant has the right to appoint and remove directors, the Declarant may also appoint and remove the Association's officers. Within 60 days of the date a Declarant has conveyed 75% of the Units to Purchasers, the Board shall call and hold an annual or special meeting of the Members. At that meeting the Members shall elect up to three directors. From and after that election, the Board shall consist of three directors. Within sixty days after the date a Declarant has conveyed 100% of the Units to Purchasers, the Board shall call and hold an annual or special meeting of the Members. At that meeting, the terms of all three directors shall expire, and the Members shall elect individuals to fill all three director positions. The term of office of one director shall be fixed for 3 years; the term of office of one director shall be fixed at 2 years; and the term of office of one director shall be fixed at 1 year. Thereafter, all directors shall be elected for three year terms. Directors take office upon election and hold office until they resign, the Members remove them pursuant to the Bylaws or their terms expire and the Members elect successor directors. To calculate the percentage of Units a Declarant has sold to Purchasers, the number of Units the Declarant has sold to Purchasers is divided by the total number of Units which the Declarant has built.

11. Restrictions on the Use, Occupancy or Alienation of Units and Common Elements. The units and the Common Elements shall be used only as follows:

11.1 The Units shall be occupied and used only for residential purposes. Only Owners, their families, guest and tenants may occupy and use. Units shall not be used in a manner which is illegal under Federal and State law or local ordinances.

11.2 Owners may not rent Units for transient or hotel purposes, which shall be defined as

11.2-1 rental for any period less than 180 days; or

11.2-2 any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service.

Other than the foregoing obligations, Owners shall have the absolute right to lease their Units provided that the Owner and the tenant have a written lease agreement; the lease agreement obligates the tenant to observe each of the restrictions and perform each of the covenants which the Project Documents impose upon an Owner; the lease agreement

expressly states that the Association is an intended third party beneficiary of tenant's obligation to observe the terms of the Project Documents; and the Owner delivers a copy of the lease to the Association before commencement of the lease term.

11.3 There shall be no obstruction of the Common Elements nor shall anything be stored in or on the Common Elements without the Board's prior, written consent. No Owner shall be permitted to keep or store any major recreational equipment (which is defined to mean trailers of any sort, including, but not limited to, camper trailers, pick-up campers, motorized self propelled motor homes, boats or boat trailers) on any portion of the Common Interest Community.

11.4 The occupation and use of Units and the Common Elements shall from time to time be subject to rules and regulations which the Board establishes pursuant to Article III of the Bylaws; provided however, that if during the period of Declarant control, Units are subject to mortgages which the FHA or VA insure or guaranty, the Board shall acquire any necessary approvals from the Va and FHA before endorsing any rules and regulations.

11.5 Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Interest Community without the Board's prior written consent. No Owner shall permit anything to be done or kept in his or her Unit or in or on the Common Elements which will result in the cancellation of insurance on the buildings or contents thereof.

11.6 Owners shall not cause or permit anything to be placed on the outside walls of the Common Interest Community buildings and no sign, awning, canopy, shutter, radio or television antenna shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the Board's prior written consent. No clothes, sheets, blankets, laundry or any kind of other articles shall be hung out or exposed on any part of the Common Elements.

11.7 No animals (including, but not limited to dogs, cats, reptiles, rabbits, livestock, fowl or poultry of any kind) shall be raised, bred or kept in any Unit or in the Common Elements, except that dogs, cats or other household pets may be kept in Units, subject to rules and regulations adopted by the Board, provided that they are not kept, bred or maintained for any commercial purpose, and provided further, that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the property upon 3 days written notice from the board.

11.8 No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be a nuisance to the other Owners or occupants. No Owner shall overload the electric wiring in the buildings, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the Board's prior written consent.

11.9 Except as otherwise provided herein, no industry, business, trade, occupation or profession of any kind, commercial, educational, religious, or otherwise, shall be conducted, maintained or permitted in any Unit or on the common Elements. Nothing herein contained shall be construed in such a manner as to prohibit an Owner from:

11.9-1 maintaining his or her professional library therein;

11.9-2 keeping his or her personal business or professional records or accounts therein; or

11.9-3 handling his or her personal business or professional telephone calls or correspondence therefrom.

11.10 No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Common Interest Community.

11.11 Nothing shall be constructed on or removed from the Common Elements without the prior written consent of the Board.

11.12 The Units shall not be subject to Time Shares, as that term is defined in the Act.

12. Subdivision or Conversion of Units. Owners, including Declarant, may not subdivide Units or convert Units to Common Elements as contemplated in Section 515B.2-112 or the Act.

13. Assessments and the Association's Lien for Unpaid Assessments.

13.1 The Board shall levy annual assessments and may levy special assessments for Common Expenses against each Unit pursuant to the procedures stated in Article V of the Bylaws. Owners may not withhold payment of annual or special assessments or reduce the amount of the Owner's payments as a set-off against claims which the Owner asserts against the Association. If an Owner fails to pay any installment of annual or special assessments, in full, within 10 days of the date due, the payment shall immediately become delinquent and shall begin to accrue interest thereon. Interest shall accrue as of the date of such delinquency at the judgment rate of interest as determined by Minnesota Statutes Section 549.09. In addition, the Board shall have the right to charge a late fee as determined from time to time if assessment payments are not made when due. If any installment of an assessment not made when due. If any installment of an assessment becomes more than sixty (60) days past due, the Association may, upon ten (10) days' written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full. In any foreclosure of a lien or a suit to recover a money judgment for unpaid Common Expenses, the amount due and owing shall include the amount of all unpaid regular or special assessment, interest and any late charges as described above and all costs of collection including actual attorneys' fees.

13.2 Each Owner is personally liable for all assessments levied against the Owner's Unit. If more than one individual or entity owns a Unit, all Owners of the Unit shall be jointly and severally liable for annual and special assessments.

13.3 The Association has a lien on a Unit for the amount of any assessment which the Association levies against the Unit. 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. The Association's lien shall have priority over all other liens except only:

13.3-1 liens and encumbrances recorded before the recordation of this Declaration, if any;

13.3-2 the lien of a recorded, first mortgage on the Unit; and

13.3-3 liens for real estate taxes and other governmental assessments levied against the Unit.

If a first mortgage on a Unit is foreclosed, the first mortgage was recorded after June 1, 1994, and no Owner redeems the Unit from foreclosure during the period of redemption provided for in Minn. Stat. Chs. 580, 581, or 582, 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 to the extent provided for in Minn. Stat. § 515B.3-116. In general, Minn. Stat. § 515B.3-116 states that 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 which become due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption, except for Common Expenses levied pursuant to Sections 2(e), 2(f), and 2(h) of Article V of the Bylaws.

13.4 Proceedings to enforce an assessment shall be instituted within three (3) years after the last installment of the assessment becomes payable, or shall be barred.

13.5 The Board may foreclose the Association's lien for assessments in like manner as a mortgage of real property containing a power of sale pursuant to Minn. Stat. Ch. 580, or by action pursuant to Minn. Stat. Ch. 581. The Association shall have a power of sale to foreclose the lien pursuant to Minn. Stat. Ch. 580. The period of redemption for Unit Owners shall be 6 months from the date of sale.

14. Maintenance of Units and Common Elements' Unit Improvements and Alterations' and Relocation of Boundaries Between Units.

14.1 Each Owner shall maintain and keep the Owner's Unit in good order and repair, at the Owner's sole cost and expense. The Association shall maintain, repair and replace the Common Elements, including the Limited Common Elements. The cost of maintaining, repairing and replacing Common Elements shall be a Common Expense. The Association shall promptly repair any damage to a Unit resulting from work which the Association or its agents perform. Each Owner shall promptly report to the Association

the need for any maintenance or repairs which are the Association's responsibility. Each Owner shall be responsible for any and all damage to any Units or any of the Common Elements resulting from the Owner's failure to promptly perform necessary maintenance and repairs to the Owner's Unit.

14.2 The Association shall have access through and into each Unit for purposes of performing maintenance, repair or replacement for which the Association may be responsible. The Association and any public safety personnel shall also have access for purposes of abating or correcting any condition in the Unit which violates any governmental law, ordinance or regulation, which may cause material damage to or jeopardize the safety of the Common Interest Community or which may constitute a health or safety hazard for occupants of Units.

14.3 An Owner may make any improvements or alterations to the Owner's Unit that do not impair the structural integrity or mechanical systems, affect the Common Elements or lessen the support of any portion of the Common Interest Community. An Owner making improvements or alterations to the Owner's Unit shall make prior arrangements with the Association to insure that other Owners are not disturbed, that the Common Elements are not damaged and that the Common Elements and other Units are protected against mechanic's liens. The Association has the authority to make improvements to or on the Common Elements, subject to the provisions of Section 13, Article III of the Bylaws.

14.4 An Owner obtaining title to an adjoining Unit may remove or alter any intervening partition or create apertures therein as provided for in Minn. Stat. §515B.2-113 (b). Owners of adjoining Units may relocate the boundary between the adjoining Units pursuant to Minn. Stat. §515B.2-114.

15. Easements.

15.1 Declarant declares and grants non-exclusive easements in gross to and for the benefit of the City of Stillwater and any other party which provides the services hereinafter described, for utility purposes, including the right to install, lay, maintain, repair and replace water mains and pipes, sanitary and storm sewer lines, gas mains, telephone wires and equipment, and electrical conduits, wires and equipment over, under, along and on any part of the Common Elements.

15.2 Declarant declares and reserves a non-exclusive easement for the benefit of Declarant, its employees, servants and agents, for ingress and egress over and upon the Common Elements (including the Limited Common Elements) described herein for completing landscaping of the Common Elements and the Limited Common Elements appurtenant to the Units; provided, however, that the easements herein described shall terminate no later than 60 days after completion by the Declarant of all landscaping of the Common Elements and the Limited Common elements appurtenant to the Units now or hereafter constructed pursuant to this Declaration.

15.3 Each Unit and its respective Owner(s) shall be subject to and shall have appurtenant thereto a permanent non-exclusive easement in the Common Elements for

ingress to and egress from the Units; utility services and support for the Units; and maintenance and repair of the Units and the Common Elements shall be subject to an easement for any encroachments resulting from the construction, reconstruction, repair, shifting, settlement or other movement of Units and Common Elements.

15.4 The easements and rights described in Sections 15.3 are appurtenant easements and shall run with the land. The easements described herein shall inure to the benefit of and binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee or other person having an interest in said land, or any part or portion thereof.

16. Insurance.

16.1 Each Owner shall be responsible for insuring the Owner's personal property against casualty loss and insuring the Owner against personal liability to the extent that the liability insurance which the Board obtains for all Owners does not provide coverage. Each Owner shall promptly report all improvements or betterment to his or her Unit in writing to the Board. The Board may, but is not obligated to, obtain insurance on improvements or betterment to a Unit. If the Board obtains insurance on improvements or betterment to a Unit, the Board may assess the Units for any additional insurance premiums attributable to such improvements or betterment. Owners shall be responsible for any deficiency in insurance loss recovery resulting from his or her failure to notify the Board of improvements or betterment. The Board may, in the case of a claim for damage to a Unit or Units: pay the deductible as a Common Expense; assess the deductible against the Units affected in any reasonable manner or require the Owners of the affected Units to pay the deductible amount directly to the Board.

16.2 The Board shall obtain insurance for the Common Interest Community as follows:

16.2-1 A master or blanket policy of insurance on the Common Interest Community, including the Units, the Common Elements and personal property belonging to the Association, for broad form covered causes of loss, including all hazards normally covered by the standard extended coverage endorsement and the standard "all risk" endorsement. The policy shall include the following endorsements: an inflation guard endorsement, when it can be obtained; if there is a construction code provision that would require changes to undamaged portions of the buildings even when only part of a building is destroyed, a construction code endorsement; and if the Common Interest Community has central heating or cooling, a steam boiler and machinery coverage endorsement providing for the insurer's minimum liability per accident to at least equal the lesser of \$2,000,000 or the insurable value of the buildings housing the boiler or machinery. The policy may also include the following endorsements: demolition costs endorsements, contingent liability from operation of building laws endorsement, increased costs of construction endorsement and an endorsement to provide for the payment of annual assessments for damaged Units during the period of reconstruction. The insurance shall be in an amount not less than the full insurable replacement cost of the Units and the Common Elements at the time the insurance is purchased and

at each renewal date, exclusive of items normally excluded from property insurance policies and subject to a "deductible" in an amount which the Board deems reasonable but which does not exceed the lesser of \$10,000 or 1% of the policy's face amount. The Board insurance policies and subject to a "deductible" in an amount which the Board deems reasonable but which does not exceed the lesser of \$10,000 or 1% of the policy's face amount. The Board shall obtain this insurance from a carrier that has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or on a or better rating from Demotech, Inc.

16.2-2 Commercial general public liability insurance on an occurrence basis against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Interest Community insuring the Board; the Association; all persons acting as agents, including the management agent; and their respective employees and agents. Each Owner and each Secured Party shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements or membership in the Association. The Declarant shall be included as an additional insured in its capacity as an Owner. The Declarant's employees shall be included as additional insureds in their capacity as Board members. The public liability insurance shall afford protection in aggregate limits as the Board shall deem desirable but in no event for less than \$1,000,000.00 with respect to liability for bodily injury or property damage arising out of a single accident. The insurance policy shall contain a "severability of interest" endorsement and a contractual liability endorsement.

16.2-3 If the Secretary of Housing and Urban Development or any local governmental body or bodies shall determine that the Common Interest Community is in a special flood hazard area (which is designated, AE, AH, AO, A1-30, A-gg, V, VE or VI-30 on a Flood Insurance Rate Map), flood insurance in such amounts as the Board shall deem desirable but in no event shall such amounts be less than required by the FHA, VA or FNMA.

16.2-4 A fidelity bond, naming the Association as Obligee and containing a waiver of defense based on the exclusion of persons who serve without compensation, for the Association's directors, officers and management agent and any other person handling the funds of the Association, in an amount of at least equal to 150% of the total annual budget for the Common Interest Community,

or a policy of insurance insuring the Association against loss of damage from employee dishonesty.

16.2-7 Such other insurance (including insurance with respect to officers' and director's liability) in such reasonable amounts as the Board shall deem desirable.

16.3 The insurance policies carried pursuant to Sections 16.2-1 and 16.2-2 shall provide that:

16.3-1 The insurer waives its right to subrogation under the policy against any Owner or members of the Owner's household and against the Association and members of the Board;

16.3-2 No act or omission of an Owner of Secured Party shall void the policy or be a condition to recover the policy unless the Owner is acting within the scope of authority on behalf of the Association;

16.3-3 If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same property which the Association's policy covers, the Association's policy is primary insurance;

16.3-4 The policy of insurance described in Section 16.2-1 shall show the Association as the named insured and, shall contain a standard mortgagee clause naming all holders of first mortgages on Units. The "loss payable" clause shall show the Association as trustee for each Owner and Secured Party;

16.3-5 The policy of insurance described in Section 16.2-1 shall provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement therefor, such option shall not be exercisable in the event the Owners elect to sell the common Interest community or remove the Common Interest Community from the provisions of the Act;

16.3-6 Shall contain an endorsement obligating the insurer to provide at least thirty (30) days written notice to the Association, each owner, each mortgagee and any insurers or guarantors of a first mortgage on a Unit prior to cancellation, including cancellation for nonpayment of premiums.

16.3-7 Shall obligate the insurer to issue certificates of memoranda of insurance, upon request, to any Owner or Secured Party.

The Association shall obtain all policies of insurance provided for in this Section 16 from insurers of recognized responsibility authorized to do business in the State of Minnesota.

16.4 The Board shall adjust any loss covered under the policy described in Section 16.2-1 with the insurer. Insurance proceeds payable as a result of that loss shall be payable to the Board or to a bank or trust company authorized to accept and execute trusts in the State of Minnesota which the Board has designated to act as trustee for the Board pursuant to the Act for the purpose of collecting and disbursing insurance proceeds (the "Insurance Trustee"). The Insurance Trustee of the Board shall hold any insurance proceeds in trust for Owners and as Secured Parties as their interest may appear. The Board or the Insurance Trustee shall apply the insurance proceeds, less the actual cost, fees and expenses, if any, incurred in connection with the adjustment of the loss and the fees of the Insurance Trustee, if any, to the payment of the cost of restoring the Common

Interest Community pursuant to Section 17. The Board and the Insurance Trustee may, prior or subsequent to any such loss, enter into an insurance trust agreement further implementing the provisions of the Act and his Declaration with respect to the Insurance Trustee's collection and disbursement of the insurance proceeds. Owners and Secured Parties are not entitled to receive any portion of the insurance proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Owners and the first mortgagees terminate the Common Interest Community pursuant to Section 19.

17. Reconstruction and Repair of Common Interest Community.

17.1 The Association shall promptly repair or replace any portion of the Common Interest Community that is damaged or destroyed as the result of a loss which the Association's insurance covers unless:

17.1-1 The Common Interest Community is terminated pursuant to Section 19 below; or

17.1-2 Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or

17.1-3 80% of the Owners, including every Owner and first mortgagee of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to repair or rebuild.

17.2 The cost of repairs or replacements of the Common Interest Community in excess of insurance proceeds and reserves shall be a Common Expense.

17.3 If less than the entire Common Interest Community is repaired or replaced:

17.3-1 Insurance proceeds attributable to a damaged Common Element shall be used to restore the damaged Common Element to a condition compatible with the remainder of the Common Interest Community;

17.3-2 The insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Secured Parties of those Units, including the Units to which the Limited Common Elements were assigned, as their interest may appear; and

17.3-3 The remainder of the proceeds shall be distributed to all Owners and Secured Parties as their interests may appear in proportion to their Fractional Allocation.

17.4 If the Owners and holders of a first mortgage vote not to rebuild a Unit, that Unit's Fractional Allocation is automatically reallocated upon the vote, as if the Unit has

been condemned and the Association shall promptly prepare, execute and record an Amendment to the Declaration reflecting the reallocation. The Association membership attributable to the Unit and the corresponding voting right shall terminate.

17.5 If all or a portion of the Common Interest Community is damaged or destroyed and the decision is made to rebuild all or a portion of the Common Interest Community, all construction and repairs shall be substantially in accordance with the original construction plans and specifications. An insurance trustee appointed pursuant to Section 16.4 above may rely upon the Certificate of the Board stating whether the damaged property is to be reconstructed or repaired. The Association, upon request of the insurance trustee, shall deliver such Certificate as soon as is practical. All repairs, reconstruction or replacement required by the Board shall be completed at the direction of the Board as soon as is practical and according to the terms of this Declaration. Immediately after the Casualty causing damage to the property for which the Board has the responsibility of repair, reconstruction and replacement, the Board shall obtain reliable and detailed estimates of the cost to restore the damaged property to its prior condition. Such cost may include professional fees and bond premiums as the Board may determine.

18. Waiver of Claims. The Association shall make no claim against any Owner or family member, tenant or guest of an owner and no Owner or family member, tenant or guest of an Owner, shall make a claim against the Association, the Board, the Managing Agent or another Owner or the family member, tenant or guest of another Owner, for any loss or damage to the Common Elements, the Units or any personal property resulting from the Association's negligence or such other persons negligence to the extent that the damaged party is compensated for such loss or damage from available insurance proceeds. Nothing herein shall be deemed a waiver of claims for the portion of the loss or damage subject to a "deductible" or otherwise not recoverable from available insurance proceeds, and nothing herein shall be deemed a waiver of claims for intentionally tortious acts.

19. Termination. The Common Interest Community may be terminated, in whole or in part, only by the affirmative vote of 75% of the Owners, and the consent of at least 75% of the first mortgagees of the Units (each mortgagee having one vote per Unit financed). All procedures, appraisals and disposition of proceeds following any termination of the Common Interest Community shall be governed by the applicable provisions of the Act.

20. Eminent Domain. The provisions of the Act shall govern apply to any taking by eminent domain of any portion of the common Interest Community.

21. Rights of First Mortgagees and Insurers and Guarantors of First Mortgages.

22.1 A holder, insurer or guarantor of a first mortgage, upon written request to the Association (which request must state the name and address of the holder, insurers or guarantor and the Unit number subject to the mortgage held, insured or guaranteed) shall be entitled to receive timely written notice from the Association of:

21.1-1 Any proposed amendment of a Declaration of Articles of Incorporation or Bylaws resulting in a change in the boundaries of a Unit or a Limited Common Element; the percentage undivided interest in the Common

Elements appurtenant to any Unit; any Unit's Common expense Allocation; any change in the Limited Common Elements assigned to a Unit; number of votes in the Association allocated to any unit; or any change in the use or uses to which a Unit or Common element is restricted;

21.1-2 Any proposed termination of the Common Interest Community;

21.1-3 Any condemnation loss or any casualty loss which affects a material portion of the Common interest Community or which affects the Unit subject to the holder's, insurer's or guarantor's mortgage;

21.1-4 Any delinquency in the payment of annual or special assessments by an owner of the Unit subject to the holder's insurer's or guarantor's mortgage where the delinquency is continued for a period of 60 days;

21.1-5 Any lapse, cancellation or material modification of the insurance provided for in Section 16.2; and

21.1-6 Any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

21.2 Each first mortgagee of a Unit or an insurer or guarantor of such first mortgagee shall have the right to examine the Project Documents, and the books, records and financials statements of the Association during normal business hours and shall have the right to receive an audited annual financial statement of the Association within 90 days following the end of any fiscal year of the Association.

22. Amendment. Except for amendments which the Declarant may execute to add Additional Real Estate to the Common Interest Community; amendments which Owners may execute to relocate the boundaries between adjoining Units pursuant to Minn. Stat. §515B.2-114, or a termination of the Common Interest Community pursuant to Minn. Stat. §515B.2-119, this Declaration, including the Common Interest Community Plat, may be amended upon a vote of the Owners of 75% percent of the units and the mortgagees holding 51% of a recorded first mortgages against a Units, provided, however, that an amendment which creates or increases Special Declarant Rights, increases the number Units, changes the boundaries of any Unit, changes the Fractional Allocation of a Unit, changes Common Elements to Limited Elements or changes the authorized use of a Unit from residential to non-residential, requires unanimous written consent of all Owners and 75% of the holders of a recorded first mortgages against the Units.

23. Compliance with Provisions. The Association and each Owner or tenant shall comply strictly with the provisions of the Project Documents as the same may be amended from time to time. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief, such suit to be maintained by the Board, or in a proper case, by an aggrieved Owner. The defaulting party shall be liable for costs and attorney's fees incurred in such suit by the complaining party.

24. General Provisions.

24.1 Notices.

24.1-1 Notices provided for in this Declaration and in the Act shall be in writing and shall be addressed to the Board or Association at the address of the Association's registered office, or any Owner, at the address of the Owner's Unit. Any Owner may designate a different address or addresses for notices to him by giving written notice of his change of address to the Board. Notices addressed as above shall be effective upon hand delivery or upon mailing properly addressed with postage prepaid and deposited in the United States mail.

24.1-2 Notices required to be given to any devisee, heir or personal representative of a deceased Owner may be delivered either personally or by mail to such party at his or its address appearing in the records of the court wherein the estate of such deceased Owner is being administered.

24.2 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class Common Interest Community.

24.3 Number, Gender. In construing the Common Interest Community Documents, the singular shall be taken to include the plural, and masculine to denote the feminine wherever appropriate.

24.4 Covenants Running With the Land. All covenants described herein are covenants running with the land, and so long as the Common Interest Community is subject to the provisions of the Declaration, shall remain in full force and effect.

24.5 Conflicts. In the event of any conflict between this Declaration and one or more of the other Project Documents, the terms of this Declaration shall control.

24.6 Severability. If any provision of the Declaration or any section, sentence, clause, phrase or work, or the application thereof in any circumstances, is held invalid, the validity of the remainder of the Declaration and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

24.7 Failure to Enforce Not a Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this
12th day of July, 1995.

RIVERTOWN OFFICE RIBBONS, INC.

By Beverly A. LeTourneau
Beverly A. LeTourneau
Its President

STATE OF MINNESOTA)

COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this 12 day of July,
1995, by Beverly A. LeTourneau, President of Rivertown Office Ribbons, Inc., on behalf of the
corporation.

Vivian L Folz
Notary Public

Drafted by:
Edward W. Simonet, III
Attorney at Law
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